

## Introduction

The Coronavirus pandemic was the focal point of legislative activity this year, as lawmakers prioritized measures designed to protect public health and reduce the economic impact of the virus. COVID-19 also had a significant impact on the legislative process, as public health restrictions at the legislative complex and individuals' unease in congregating had a dramatic impact on legislative efficiency and productivity. Committee meetings were available virtually, and committee rooms and halls of the legislature were not packed with lobbyists, journalists, and members of the public.

Another theme of this year's session was the struggle between legislative and executive powers. The Republican-controlled legislature largely disagreed with Democrat Governor Roy Cooper's mask mandate and decisions to keep non-essential businesses closed. The legislature made multiple attempts to overturn those decisions, and all were met with vetoes which were ultimately sustained.

This session also saw the continuation of last year's budgeting process, which involved several smaller budget bills rather than one omnibus budget bill. Legislative leaders adopted this approach to avoid a prolonged battle with the Governor over whether the state budget bill should include Medicaid expansion.

Below is a review of the most significant legislation enacted this session. We have also included a discussion of the various re-opening and emergency powers bills, all of which were vetoed.

For the status of the re-opening of the state and the applicable executive orders, please [here](#).

## Coronavirus Appropriations

### House Bill 1043 (2020 COVID-19 Recovery Act)

The appropriations piece of the first COVID-19 recovery package provides relief to small businesses and appropriates millions for hospitals, K-12 education, medical research, and broadband connectivity. The bill was enacted in early May and a breakdown of the funding is below.

#### Education:

- \$75 million to the Department of Public Instruction (DPI) for school nutrition.
- \$30 million to DPI for schools to purchase computers or other electronic devices for students.
- \$5 million to DPI for electronic devices for school staff.
- \$4.5 million to DPI for cybersecurity.
- \$10 million to DPI for student health programs.
- \$70 million DPI for summer learning programs.
- \$1.48 million to DPI for public schools to provide remote instruction.
- \$3 million to DPI for non-digital learning instructional resources for students with limited connectivity.
- \$15 million to DPI for costs of providing Extended School Year Services (ESY) for exceptional children.
- \$660,029 for the Governor Morehead School for the Blind, the Eastern NC School for the Deaf, and the NC School for the Deaf.

- \$5 million for DPI's Extended Learning and Integrated Student Supports (ELISS) Grants.

#### Broadband:

- \$9 million for the Growing Rural Economies with Access to Technology (GREAT) program to expand access to broadband internet.
- \$1 million to DPI to improve internet connectivity for students using mobile Wi-Fi hotspots on buses.
- \$11 million to DPI to improve internet connectivity for students by providing internet access devices.

#### Higher Education:

- \$25 million to the Community College System.
- \$44.4 million to the University of North Carolina System.
- \$20 million to the state's independent and private colleges.

#### Medical Research:

- \$15 million to the Duke Human Vaccine Institute for the development of a vaccine.
- \$29 million to the UNC Collaboratory.
- \$20 million to Wake Forest University Health Services.
- \$15 million to the Brody School of Medicine at East Carolina University.
- \$6 million to the Campbell University School of Osteopathic Medicine.

#### Hospitals:

- \$65 million for a grant to NC Healthcare Foundation for grants to rural hospitals.
- \$15 million to establish the COVID-19 Teaching Hospitals Relief Fund for grants to teaching hospitals.
- \$15 million to establish the COVID-19 General Hospitals Relief Fund.

#### Health Care:

- \$25 million to the NC Department of Health and Human Services (DHHS) for the expansion of testing, tracing, and trends analysis related to COVID-19.
- \$20 million to DHHS for additional public health capacity, including increasing nursing capacity, number of community health workers, telehealth services and providing infection control support and training in nursing homes and adult care homes.
- \$20 million to DHHS for enhanced behavioral health and crisis services to respond to COVID-19, including diverting individuals experiencing behavioral health emergencies from emergency departments.
- \$19 million to DHHS for food, safety, shelter, and childcare.
- \$6 million to DHHS to allocate equally among each of the six food banks in the state.
- \$2.25 million to DHHS' Division of Social Services for foster care support.
- \$25 million to DHHS for State-County Special Assistance-licensed facilities.
- \$50 million to DHHS for rural and under-served communities.
- \$5 million for NC Association of Free and Charitable Clinics.
- \$1.5 million to DHHS to provide a grant to NC MedAssist.
- \$5 million the Association of Community Health Centers.
- \$1.8 million to Old North State Medical Society for rural and African American communities.

