



North Carolina Spirits Association

Legislative Report
November 15, 2019

The House and Senate both returned to Raleigh this week for a three-day session, pursuant to the adjournment resolution passed last month. The session was restricted to only addressing redistricting matters, appointments, nominations, conference reports, and another adjournment resolution. Congressional redistricting was the main focus of the November session, while legislators also passed bills to help alleviate cash flow shortages at the Department of Transportation, and they passed another round of disaster relief to deal with hurricane damage related to storms over the last several years.

Lawmakers concluded business for the year on Friday, November 15, and will not return to session until January 14, 2020. The January session's rules specify that lawmakers can address veto overrides, bills addressing access to health care, budget modifications, among other items.

Last month, a three judge panel entered a ruling indicating that the state needs to redraw its congressional maps based on a similar ruling over a partisan gerrymandering of the state legislative districts. The judges' order granted an injunction to halt the 2020 primaries as a result of the case. The same three judge panel also approved the legislature's recent redraw of the state legislative maps.

When redrawing the map, lawmakers used the same open committee process used when they redrew legislative districts early this year, and also had a public hearing to accept public comments. Per court order, legislators excluded using political data when drawing the map. The new map leans to elect five Democrats and eight Republicans, compared to the current map that has a three Democrats to ten Republicans breakdown. While legislators did take incumbency into account and no congressional members were double bunked, the maps may mean that two sitting congressmen will face unfavorable odds in the 2020 election.

Congressman Mark Walker (R) currently represents the 6th District, which includes part of Guilford County and several largely rural surrounding counties. Under the new map, the 6th District will now consist of all of Guilford County and part of Forsyth County, which includes Winston-Salem, and the district leans Democratic. Congressman George Holding (R) represents the 2nd District, which leans Republican and consists of parts of Wake and Johnston Counties, as well as a few surrounding counties. Holding does not actually live in his current district. The new 2nd District will only consist of a portion of Wake County, and will lean Democratic.

The map will have to be approved by the three judge panel that struck down the current map before they can go into effect for the 2020 election. The judges have reserved the right to move the candidate filing period if they find it necessary.

Governor Cooper vetoed Senate Bill 354 last week, which would have given teachers the 3.9% over two years raise that they would have received under the vetoed budget, plus an additional raise to make the increase 4.4% over two years if the budget veto override is successful. Democrats

called this a political ploy, and no Senate Democrats voted for the bill and only three Democrats voted for the bill in the House. In his veto message, Governor Cooper claimed that the bill shortchanged teachers and school employees, despite the State having the revenue to do more.

The legislature passed the DOT Cash and Accountability Act this week, which addresses the current cash flow shortage at the Department of Transportation (DOT) that has threatened to derail hundreds of road projects and jeopardize thousands of jobs. DOT cited increased costs due to hurricane-related road repairs and slow federal reimbursements for road damage costs. In an average year, DOT spends around \$65 million on storm damage road repair, however, this year they have spent nearly \$300 million. DOT has also spent \$311 million defending the controversial Map Act, which prevents landowners from developing property in areas where future highway projects are planned. The legislature has repealed the Map Act.

The bill forgives a \$90 million loan from the General Fund and allows the Department a one-time increase to their \$300 million Build NC bond to \$400 million in 2020. The bill also includes a \$100 million transfer from the General Fund to the Department, with \$36 million of that going towards disaster relief. The bill establishes the Transportation Emergency Reserve to be used for future declared disasters and includes an initial \$64 million appropriation, with the goal of the Department building the fund up to a \$125 million balance.

In addition to giving DOT access to additional money, the bill directs the State Auditor to conduct a performance audit of the Department, and adds additional reporting requirements, including a weekly cash watch report. The bill drew some criticism from Democrats, who support additional funding for the Department, but disagreed with a provision specifying that DOT pay only simple interest and not compound interest as just compensation. The bill is now on the Governor's desk.

The legislature approved a nearly \$230 million disaster relief package to help assist with the recovery efforts from Hurricanes Mathew, Florence, and Dorian. Around \$121.5 million of the bill is used for various matching requirements for drawing down federal funds. The bill also contains funds to prepare for future storms with flood mapping and water level monitors. \$15 million is appropriated to assist local governments with cash flow needs in the form of grants and loans. The Golden L.E.A.F. Foundation also receives \$15 million under the bill to be used to assist local governments and non-profit organizations in their recovery efforts. The bill contains various appropriations to government entities that sustained damage during the storms.

Outside of disaster relief, lawmakers also tacked on a few unrelated items, including budget technical adjustments, funding for the recently enacted Rural Hospital Stabilization Fund, and a provision that drew criticism from the Governor that requires all cash gifts or donations to the state or to be used by the state to be deposited in the State Treasury.

The legislature will reconvene on January 14, 2020.

BILL STATUS

Senate Bill 419, Technical and Other Changes, was not considered during the November 13 session but is eligible for consideration during the January 14, 2020 legislation session.

For more information about legislation described in the legislative reports, feel free to contact me at dferrell@nexsenpruet.com or (919) 573-7421. Information is also available on the General Assembly's website: www.ncleg.gov.

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