

Legislative Update February 12, 2021

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The 2021 long session picked up some steam this week as committees began moving more bills and the first bill, Senate Bill 36: 2020 COVID Relief Bill Modifications, was signed into law. This bill makes changes to previous COVID-19 relief appropriations, as well as adding more funds for rent relief, vaccine efforts, schools and parents. Lawmakers have indicated that another COVID-19 relief bill is in the works and will spend more federal stimulus funds. Leadership has also pledged to work on summer school support for students who have fallen behind during online learning due to the pandemic.

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)
- April 20: House filing deadline for non-budget bills
- April 27: 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.

New Revenue Forecast

The General Assembly's Fiscal Research Division released its latest revenue forecast this week, and it shows promise that the fiscal effects of the pandemic are not as bad as once thought. The new report estimates that revenue for Fiscal Year 2020-21 will be \$4.13 billion over the May 2020 forecast. The report cites several factors for the optimistic projections. First is the large amount of federal stimulus money that the State has received, which helped keep many businesses and individuals afloat and able to pay taxes. North Carolina received around \$18 billion for households and \$12.5 billion for businesses. Second, the report notes that, since tax filings were delayed due to the pandemic, around \$1 billion in revenue was shifted to this fiscal year that would have typically been collected last fiscal year.

Third, the report cites increased sales tax numbers, which are in part due to the 2018 US Supreme Court Case South Dakota v. Wayfair, Inc., which allowed states to collect sales tax from retailers outside of the state. The report also noted the K-shaped recovery that North Carolina has seen, where higher-earning individuals were able to transition to working at home and stayed employed, while lower-earning individuals became unemployed. Since most of the state income tax comes from high to middle level earning individuals, the state brought in more income tax than expected. The Fiscal Research Division did note that its forecast assumes that there will be another federal stimulus bill in the spring and that the State's economic recovery will continue. The report estimates that the General Fund will reach \$27.6 billion for fiscal year 2020-21 and \$28.5 billion for Fiscal Year 2021-22.

WRAL: State budget fears evaporate as stimulus bolsters NC economy

COVID-19 Vaccine Distribution Update

With about 3.5% of North Carolinians fully vaccinated, Governor Cooper announced this week that the State would be moving into Phase 3 of the vaccination plan. Phase 3 is for frontline workers, but Cooper will be splitting Phase 3 into two parts. The first part of Phase 3 starts on February 24 and will allow teachers, school staff and childcare workers to receive the vaccine. This group is estimated to be around 240,000 people. Starting March 10, all other frontline workers, including police officers, fire fighters and other essential workers like grocery store staff, will be eligible to receive the vaccine. The push to move teachers ahead of other workers is in response to efforts to return children to in-person education. This push has some concerned because the State is still not receiving the amount of vaccine needed, and other vulnerable groups in Phase 1 and 2 have not been vaccinated.

WRAL: NC teachers eligible for vaccinations in 2 weeks

In-Person Learning Choice for Families

The legislature seemed to be fast tracking a bill that would require local education administrations to offer students in grades K-12 the option of in-person instruction. However, that bill hit a snag when the Senate failed to concur with changes the House made. Most notably, the House included a provision that would allow school districts to make work-from-home accommodations for teachers who have a documented illness that puts them at risk of serious complications from COVID-19. The accommodation could also be made if the teacher is the caretaker for a minor with risk factors. Both chambers have appointed conferees to work out the differences.

Current law allows schools to choose from three plans: Plan A with most students in-person; Plan B with some students in-person; and Plan C with no students-in person. Grades six through 12 must choose Plan B or C.

Senate Bill 37 does not require parents to opt into in-person learning but does give them that option. Schools would be allowed to modify instructional requirements based on needs and resources. They would also be allowed to move to remote learning if COVID-19 exposure leads to insufficient staff available, but they would have to notify the State Department of Public Instruction before doing so. The bill does not require that in-person instruction be every day.

Bill supporters cite studies that they claim show that COVID-19 transfer rates at schools are lower than the general population and point to in-person instruction as being safe when done properly. They also expressed concerns about students' mental health and ability to learn when out of the classroom.

Governor Cooper has indicated that he opposes the bill. He does support allowing schools to offer in-person instruction but believes that decisions need to be made locally and on a case-by-case basis. Only five Democrats in the House and two Democrats in the Senate voted for the bill, but that would be enough votes to override a veto.

WRAL: Bill requiring NC public schools to reopen hits snag

ABC Permit Bill

Last week, the House passed a bill that would extend the previously-enacted deferral of ABC permit fees. The extension applies to permittees who have been unable to operate due to COVID-19 restrictions and expires once those restrictions end. The bill is in response to reports that approximately 124 ABC permits have been canceled due to nonpayment. Many permitted facilities have been unable to operate or have been forced to operate at a greatly-reduced capacity during the pandemic. The bill also requires the ABC Commission to reinstate inactive permits. The bill passed the House 116:1 and cleared the Senate Commerce and Insurance Committee this week. The bill is expected to receive a Senate floor vote next week.

Natural and Cultural Resources Secretary

The Senate unanimously confirmed Reid Wilson as the Secretary of the Department of Natural and Cultural Resources this week. Reid takes over for former Secretary Susie Hamilton, who resigned at the end of 2020. Wilson previously served as the Department's chief deputy secretary and before that was the executive director of Conservation Trust for North Carolina. The Department of Natural and Cultural Resources oversees North Carolina's state-maintained museums and parks.

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>