- \$290,000 to DHHS' Division of Social Services to provide funds for the LINKS program (a foster care support program for youth ages 13-21 years).

#### Emergency Response:

- \$125 million for small business loans through the Golden LEAF Foundation.
- \$150 million for local government grants to support immediate COVID-19 needs.
- \$50 million for purchasing additional personal protective equipment (PPE).
- \$70 million for continuity of government operation needs, including covering overtime costs, purchasing PPE, sanitation and hygienic supplies, and critical information technology equipment.
- \$15 million for animal depopulation and disposal.
- \$5 million for Visit NC marketing.

A link to House Bill 1043 (COVID-19 Recovery Act: Appropriations) can be found [here](#). A link to the summary of the bill can be found [here](#).

#### **Senate Bill 836 (State Operations/Increase Federal Funds Use)**

Senate Bill 836 was enacted in June and appropriates an additional \$300 million of CARES Act funds for the continuity of state government. House Bill 1043, discussed above, originally allocated \$70 million for this purpose, which includes funding to cover overtime costs and the purchase of PPE, sanitation and hygienic supplies, and critical information technology equipment. A link to Senate Bill 836 can be found [here](#). A link to the summary of the bill can be found [here](#).

#### **House Bill 1023 (Coronavirus Relief Fund/Additions & Revisions)**

House Bill 1023 modifies and augments previous coronavirus relief legislation. This legislation was signed into law on July 1<sup>st</sup> and does the following:

- Increases the amount allocated to counties from \$150 million to \$300 million for necessary expenditures consistent with federal guidance on COVID-19 relief and requires counties to allocate at least 25% of these funds to municipalities.
- Modifies the deadline to revert the \$300 million allocation for the General Maintenance Reserve in the Highway Fund from 6/15/20 to 9/1/20 in the absence of federal guidance allowing it to be used for revenue replacement.
- Modifies the \$75 million appropriation to DPI for school nutrition services provided in response to COVID-19 to include innovative school meals and to modify the authorized time for use of funds from the end of the 19-20 school year to 12/30/20.
- Increases the allocation for the North Carolina Association of Free and Charitable Clinics from \$5M to \$7.425M and expands the authorized uses from cost of eligible health services provided during the COVID-19 emergency to any use permitted under the federal guidance.
- Increases the allocation for the North Carolina Community Health Center Association from \$5 million to \$7.425 million and expands the authorized uses from cost of eligible health services provided during the COVID-19 emergency to any use permitted under the federal guidance.
- Increases the allocation to DHHS, Division of Social Services from \$2.25 million to \$3.55 million, to assist foster childcare monthly supplemental payments by \$100 from April until the funds are exhausted.
- Increases the allocation to the Department of Commerce (DOC) for the stimulus marketing budget for Visit NC from \$5 million to \$15 million.

