



North Carolina Spirits Association

Legislative Report
September 20, 2019

Legislators returned to Raleigh for what turned into a contentious few weeks with new legislative districts in the works and an unexpected budget veto override vote in the House that caught Democrats off guard and feeling misled.

In what Democrats are calling an ambush, on Wednesday September 11, the House voted 55 to 15 to override Governor Cooper's veto of the budget. The vote took place at an 8:30 am session with 40 Democrats absent, apparently believing that no votes would be taken at that time. House Minority Leader Darren Jackson held a press conference shortly after the vote, criticizing the Republicans for using a dishonest move to get their way. He claimed that Rules Chair David Lewis told him the day before that no votes would be taken at the 8:30 am session, and so he informed his caucus that they did not need to attend. Representative Lewis claims that Representative Jackson only asked about two bills added to the calendar and wanted time to caucus before votes on those two bills and that there must have been a misunderstanding about the 8:30 am session. Speaker Moore said in a press conference later that day that the override was properly noticed and that he had told the members numerous times that he would call the vote on the override if he ever had the numbers. The House also overrode Governor Cooper's veto of a controversial mini budget bill, House Bill 555, which allocates funds for Medicaid Transformation, the State's movement to capitated Medicaid contracts. The Senate still has to override the Governor's veto of these bills for them to become law.

The Governor hopes that the Senate Democrats will stand firm on the veto; however, Republicans in the Senate only need to flip one Democrat to override. This move has led to both sides criticizing the other, and trust has been significantly damaged between the two parties. Some have compared the move to a controversial 2005 vote called by Democratic leaders in the Senate for the NC Education Lottery when several Republican members were absent. This Democratic maneuver has been referenced by Republicans to show that both parties play "hard ball" politics. Protesters calling for Speaker Moore's resignation were present at the Legislative Building the day after the vote, chanting "shame" and holding signs that read "Shame on Speaker Moore". Senate President Pro Tem Phil Berger has indicated that the Senate will not immediately take up the override and that he will remain solely focused on redistricting and complying with the court's order.

North Carolina held special elections in the Third Congressional District and the Ninth Congressional District on Tuesday September 10. State Representative Greg Murphy (R-Pitt) won in the Third with 61.74% of the vote, and State Senator Dan Bishop (R-Mecklenburg) won in the Ninth by a narrow margin, receiving 50.74% of the votes. The special election in the Third was ordered after longtime Congressman Walter Jones passed away. The Ninth District election was the result of an election fraud investigation by the Board of Elections, which ultimately ordered a new election after concluding that the absentee ballot fraud was widespread enough to affect the

election outcome. Republican Mark Harris, who originally won the Ninth District election and employed the political operative at the center of the investigation, chose not to run in the special election, citing health concerns. The special elections gained national attention as both political parties looked to the elections to give them insight into trends for the 2020 elections. President Trump and Vice President Pence even made stops in North Carolina to help Bishop and Murphy campaign in the days leading up to the election.

The House and Senate both worked through the redistricting process over the last few weeks, after a three-judge panel recently ruled that the current legislative maps are unconstitutional. The court found that the maps were created with partisan intent and discriminated against Democrats by forcing them into districts where they are not allowed to elect the candidate of their choice. The three-judge panel of superior court judges gave the General Assembly until September 18 to redraw the maps and specified that the old districts cannot be used as a starting point. The court ordered that all maps be created in public view and that public input be allowed. The legislature live streamed all map drawing meetings, and held a joint meeting Monday afternoon to allow members of the public to comment on the proposed maps.

Both chambers are using maps created by Jowei Chen, who was an expert witness for the plaintiffs in the case that led to the maps being thrown out. Chen created 1,000 maps, but the legislature picked the top contenders to be considered as a starting point. The Senate narrowed its selection down to five maps and, in a legislative first, used the State Education Lottery machine to randomly select one out of the five as the starting point. Both chambers voted on and approved their maps on September 17, one day before the September 18 deadline. The Senate map redraw went a bit smoother than the House, with the Senate maps gaining bipartisan approval, while the House maps passed on party lines. The maps will now be reviewed by the same three-judge panel that invalidated the old maps.

One of the most heated issues of the legislative session, and the issue surrounding the current budget stalemate between the legislature and Governor, Medicaid expansion, made its first sign of progress through the legislative process this week. House Bill 655, NC Health Care for Working Families, was passed out of the House Health Committee this week. Speaker Tim Moore had long said that he would allow a vote on the bill if the House was able to override the Governor's veto of the budget. The legislation differs from typical Medicaid expansion envisioned by the Affordable Care Act, as it includes a work requirement and monthly premiums paid by enrollees. Bill sponsors support a requirement that the premiums paid by enrollees be considered State dollars and be allowed to count towards Medicaid's matching funds for federal dollars. The work requirement and premiums have helped the bill gain traction among some Republicans, who have indicated that they will not support traditional Medicaid expansion, but has led to some Democrats opposing the bill. Democrats claim that other states that have included premiums have seen that they raise little money and have a negative budget impact when you add in the costs to administer the premium. The Health Committee approved several amendments before passing the bill, which will now go to the House Rules Committee before going to the full House for a vote. If approved, the bill will go to the Senate, where its future is not bright, as the Senate has indicated numerous times that they will not support any Medicaid expansion legislation.

Former North Carolina Supreme Court Chief Justice I. Beverly Lake Jr. died Thursday, September 12. Lake served on the NC Supreme Court for 12 years and led the Court from 2001 to 2006, and had previously served as a state senator. During his time on the bench, Justice Lake

gained a reputation as a "law-and-order conservative." His long career of public service includes many achievements, most notably are the contributions he made to criminal justice reform. In 2002, while serving as Chief Justice, he began the effort that would create the North Carolina Innocence Inquiry Commission in 2006, the first of its kind in the nation.

The Senate wrapped up its business on Tuesday and the House on Wednesday, and neither chamber is expected back in Raleigh until September 30.

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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