



North Carolina Spirits Association

Legislative Report
August 30, 2019

Since the House and Senate are not expected to hold voting sessions the week of September 2, we will not publish a legislative report next Friday September 6, but will resume the legislative reports on Friday September 13.

The House held session Monday through Thursday this week, while the Senate was in town Monday through Wednesday. Both chambers continued to advance “mini budgets” by using smaller, individual bills with select portions of the budget vetoed by Governor Cooper earlier this year. The Governor has criticized this effort to piecemeal the budget and called it a gimmick, but has not said if he will veto the bills. Moving the budget in pieces has been brought up before as a tactic to get around a budget deal tied to the Governor’s Medicaid expansion demand. Democrats have called this a political move to force Governor Cooper to veto seemingly popular bills before an election year, but most mini budget bills have passed with Democratic support.

Governor Cooper received the following mini budget bills containing salary raises this week. The first, House Bill 126, gives State Highway Patrol (SHP) officers a 5% raise over the next two years. The second, House Bill 226, allocates \$800 million for a 5% across-the-board raise to all state employees over the two year budget. House Bill 777 spends \$5 million on a 5% over two years raise for State Bureau of Investigation (SBI) officers and Alcohol Law Enforcement (ALE) officers, and it fixes their salary schedule to the (SHP) schedule, which will boost starting pay and decrease the number of years to qualify for top pay. Governor Cooper also received House Bill 609, which gives correctional employees a 5% raise over two years. All four bills were approved by the legislature unanimously. Governor Cooper will have until September 7 to veto or sign the bills, or they will become law.

One of the more controversial mini budgets to pass this week was House Bill 555, which contains provisions from the Health and Human Services budget that allocates funds for Medicaid Transformation, which is the State’s movement to capitated Medicaid contracts. The bill passed without any Democrats voting for it, as they claimed healthcare funding should include discussions around Medicaid expansion and they expressed concerns about healthcare management organizations (HMOs) denying coverage in an effort to cut costs. Governor Cooper will have until September 8 to act on this bill.

While the budget stalemate continues, the State will continue operating under a 2015 law that prevents a government shutdown by keeping in place the recurring funding levels of last year’s budget until a new one is adopted. House Speaker Tim Moore has indicated that he still believes that the House will be able to override the veto. This will require at least several House Democrats to be absent, since 51 of the 55 House Democrats have signed on to a letter pledging that they will not vote to override Governor Cooper’s veto. Despite passing individual portions of the budget, the House has still placed the motion to override the veto on their calendar daily.

The House and Senate are not expected to hold voting sessions next week, and will reconvene on Monday September 9, 2019.

BILL STATUS

Senate Bill 553, Regulatory Reform Act of 2019. The Conference Committee of House and Senate members issued their compromise version of the bill this week. The bill would among other things allow stadiums owned by community colleges that are leased to for-profit corporations to sell alcoholic beverages at events that are not sponsored by the college. The House has approved the conference report, and the Senate has given tentative approval to the report, with one more vote expected in the Senate the week of September 9.

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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