- Allocates \$10 million to the Department of Agriculture and Consumer Services (DACs) for capacity enhancement grants, workforce development grants, and planning grants for small and independent meat processors to address COVID-19 impacts on the food supply chain. It is also to be used for a local meat processor grant program within DACs to provide funding for expanded capacity, workforce education, and planning relating to independent meat processing facilities.
- Allocates \$2 million to the General Assembly for allowable costs incurred due to the COVID-19 pandemic.
- Allocates \$750,000 for the Government Data Analytics Center, within NCDIT, to develop COVID-19 economic analytics on how State and federal assistance is impacting State businesses.
- Allocates \$4.8 million for the UNC School of Medicine Asheville Campus joint program for COVID-19 related response activities.
- Allocates \$15 million to the DOC for job retention grants to businesses and nonprofit organizations that retained at least 90% of their jobs during and after the COVID-19 pandemic, that demonstrate a COVID-19 related economic loss, and that did not participate in the federal PPP or the Main Street Lending Program (the state's small business assistance loan program).
  - The maximum grant amount a business may receive under this program is \$500,000. A business or nonprofit that wishes to apply for a grant must do so by September 1, 2020. If the amount of the eligible grant awards exceeds the amount of funds provided for the grants, then each grant will be reduced proportionately.
- Allocates \$120 million to DPS, Division of Emergency Management to be used as the State match required for COVID-19 related FEMA funds.
- Allocates \$2.6 million for the NC HealthConnex health information exchange network for certain COVID-19 related improvements and operations.
- Allocates \$3.5 million to OSBM for AOC to use as a grant for Caitlyn's Courage, Inc. to conduct a domestic violence prevention pilot programs in at least 9 judicial districts of varying caseloads to combat rising rates of domestic violence due to the COVID-19 pandemic.
- Allocates \$2 million to the Wildlife Resources Commission for the Outdoor Heritage Advisory Council's "N.C. Schools Go Outside" grant program to provide opportunities for young people to reengage with learning experiences in safe outdoor settings.
- Allocates \$400,000 to DNCR for the State Library's N.C. Kids Digital Library for enhancement of digital offerings to students lacking physical access to local libraries due to COVID-19.
- Allocates \$400,000 to DNCR to fund development and implementation of and access to virtual history programs for students and online public access to the N.C. Museum of History during the closure of facilities due to stay-at-home orders.
- Allocates \$1 million to DNCR for the NC Zoo to facilitate and assist with the costs of health and safety enhancements to protect the public and Zoo staff, ensuring the limited reopening of the Zoo does not result in community spread of COVID-19.
- Allocates \$725,000 to the DOC for the High Point Furniture Market to expand and enhance public health and safety measures at their international shows during COVID-19.
- Allocates \$1.5 million to the DOC for EDPNC for grants targeted for areas of the State that are most dependent on travel and tourism to promote the State as it reopens. EDPNC shall consult with the NC Travel Industry Association to disburse the grants.
- Allocates \$500,000 to the DOC for the Biotech Center for grants and educational job placement services to connect workers displaced or unemployed due to COVID-19.

- Allocates \$2.5 million to the DOC for establishing a statewide pilot program administered by the DOC, Office of Science, Technology, and Innovation to promote access to innovative digital and personalized learning solutions for high school students and provides parameters for the pilot program. The Office shall report on the pilot on June 1, 2021.
- Allocates \$7 million to DPI for CDC- and federal guidance compliant-PPE in public schools to facilitate in-person instruction.
- Allocates \$5 million to DPI for grants to applicant public school units for services for exceptional children who lost critical services due to COVID-19 related school closures.
- Allocates \$3 million to UNC-Pembroke for an advanced analytics project studying the nature and impact of COVID-19 with an emphasis on rural and at-risk communities.
- Allocates \$2 million to UNC-Pembroke for its Department of Nursing to assist with specialized medical and patient safety training for COVID-19 related health care.
- Allocates \$5 million to DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for group homes that serve minors or adults with intellectual or developmental disabilities, or both, to support the implementation of Centers for Disease Control and Prevention guidance for preventive measures to control the spread of COVID-19 in these facilities.
- Allocates \$7 million for grants to certain hospitals to offset enumerated allowable expenses for patient care in response to the COVID-19 pandemic if certain requirements are met.
- Allocates \$2.5 million to tier 2 counties with populations of less than 150,000 with a hospital located therein to offset enumerated allowable expenses for patient care in response to the COVID-19 pandemic if certain requirements are met.
- Allocates \$4.3 million to OSBM for the Children's Advocacy Centers of NC for child advocacy centers with increased child caseloads and for virtual counselling due to COVID-19.
- Allocates \$375,000 to OSBM for the Crossnore School and Children's Home for COVID-19 related preventative protections for staff and children living in close proximity.
- Modifies the expiration date of the temporary removal of barriers to state and local government retirees returning to work on a part-time basis during the COVID-19 emergency from August 1, 2020 to August 31, 2020.

A link to House Bill 1023 can be found [here](#). A link to the summary of the bill can be found [here](#).

### **House Bill 1105 (Coronavirus Relief Act 3.0)**

House Bill 1105, which appropriates the state's remaining \$903 million in federal CARES Act dollars, was approved during the legislative session in September. Included in the spending measure is \$440.4 million to fund an "Extra Credit" grant program, which provides a \$335 stimulus check to families who filed a 2019 tax return on or before October 15th, indicated they were State residents for all of 2019, and reported they had at least one child eligible for the federal child tax credit. Families that did not have to file a 2019 tax return because their income fell below the filing threshold may apply for a grant on or before October 15th. According to legislative staff, 1.2 million families with almost 2 million children are expected to qualify for the grant. The checks are intended to help offset the costs parents have incurred during the Coronavirus pandemic relating to remote learning and childcare needs.

