



North Carolina Spirits Association

Legislative Report
March 31, 2023

Governor's Race Announcement

North Carolina State Treasurer Dale Folwell has officially declared his intention to seek the Republican nomination for Governor of North Carolina. There had been rumors about Folwell's potential candidacy for some time. As of now, he is the only candidate in the race to challenge the likely Democratic nominee, Attorney General Josh Stein.

Republican Lt. Governor Mark Robinson is also considering a run and is expected to make an announcement on April 22nd. Early polls suggest that Robinson would be a strong contender for the nomination. Another potential candidate to keep an eye on is former U.S. Representative and 2022 U.S. Senate Republican primary candidate Mark Walker. He has been actively traveling the state and has hinted at a possible run for Governor.

Medicaid Expansion

On Monday, Governor Roy Cooper signed Medicaid Expansion into law, marking a significant step towards improving healthcare access for many North Carolinians. However, it's important to note that this law alone does not guarantee immediate implementation of Medicaid Expansion. House Bill 76, Access to Healthcare Options, stipulates that the rollout of Medicaid Expansion is dependent on the approval of the 2023 state budget bill. Therefore, it is now up to Governor Cooper to sign the General Assembly's final budget in order to fully enact Medicaid Expansion.

This week at the General Assembly

The spotlight in Raleigh this week was on the House of Representatives as they passed the sports wagering legislation and released their version of the state budget bill. House Bill 347, Sports Wagering, passed second reading in the House of Tuesday and third reading on Wednesday with bipartisan support. The bill now moves to the Senate where a previous version passed last summer.

The House leadership proposes a state budget that would provide significant raises for teachers and state employees. The budget proposal includes spending approximately \$30 billion in the 2023 – 2023 fiscal year, with slightly more spending the following fiscal year. The proposed budget balances the needs of the state with a growing economy and is being called “fiscally responsible” by House Speaker Tim Moore (R-Cleveland). If the state budget is passed and signed by Governor Roy Cooper, Medicaid expansion will also be triggered, providing access to health insurance for hundreds of thousands of people.

The House budget proposal includes several measures to support teachers, including average raises of 10.2% over two years, paid parental leave of four to eight weeks, and the restoration of master's degree pay. The proposal includes \$40 million for school safety and a requirement for schools to post academic materials online. In addition, the proposal caps class sizes in elementary schools at 24 for both fourth and fifth grades, which may help with math proficiency. The proposed budget plan includes state employee raises of 7.5% over two years, with 4.25% in the first year and 3.25% in the second year, and additional 2% raises for some employees in jobs that are harder to recruit and retain.

The proposed budget plan would reduce the individual income tax rate to 4.5% in 2024, a year earlier than planned, and increase the child tax credit by 20%. It would also provide an adoption tax credit.

Thursday, the House Appropriations Committee convened to consider amendments to the budget from 2:30 pm to 5 pm. The proposal, including the adopted amendments, will be read in on Monday. Votes on the budget are expected to take place on Tuesday and Wednesday before the Senate begins their process.

The legislature adjourned on Thursday and will reconvene on Monday April 3.

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