

NC Legislative Update: February 15, 2019

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Lawmakers are continuing to take a slow, cautious start to session, with only one bill becoming law so far. The law deals with appointments to the State Ethics Commission.

<https://www.ncleg.gov/EnactedLegislation/SessionLaws/PDF/2019-2020/SL2019-1.pdf>

The slow start is in part due to the changing political landscape in both chambers. Democrats won enough seats in 2018 to end the Republican super majority and prevent the General Assembly from overriding Governor Cooper's vetoes. Many hope this will lead to more consensus building and bipartisanship, but that has yet to be seen.

Justice Cheri Beasley named to fill Chief Justice Vacancy

Governor Cooper has selected Justice Cheri Beasley to be the State's next Chief Justice. Beasley will replace Chief Justice Mark Martin who is leaving the court at the end of the month to be the dean of a Virginia law school. Beasley began her career as a public defender, and has been on the Supreme Court since 2012. She will be the State's first African American Chief Justice. In a press conference announcing her selection, Beasley stated "This is not the North Carolina of 200 years ago."

<https://www.newsobserver.com/news/politics-government/article226147190.html>

Congressman Walter Jones Passes Away

After months of battling an undisclosed health issue, Congressman Walter Jones passed away on February 10th at the age of 76. Jones was first elected to Congress in 1994, filling the vacant seat left by his father. Jones will be remembered for his opposition to the Iraq War, which he initially supported, but later had a change of heart. Jones's replacement will be selected in a special election set by Governor Cooper.

<https://www.newsobserver.com/news/politics-government/article225147640.html>

Nonpartisan Redistricting

A bipartisan group of House members have filed a bill to change the way the State draws state legislative and congressional districts. House Bill 69, sponsored by Representatives Reives, McGrady, Hardister, and B. Turner, creates the Nonpartisan Redistricting Commission, which consists of 11 members. The Commission will draw district maps and recommend them to the General Assembly for approval, which is required by the State Constitution. The Commission will not be allowed to use political data in drawing districts. Sponsor cite uncertainty in the 2020 election and current litigation over gerrymandering as motivating factors for the bill. With neither party certain on who will be in charge after the 2020 election, supporters feel that the appetite for a more balanced approach is high.

<https://www.ncleg.gov/Sessions/2019/Bills/House/PDF/H69v1.pdf>

https://www.independenttribune.com/news/first-redistricting-reform-bill-features-nonpartisan-commission/article_18cf0d80-306a-11e9-8add-0749e75e7f6c.html

Revenue Law Changes S56 & H60

House and Senate Finance chairs have filed their annual revenue laws update bill. The 2 identical bills mostly make technical changes to the State's tax code. Several provisions include:

- Allowing the State to share alcohol and tobacco tax information with the Alcohol and Tax and Trade Bureau of the US Treasury
- Carving out electricity in the Mill Machinery sales tax exemption
- Specifying that for a retailer's remote sale to be subject to sales tax, the retailer must have had 1 sale exceeding \$100,000 or 200 individual sales in the past year
- Clarifying the farmer sales tax exemption to require that the item be purchased by a qualifying farmer or conditional farmer – had been only qualifying farmer
- Requiring the Department of Revenue (DOR) to send a notice of final determination to a taxpayer when the Department and the taxpayer cannot resolve an objection

<https://www.ncleg.gov/Sessions/2019/Bills/Senate/PDF/S56v1.pdf>

ABC Bill

A bill to strengthen the State's power to regulate bars moved through the Senate committee process this week. Senate Bill 11, sponsored by Senator Andy Wells, increases the fines for ABC permit violations, and allows the ABC Commission to place restrictions on bars' hours of operation. Senator Wells cites violent crimes at or near bars in his district as the motivating factor for the bill. He introduced the bill last session, but it did not become law.

<https://www.ncleg.gov/Sessions/2019/Bills/Senate/PDF/S11v2.pdf>

Game Night Bill

Senate members are making another effort to legalize game nights. Senate Bill 66 allows nonprofits to hold fundraisers that include casino-style games and serve alcohol. The legislature passed the bill last session, but it was vetoed by Governor Cooper. In his veto message, the Governor cited concerns of the bill unintentionally allowing illegal gambling operations to skirt the law. Under the bill, organizations will have to have their event permitted and are limited to 4 events per year. The bill may gain more traction after the NC Museum of History Associates canceled their Casino Night fundraiser scheduled for this weekend. The organization said that differing interpretations of the law led them to err on the side of caution and cancel the event.

<https://www.ncleg.gov/Sessions/2019/Bills/Senate/PDF/S66v0.pdf>

USDA Secretary Sonny Purdue Visits NC

USDA Secretary Sonny Perdue met with farmers in Mount Olive this week to address concerns related to disaster funding and the negative impacts on agriculture from the tariffs and trade war with China. Secretary Perdue stressed that while the tariffs were causing short-term pain, the long-term benefits would be worth it. North Carolina Farm Bureau President Larry Wooten told the Secretary that morale among farmers was the lowest he had ever seen. The farming community has suffered 2 hurricanes in 2 years, low commodity prices, a series of nuisance lawsuits, labor shortages, and decreased exports due to the trade war with China. The Secretary also addressed labor issues, emphasizing that President Trump understands the agriculture industry's need for a stable workforce.

<https://www.wral.com/worry-without-answer-as-us-agriculture-secretary-meets-with-nc-farmers/18185618/>

Revenue Surplus

The Fiscal Research Division of the General Assembly released their annual revenue forecast this week and announced that the state will see a \$150.8 million surplus. The Division cited an increase in sales tax revenue as a driver of the surplus, which helped offset reductions in corporate tax collections due to this year's corporate tax cut. The report also noted that since the 2009 recession, the State has added 75,000 to 95,000 new jobs a year. Legislative leaders are touting the surplus as proof that their limited government policies are working.

https://ncleg.net/FiscalResearch/generalfund_outlook/18-19/2019_02_13_%20GF%20Consensus%20Report.pdf

In addition to providing Government Affairs Services, the Nexsen Pruet Public Policy team provides attorneys and clients with a newsletter summarizing the week's activities and conveying the inner workings of the legislative process and state government in Raleigh during the legislative session. Please feel free to pass this along to your clients or other interested parties. If you would like to receive the update in your inbox, please email shernandez@nexsenpruet.com to be added to the list. If you are interested in learning more about how Nexsen Pruet can help you achieve your public policy goals and acquiring legislative representation in North Carolina or South Carolina, please reach out to

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