The bill expands the Opportunity Scholarships Grant Program, a tuition assistance program for students to enroll in nonpublic schools, by raising the income threshold to qualify and lifting a cap on the number of vouchers for kindergarten and first-grade students. The bill allocates \$72 million funding for PPE, \$65

million for disaster recovery and relief, and \$5 million to the State Board of Elections to recruit election day workers and increase each poll-worker's pay.

A summary of the Coronavirus Relief Act 3.0 is below.

#### Health Care:

- \$35 million to Department of Health and Human Services (DHHS), Division of Child Development and Early Education, for grants for licensed childcare providers for remote learning opportunities for children.
- \$38 million to DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to be distributed to LME/MCOs.
- \$20 million to DHHS, Division of Social Services, to provide for adult care home residents in the form of monthly payments to facilities licensed to accept State County Special Assistance.
- \$20 million to DHHS to establish the NC COVID-19 Provider Relief Fund to reimburse providers enrolled in the Medicaid program.
- \$25 million to the NC Medical Society to be distributed to independent medical practices.
- \$23 million to the North Carolina Senior Living Association, North Carolina Health Care Facilities Association, and North Carolina Assisted Living Association for PPE.
- \$8 million to DHHS, Division of Child Development and Early Education, for assistance payments to parents using remote learning opportunities for childcare.
- \$6 million to DHHS to purchase PPE and sanitizing supplies for childcare facilities regulated by the State.
- An additional \$6 million (totaling \$12 million) to DHHS to allocate to food banks.
- \$5 million to the North Carolina Association of Free and Charitable Clinics.
- \$5 million to the North Carolina Community Health Center Association.
- \$5 million to NC MedAssist to cover increased costs for providing prescription assistance.
- \$12 million for domestic violence centers and sexual assault programs.

#### Education:

- An additional \$20 million (totaling \$27 million) to the Department of Public Instruction (DPI) for PPE and testing in public schools.
- An additional \$17 million (totaling \$22 million) to DPI for grants for services for exceptional children.
- An additional \$5 million (totaling \$25 million) for online education needs of private colleges and universities.
- \$5 million for the Community Colleges System for testing and to purchase PPE.
- \$6.5 million for scholarships to students with disabilities.
- \$5 million for private postsecondary institutions to purchase PPE.
- \$5 million to UNC Board of Governors for testing and tracing on its campuses.
- \$13 million to the UNC Board of Governors for constituent institutions to purchase PPE.
- \$1.1 million to DPI for Communities in Schools of North Carolina, Inc. for PPE.
- \$1 million for the New Teacher Support Program for mentoring and coaching support for public school teachers.

#### Business:

- An additional \$45.5 million (totaling \$60.5 million) for the Job Retention Grant Program.
- \$75 million to the Golden LEAF Rapid Recovery Loan Program (decreased from \$125 million)

- Increases the max term of the loan from 66 to 120 months.
- Increases the max loan amount from \$50,000 to \$250,000.
- \$2 million to the Carolina Small Business Development Fund for assistance to small businesses.
- \$1.5 million to the One NC Small Business Fund.
- \$2 million for emergency grants for dairy producers and to fund a study of COVID-19 related impacts on the dairy industry.
- An additional \$10.25 million (totaling \$20.25 million) for emergency grants to independent meat processors and expands the scope of the grant program to include seafood processors.

#### Unemployment:

- \$87 million in additional unemployment assistance for the remainder of 2020.
- \$50 million to temporarily increase unemployment benefits \$50 per week, in addition to the \$300 per week in federal unemployment benefits, through the end of the year.

#### Research:

- An additional \$2 million (totaling \$17 million) for the Duke University Human Vaccine Institute.
- \$9 million to UNC-Charlotte for the Bioinformatics Research Center.
- \$500,000 to East Carolina University to study the impacts of COVID-19.
- \$5 million to Fayetteville State University to complete physical and virtual technology laboratories required to continue existing research on the impacts of the COVID-19.

#### Extra Credit Grant Program:

- \$440.5 million to the Department of Revenue to finance the program.

#### State Board of Elections:

- \$5 million to the State Board of Elections.
- Increases each election day poll-worker's pay by \$100.
- \$10,000 to each NC county for election-day voting costs.
- \$1 million for an advertising campaign to recruit election day workers.

