

# North Carolina Legislative Update, February 12, 2021

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North Carolina Legislators continued to consider bills related to COVID and introduced a number of new bills this week.

## **2020 COVID Relief Bill Modifications (S 36)**

Gov. Roy Cooper signed S 36 into law this week. The bill extends deadlines for spending federal COVID funds appropriated in 2020, extends the time for parents of school-aged children to apply for \$335 state grants to help pay for educational expenses and allocates \$39 million in state tax money to expand broadband in rural areas.

The bill also allocates over \$2.2 billion in COVID relief funds appropriated by Congress in late 2020 as follows: \$95 million to health care providers, local health departments and hospitals for coronavirus vaccinations; \$1.6 billion to help schools reopen and ensure that students, teachers, and staff can safely return to in-person learning; and \$546 million in emergency rental assistance.

## **Opening of K-12 Schools**

A bill (S 37) that could lead to in-person learning at many K-12 schools has been sent to a conference committee after the two chambers passed different versions. The bill, among other things, would require school districts to offer certain in-person instruction options and allow students learning remotely to continue this format.

## **Consensus Revenue Forecast**

The Office of State Budget and Management, whose Director is appointed by the Governor, and the General Assembly's Fiscal Research Division released a consensus revenue forecast that projects a healthier financial picture than earlier predicted. It provides information that will guide the Governor and the Legislature as they craft a two-year budget for the fiscal year beginning July 1, 2021.

According to the forecast, revenue for FY 21 (the current fiscal year that ends June 30) is expected to exceed the May 2020 forecast by \$4.1 billion. The forecast notes a number of contributing factors including increased personal and sales tax collections, federal stimulus funds, and a "K-shaped" recovery in which higher-income and middle-income taxpayers

pered better than others, such as those in the service sector.

The forecast assumes that rates of new COVID infections will decline as more people get vaccinated and that Congress will enact another stimulus package by spring 2021. It projects revenue of \$27.6 billion in FY 21, \$27.4 billion in FY 22 and \$28.5 billion in FY 23.

#### **ABC permits**

As Legislators seek to assist businesses impacted by COVID, they are considering bills to assist ABC permittees. One such bill (H 4) delays certain ABC permit fees and reinstates or reactivates some ABC permits. This bill has passed the House and is pending in the Senate Rules Committee. In addition, a bill (H 73) that would temporarily waive certain ABC permit renewal fees was introduced this week.

#### **Other bills of note**

Some other bills recently introduced are a bill (H 66) to prioritize use of the Industrial Development Fund Utility Account in the most economically challenged counties (this Fund assists distressed local governments with economic development) and a bill (S 61) providing for capitated contracts for the provision of dental services to Medicaid recipients.

For more information, please contact a member of the Brooks Pierce Government Affairs Team, linked below.