

NC Legislative Update: March 29, 2021

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Legislators continued their work in Raleigh this week, discussing a new regulatory reform bill while also wrapping up the Joint Appropriations Committee meetings in advance of the Senate starting work on its budget bill next week. Also, lawmakers received the Governor's budget this week, outlining his key priorities for the next two years. Finally, Governor Cooper announced additional easings of COVID-19 restrictions, including increased capacity limits for restaurants, bars, and other venues.

Governor's Budget

As presented, Governor Cooper's 2021-2022 budget proposes \$27.4 billion in spending, including a \$4.7 billion bond package for school construction. In the past, Governor Cooper advocated for a bond package, citing low-interest rates, but legislative leaders, particularly in the Senate, have opposed these proposals. The Governor's budget includes a \$2,000 bonus for teachers and a \$1,000 bonus for educational staff. Teachers would also receive a 10% raise over the next two years, and other state employees would receive a 7.5% raise.

Governor Cooper's budget does include a proposal to expand Medicaid in North Carolina, which is projected to provide roughly half a million North Carolinians access to health coverage. It has been a key priority of the Governor since he took office in 2016, but it has been a sticking point with General Assembly leaders.

Legislators and Governor Cooper have failed to enact a budget for the last two years, with the Governor vetoing each year's budget because it did not include Medicaid expansion. General Assembly leaders have criticized the Governor's budget proposals due to high spending requests and have voiced support for across-the-board tax cuts in contrast.

As reported by the Fiscal Research Division, the state is expected to have roughly \$5 billion in surplus revenue in the coming fiscal year due to federal stimulus funds and improved tax collections.

COVID-19 Restriction Easing

Citing the continued decrease in COVID-19 cases and hospitalizations, last week Governor Cooper issued Executive Order 204, lifting and relaxing many of the state's occupancy restrictions. The Order went into effect Friday, March 26, at 5 P.M. and allows bars to open at 50% of their capacity and serve alcohol until 2:00 A.M. Restaurants' occupancy is lifted from 50% to 75% capacity, and gyms are allowed to open at 75% capacity.

Movie theaters and indoor entertainment facilities are allowed to open at 50% capacity. In contrast, hair salons and personal care shops are allowed to return to their full capacity, provided that they can maintain appropriate social distancing. Businesses are still required to follow social distancing guidelines, and masks are still mandatory.

While Governor Cooper is encouraged by the recent virus numbers, he warned that we must remain vigilant.

WRAL: Restrictions easing: Here's what changes, what stays the same

2021 Regulatory Reform

Last week, House leaders introduced their annual regulatory reform bill. Over the past few years, this legislation has regularly become controversial due to the multitude of provisions and issues. Governor Cooper has vetoed the last two bills.

This year's bill is relatively short based on previous iterations but is expected to grow as legislators look for a home for their individually-desired policies.

As filed, the bill includes the following proposals:

- Increasing the limits on public employees benefiting from contracts
- Requiring that parents are provided with information on public and private schools in their area
- Establishing a study for express permitting at the Department of Environmental Quality
- Setting wastewater reserve priorities
- Establishing a study on the property tax rate for outdoor advertising
- Relaxing local regulations on manufactured homes
- Requiring the Division of Emergency Management to conduct a study of first responders' access on the interstate highways
- Clarifying that mail is sufficient notice for insurance cancellation
- Reforming the state's landlord/tenant interaction rules
- Repealing certain Department of Transportation rules on outdoor advertising
- Adopting certain wastewater rules
- Allowing distilleries to sell liquor that they make directly to consumers out of state

The bill passed the House Regulatory Reform Committee and is now awaiting a hearing in the House Rules Committee.

Bill Action Dates

- March 11: Senate local bill filing deadline
- March 25: House local bill filing deadline
- April 6: Senate public bill filing deadline (does not apply to constitutional amendments, elections bills, or appointments)
- May 4: House filing deadline for non-budget bills
- May 11: House filing deadline for budget bills
- May 13: Crossover deadline for both the House and Senate in which bills must have passed at least one chamber to remain eligible for consideration

List of All Filed Bills: <https://www.ncleg.gov/Legislation/Bills/WithAction/2021/10>

2020 Summary of Substantive Legislation

The Legislative Analysis Division has published the 2020 Summary of Substantive Legislation, which breaks down new laws by subject matter. Below is a link to the document: <https://www.ncleg.gov/Legislation/SummariesPublication/Subjects/2020/>