#### Department of Natural and Cultural Resources:

- \$19.7 million for local Arts Councils to support the state's historical, scientific, and cultural attractions.
- \$2.1 million for State Parks and Trails for needs caused by high demand and visitation.

#### Broadband:

- An additional \$30 million (totaling \$39 million) to the Department of Information Technology for the GREAT Fund for supplementary funding.
- \$21 million (increased from \$11 million) to improve Internet connectivity for students via mobile Internet access points.

#### Other:

- \$237.5 million for continuity of operations needs across State Government (reduced from \$370 million) and expand the permissible uses of funds to include rent and utility assistance.
- \$19.85 million to the NC Alliance of YMCAs for a grant program to facilitate remote learning opportunities.

- \$14.3 million for the PPE-NC Initiative, a partnership between certain community colleges, local governments, and the private sector to create a launch pad for prototyping and testing reusable PPE products for entrepreneurs and existing manufacturers.

A link to House Bill 1105 can be found [here](#). A link to the summary of the bill can be found [here](#).

## Coronavirus Policy Provisions

### **Senate Bill 704 (COVID-19 Recovery Act)**

The policy provisions contained in Senate Bill 704 are responsive to the hardships and challenges resulting from state and local restrictions on movement and economic activity. The legislation also provides for various delays and extensions (e.g., income tax, driver's license and vehicle registration deadlines).

Among other items included in the bill, the legislation does the following:

- Waives the accrual of interest on the nonpayment or underpayment of tax imposed on a franchise, corporate income, or individual income tax return, including a partnership and estate and trust tax return, from April 15, 2020, through July 15, 2020. The NC Department of Revenue had the authority to move the tax deadline to July 15<sup>th</sup>, but the legislature was required to waive the interest penalties.
- Provides unemployment insurance flexibility in the determination of unemployed, elimination of the waiting week, work search requirements, attached claims, and non-charging of employer accounts.
- Waives, modifies or extends various K-12, community college and higher education requirements, including adding a full week to next year's school calendar.
- Requires DHHS to develop a strategic state plan to stockpile PPE and testing supplies.
- Grants health care facilities and providers immunity from civil or criminal liability for acts and omissions in the course of arranging health care services.
- Grants immunity to essential businesses for injuries or death resulting from customers or employees contracting COVID-19 at the business.
- Temporarily authorizes a notary to perform acknowledgments and administer oaths and affirmations using video conference technology.
- Amends the Good Funds Settlement Act to allow a settlement agent in a real estate transaction involving a one to four family residential dwelling or a lot restricted to residential use to disburse closing funds prior to recording if authorized in writing by the parties involved.
- Authorizes official meetings of public bodies, including closed sessions, public hearings, and quasi-judicial hearings, to be conducted via remote, simultaneous communication during periods of declarations of emergency.
- Directs State agencies to exercise regulatory flexibility, including authority to do the following:
  - Delay the collection of fees, fines, or late payments.
  - Delay the renewal dates of permits, licenses, and other similar certifications, registrations, and authorizations.
  - Delay or modify any educational or examination requirements.
- Extends for five months any development approval that is current and valid at any point during the period beginning March 10, 2020 and ending April 28, 2020.



A link to Senate Bill 704 (COVID-19 Recovery Act: Policy Changes) can be found [here](#). A link to the summary of the bill can be found [here](#).

### **House Bill 1105 (Coronavirus Relief Act 3.0)**

In addition to appropriating funding, the Coronavirus Relief Act 3.0 also includes the following substantive provisions:

- Provides flexibility for certain child-care licensing requirements by authorizing use of community-based organizations.
- Appropriates \$12.5 million to the Department of Revenue for costs associated with tax systems operations and maintenance upgrades.
- Directs State agencies to exercise regulatory flexibility during the Coronavirus emergency in order to protect the economic well-being of the State.
- Extends certain local government approvals affecting the development of real property.

A link to House Bill 1105 can be found [here](#). A link to the summary of the bill can be found [here](#).

### **Immunity Provisions**

#### **Essential Businesses**

Section 4.14 of [Senate Bill 704](#), discussed in more detail above, provides immunity to essential businesses with respect to claims from a customer or employee for any injuries or death alleged to have been caused as a result of the customer or employee contracting COVID-19 while doing business with or while employed by the essential business. The immunity applies so long as there was no act or omission of the essential business constituting gross negligence, reckless misconduct, or intentional infliction of harm.

As an aside, various executive orders (e.g., Executive Order 141) have applied this immunity provision to restaurants (even though they originally were not open as “essential businesses”).

