



# North Carolina Spirits Association

Legislative Report  
August 23, 2019

---

The budget stalemate between the legislature and Governor Cooper continued this week, with both chambers holding votes on various bills, but no vote taken on overriding Governor Cooper's budget veto. Given the current budget impasse, the Senate has started moving several "mini budgets" which include pieces of various sections of the budget bill passed by the legislature earlier this year. The Senate amended House Bill 555 to include provisions from the Health and Human Services budget that allocate funds for Medicaid Transformation, which is the State's movement to capitated Medicaid contracts. The Senate also amended House Bill 609 to now include an appropriation for a 2.5% raise for correctional officers. 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. Governor Cooper says that the piecemeal budget idea is a "gimmick" and Democrats have called it a political move to force Cooper to veto seemingly popular bills before an election year.

Earlier this year, lawmakers announced that the State's over collections had resulted in a \$900 million surplus. They touted this as proof that their policies and tax cuts have resulted in increased revenue by growing the economy. This week, Senate Leader Phil Berger and House Speaker Tim Moore announced a plan to send part of the surplus back to the taxpayers. In a plan unveiled on Thursday, Senator Berger explained that taxpayers who filed individually will receive a \$125 refund and those who filed jointly will receive a \$250 refund. The refunds will go to nearly 5.1 million tax filers, but will cost to \$5.5 million to administer. In all, House Bill 74 will cost \$660 million. Refund checks will go out on December 15, 2019 and February 1, 2020, depending on when the tax filing was received. During a Senate Finance Committee hearing, Democrats raised concerns that the money could be better used to address pending needs in the State, like school construction, healthcare, and infrastructure. Republicans responded that those items were dealt with in the budget they passed, and are currently being blocked by Governor Cooper's veto. They urged the Democrats to help override the veto to address those issues.

Both chambers have passed legislation to create a rural hospital loan program for rural hospitals in jeopardy of bankruptcy. The legislation originally passed the Senate and the House amended the loan maturity timeline, but the House also added provisions to allow local governments more flexibility on their sales tax and expand eligibility for the State's Utility Account. Instead of reaching a compromise to the different versions of the bill in conference, the Senate choose to abandon the original bill and insert their language into an unrelated dental bill that had already passed the House. House Bill 704 now includes the Senate's original plan, with the House change to the loan maturity timeline, but the sales tax and Utility Fund sections have been removed. The bill targets a struggling hospital in Randolph County, but any hospital can apply, outside of UNC Health Care, which will be in charge of administering the fund.

Governor Cooper issued his 33rd and 34th veto with week, raising objections to House Bill 370 and House Bill 645. House Bill 370 would require Sheriffs to comply with the controversial federal 287(g) immigration program. The program is operated by the U.S. Immigration and Customs Enforcement Agency (ICE) and allows local law enforcement offices to voluntarily cooperate with ICE to enforce various immigration laws. House Bill 370 would make it mandatory for all sheriffs to participate in the program. House Bill 370 dealt with relocating existing billboards when they are condemned, mostly due to highway expansion projects, and established a regulatory framework for where relocated billboards can be placed.

The Senate voted not to concur on an omnibus healthcare bill passed by the House last week. The bill, dubbed “Healthy NC” contained the following nine parts: creates a Psychology Interjurisdictional Compact (PSYPACT), allows licensed marriage and family therapists to perform first examinations for involuntary commitments, eliminates redundant adult care home inspections, creates the Lupus Advisory Council, requires that insurers develop formularies for Center for Medicare and Medicaid Services (CMS) approved step therapy, requires insurers to cover oral chemo drugs the same as injected chemo, requires Medicaid to pay for telemedicine, requires private insurance and the State Health Plan to cover telehealth services, and creates the North Carolina Healthcare Solutions Task Force. The bill passed the House by a large margin of 106-3, but the Senate has historically blocked similar provisions in the bill dealing with what they consider to be insurance mandates. Conferees have not been appointed.

The House passed a bill that was intended to allow the NC Utilities Commission to approve rate increases for multiple years at a time, however, in mixed political vote on a floor amendment, the controversial section of the bill was turned into a study. Duke Energy has been pushing the bill, claiming that it will allow them to better plan for long-term upgrades to the energy grid, however, numerous large energy users, like Google and Walmart, have opposed the bill, along with environmental groups and associations. The Senate has indicated that they will not concur with the changes.

The House and Senate will reconvene on Monday afternoon.

---

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

***Prepared By: David P. Ferrell, Esq. - NCSA Lobbyist***

***NEXSEN PRUET PLLC  
150 Fayetteville Street, Suite 1140  
Raleigh, North Carolina 27601  
Telephone: (919) 573-7421  
[dferrell@nexsenpruet.com](mailto:dferrell@nexsenpruet.com)  
[www.nexsenpruet.com](http://www.nexsenpruet.com)***