

NC Legislative Update for June 22, 2020

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Leadership in both chambers has indicated they hope to finish up business for the short legislative session this week. However, various bills and issues remain unfinished, including tax legislation, bills to reopen various sectors of the economy, Department of Transportation (DOT) reform, and appropriations bills. The House is also working on a regulatory reform bill, which contains many of the same provisions as last year's regulatory reform bill, which was vetoed.

The State remains under Phase II of Governor Cooper's three-part plan to reopening, with restaurants and personal care salons open at limited capacity. Various groups have sought legal and legislative relief to allow them to reopen. Governor Cooper recently vetoed a bill that would have allowed gyms and bars to reopen, citing in his veto message that government officials need the ability to swiftly act in response to an outbreak. Other reopen bills moving through the legislature include: one to reopen bowling alleys, skating rinks, and baseball stadiums; one to reopen venues, arcades, fairs, and outdoor stadiums; and another to allow Fourth of July parades and fireworks.

Phase II, spelled out in Executive Order 141, is set to expire on June 26, 2020, and Governor Cooper is expected to announce further guidance and orders this week. He has indicated that relaxing restrictions under Phase III may be coming. However, Department of Health and Human Services Secretary Mandy Cohen has stated that returning to a stay-at-home order may be necessary if cases and hospitalizations continue to increase.

NC DOT Reform

The Senate unanimously approved a bill to make various reforms to the Department of Transportation (DOT). DOT has had a history of financial difficulties, and COVID-19 has added to those problems. A recent audit conducted by the State Auditor concluded that DOT has overspent its budget by \$700 million. The bill terminates the current 19-member Board of Transportation and reconstitutes the Board with 20 members. The Governor would appoint 14 members to the board and the General Assembly would appoint six members. A provision requiring the Governor

to appoint three members of the opposite party was removed. The bill also allows the State Treasurer to issue \$700 million in Build NC Bonds for existing projects, makes changes to the motor fuels tax, and extends the deadline for federal CARES Act dollars appropriated to the department. Finally, the bill makes various non-recurring cuts to the department, but bill sponsors noted the cuts are temporary and they hope to address them next year. The bill will now go back to the House for concurrence.

COVID-19 Economic Recovery Grants

The Senate approved legislation to provide assistance to businesses affected by COVID-19. The bill would establish a grant program for businesses that employ at least 90% of their workforce during the COVID-19 period, have seen at least a 10% decrease in sales, and did not participate in the federal Paycheck Protection Program, the Rapid Recovery Loan Program, or the Mainstreet Loan Program. The bill appropriates \$200 million for grants, and grants may be in amounts up to two months of the average payroll of a business plus 25%. Grants may not exceed \$500,000. The bill also creates the “COVID-19 Increased Investment in North Carolina Program” to award grants to businesses that increase their investments in North Carolina. Finally, the “COVID-19 Local Government New Infrastructure Program” is established in the bill and is to be used to help local governments match and receive federal funds.

Education & Transportation Bond Act of 2020

The House has tentatively approved the Education & Transportation Bond Act of 2020, and is expected to take a final vote on the bill this week. The legislation would put \$3.1 billion in General Obligations bonds on the 2020 ballot for voter approval. The money would go to the following areas: \$800 million for public school capital projects, \$600 million for UNC System capital projects, \$200 million for community college capital projects, and \$1.5 billion for transportation infrastructure. The bill would place the bonds on the 2020 ballot as two separate questions, one for the \$1.6 billion in education bonds and one for the \$1.5 billion in transportation bonds. Both would require approval by a majority of the voters. Bill sponsors claim the bonds will allow the state to take advantage of its good credit rating and low interest rates. Bill sponsors also point out the bonds will help boost the state’s economy, which is suffering from COVID-19 fallout. The House has traditionally been in favor of bonds, while the Senate has been more skeptical. It is not yet clear what action the Senate will take on the bill.

NC DHHS Guidance

The DHHS has released guidance for business to follow when reopening. Below are links for various businesses and establishments.

- [Interim Guidance for Restaurants](#)
- [Interim Guidance for Large Venue Settings](#)
- [Interim Guidance for Retail Businesses](#)
- [What Phase 2 Means for North Carolina](#)

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