#### **Health Care Providers**

Section 3D.7.(a) of Senate Bill 704 includes an immunity provision for health care providers that is almost identical to the essential business immunity provision.

#### **Broader Immunity Provision**

Later in the legislative session, [House Bill 118](#) was approved by the General Assembly. This legislation provides immunity for individuals, governmental entities, corporations, nonprofit corporations and other legal entities (collectively “person”) from legal claims alleging that the person’s act or omission resulted in a third party’s contraction of COVID-19. Any act or omission that constitutes gross negligence, willful or wanton conduct, or intentional wrongdoing is not covered. The immunity applies to claims arising on or after July 2nd and continues in effect as to claims arising no later than 180 days after the expiration or rescission of Executive Order 116 (the executive order issued by the Governor declaring a state of emergency in response to COVID-19).

The immunity provision in this legislation has a few attributes of note that are not present in the immunity provision included in Senate Bill 704. First, it applies to a universe of entities beyond just essential businesses. Second, it is not limited to claims from customers or employees. And, lastly, it is

effective for a longer period of time (claims arising no later than 180 days after the expiration or rescission of Executive Order 116 as compared to the expiration or rescission of Executive Order 116).

House Bill 118 also includes a new requirement that a person must provide reasonable notice at each premises of the actions taken to reduce the risk of transmission of COVID-19 to individuals present on the premises. However, the bill provides that a person is not liable for the failure of any individual to comply with rules, policies, or guidelines contained in the notice.

A link to House Bill 118 can be found [here](#). A link to the summary of the bill can be found [here](#).

### **Schools, Colleges and Universities**

The General Assembly also approved two bills providing immunity to schools and universities. Senate Bill 208 (COVID-19 Immunity/IHEs) applies to private colleges and universities, community colleges, and universities in the University of North Carolina System. This measure provides immunity from claims related to tuition or fees paid for the spring academic semester of 2020. Claims for losses or damages arising from an act or omission by the college or university in response to COVID-19 are barred so long as the school or university offered remote learning options that allowed students to complete the semester coursework. A link to Senate Bill 208 can be found [here](#). A link to the summary of the bill can be found [here](#).

Section 10 of Senate Bill 113 (Education Omnibus) applies the same immunity provision in Senate Bill 208 to K-12 private schools. A link to Senate Bill 113 can be found [here](#). A link to the summary of the bill can be found [here](#).

## **State Budget and Agency Spending**

### **Healthcare/Medicaid Transformation**

Senate Bill 808 (Medicaid Funding Act), which provides funding for the state Medicaid program and supports the transition of the program from a fee-for-service model to a managed care system (commonly referred to as Medicaid Transformation), was approved by the legislature. The bill calls for the transformation process to begin on July 1, 2021. The legislation also dedicates \$15 million to relocate the NC Department of Health and Human Services headquarters from the current location on the Dorothea Dix Campus to a location to be determined in Wake County, and allocates \$50 million in federal funding for mental health and crisis services due to the coronavirus pandemic. A link to Senate Bill 808 can be found [here](#). A link to the summary can be found [here](#).

### **Education**

#### **Teacher Pay**

Senate Bill 818 (Compensation of Certain School Employees) provides that teachers, instructional support personnel, and assistant principals will remain on their current salary schedule with pay increases based on years of experience. The legislation also provides a \$350 bonus to every teacher and instructional support staffer and encourages the Governor to issue a \$600 bonus to teachers, instructional support staff, and noncertified personnel staff from discretionary funds provided by Congress under the CARES Act. A link to Senate Bill 818 can be found [here](#). A link to the summary of the bill can be found [here](#).

## Enrollment Growth

House Bill 1071 appropriates a little over \$100 million to fund school enrollment growth for the school year for public schools. A link to House Bill 1071 can be found [here](#). A link to the summary can be found [here](#).

Senate Bill 816 allocates \$41.5 million for enrollment growth at the state's community colleges. A link to Senate Bill 816 can be found [here](#). A link to the summary can be found [here](#).

## Capital Projects and Other Support

Senate Bill 212 appropriates over \$100 million for capital projects at University of North Carolina System campuses and repairs and renovation projects in the UNC System and at State agencies. A link to Senate Bill 212 can be found [here](#).

