



North Carolina Spirits Association

Legislative Report
August 2, 2019

It was a slow week at the legislature, with both chambers staying in a holding pattern while they continue to wait on a vote to override Governor Cooper's veto of the budget. The Senate was not in Raleigh this week, but are set to return to Raleigh Monday and hold committee meetings and session next Tuesday, the 6th. The House was in town Monday through Wednesday, and passed several bills, including legislation to strengthen child sex abuse laws, and another bill to add safety regulations to ride share apps like Uber and Lyft.

Since the budget originated in the House, the House will have to be the first chamber to override the veto. The override vote has been on the House calendar every day they have held session, but, despite an effort by Democratic Minority Leader Darren Jackson (D-Wake) to schedule a vote, the House has displaced the item each time. The House is not expected to vote on the override for several more weeks, as a number of members have planned absences.

The Henderson, Polk, and Transylvania County Republican Party Executive Committee members have chosen Polk County Commissioner Jake Johnson to replace former Representative Cody Henson, who recently resigned. Johnson is waiting for the Governor to formally appoint him, but has indicated that his first priority in office will be overriding Governor Cooper's budget veto.

With students set to return to school later this month, some worry that the budget stalemate will present problems. State Law dictates that if a new budget is not enacted by the end of the fiscal year (June 30), then the State will continue to operate on the previous year's budget. This keeps recurring funding at current levels, but does not allow for non-recurring funding to be spent. Legislators have taken action to pass a stop-gap funding provision to ensure that federal dollars can be spent, and Governor Cooper signed this stop-gap spending measure into law. Some legislators, including Senator Andy Wells (R-Catawba), have advocated for leaving last year's budget in place and not overriding the veto, which Senator Wells says would save the State around \$2.5 billion.

Governor Cooper vetoed Senate Bill 392 this week. The bill would have removed the cap on virtual charter schools and moved the responsibility to review charter school bonds from the Capital Facilities Finance Agency to the State Superintendent of Public Instruction. Under current law, the State can establish two virtual charter schools with a maximum student enrollment of 1,500. The schools are allowed to exceed the enrollment cap by 20% in their fourth year of operation. Senate Bill 392 would remove the enrollment cap and allow schools to grow by more than 20%. In his veto message, Governor Cooper cites concerns about virtual charter schools having low performance, noting that both schools received "D" grades on their annual school performance report card. Governor Cooper also claims that the State Board of Education can already lift the cap under current law if they deem appropriate, and says that the decision should

be left with the State Board. The bill passed the legislature with bipartisan support, with both chambers approving the bill with the amount of votes needed to override a veto.

Governor Cooper also vetoed Senate Bill 320 on Friday. The bill would require all local governments within a region seeking grant or loan money for a regional water system to file an agreement stating their current rate and any rate increases that may be needed in the future, before the grant or loan money can be dispersed from the State. In his veto message, Governor Cooper warned that local governments should not use state laws to gain the upper hand in negotiations when providing vital resources like water. The bill was seen as being aimed at the Kerr Lake Regional Water System, which is seeking federal funds for upgrades. The bill passed the legislature on largely party lines, and without enough votes needed to override a veto.

The House and Senate will reconvene on Monday August 5.

BILL STATUS

Senate Bill 290, ABC Regulatory Reform Bill, was signed into law on July 29 by Governor Cooper. Session Law 2019-182.

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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