Senate Bill 750 transfers \$6 million from the General Fund to fund capital improvement projects at Elizabeth City State University. Of the \$6 million, \$2 million is for a new chiller and \$4 million is for a new HVAC system. A link to Senate Bill 750 can be found [here](#). A link to the summary can be found [here](#).

Senate Bill 806 provides \$16.5 million to Western Carolina University to fund a steam plant project. A link to Senate Bill 806 can be found [here](#). A link to the summary of the bill can be found [here](#).

House Bill 472 allocates \$2 million to NC State University to match federal funds for programs currently underway at the school and \$3 million to NC Agricultural and Technical State University to support agricultural research. The \$5 million appropriated comes from the School Bus Replacement Fund. A link to House Bill 472 can be found [here](#). A link to the summary can be found [here](#).

Senate Bill 814 transfers \$10 million from the Education Lottery Reserve Fund and \$5 million from the School Bus Replacement Fund to help fund the NC Promise Tuition Plan, a program that allows for \$500 per semester for in-state tuition and \$2,500 per semester for out-of-state tuition at Elizabeth City State University, University of North Carolina at Pembroke and Western Carolina University. A link to Senate Bill 814 can be found [here](#). A link to the summary can be found [here](#).

## Transportation

In May, State Auditor Beth Wood released a report that concluded the NC's Department of Transportation (DOT) overspent their budget by \$743 million in 2019. The General Assembly responded by approving a bill that adjusts DOT's 2020-2021 budget and implements various financial governance provisions, including the restructuring of the Board of Transportation (Board). Previously the Governor appointed all 19 members of the Board. The legislation adds a sixth at-large member and provides that the House Speaker will appoint three at-large members and the Senate Pro Tempore will appoint another three at-large members to the Board. The Governor appoints all of the 14 regional members to the Board. House Bill 77 (DOT 2020-2021 FY Budget/Governance) became law without the Governor's signature on July 6<sup>th</sup>. A link to House Bill 77 can be found [here](#). A link to the summary of the bill can be found [here](#).

Senate Bill 750, which is discussed above in the Education section, also includes \$1.1 million for the Department of Transportation to lease a passenger ferry vessel for operation between Hatteras and Ocracoke. A link to Senate Bill 750 can be found [here](#). A link to the summary can be found [here](#).

## **Other State Agencies and Programs**

Senate Bill 801 takes \$2 million from the Film and Entertainment Grant Fund and transfers it to the Military Presence Stabilization Fund to maintain the state's military programs and activities through grants for local communities and military installations. A link to Senate Bill 801 can be found [here](#). A link to the summary of the bill can be found [here](#).

House Bill 1087 helps fund improvements for struggling rural water and sewer systems by moving \$9 million from the One NC Fund, a fund for economic development projects, to the newly created Viable Utility Fund. The legislation also creates a process for merging utility systems and identifying distressed systems. A link to House Bill 1087 can be found [here](#). A link to the summary can be found [here](#).

Senate Bill 811 transfers funds from the Pay Plan Reserve and the Parks and Recreation Trust Fund to the Department of Natural and Cultural Resources to fund an additional 19 full-time staff positions, equipment, and other nonrecurring expenses for State parks expanded or improved through Connect NC Bonds. A link to Senate Bill 811 can be found [here](#). A link to the summary can be found [here](#).

Senate Bill 812 allocates \$10.1 million to the Department of Agriculture and Consumer Services' new Agricultural Sciences Center. A link to Senate Bill 812 can be found [here](#). A link to the summary can be found [here](#).

House Bill 1187 allocates \$10.4 million for construction of three juvenile detention facilities to implement the Raise the Age legislation, which moved 16- and 17-year-olds out of the adult criminal justice system. A link to House Bill 1187 can be found [here](#). A link to the summary can be found [here](#).

House Bill 1063 appropriates \$19.8 million to the Department of Public Safety for tower hardware upgrades to the Voice Interoperability Plan for Emergency Responders (VIPER) network. A link to House Bill 1063 can be found [here](#). A link to the summary can be found [here](#).

## **Natural Disaster Relief**

The Disaster Recovery Package that was contained in House Bill 1105 (Coronavirus Relief Act 3.0) did the following:

- Creates the Earthquake Disaster Recovery Reserve and Earthquake Disaster Recovery Fund.
- Appropriates \$24 million for earthquake relief and recovery efforts in Allegheny County.
- Transfers \$27.8 million from the Savings Reserve in the General Fund to the Hurricane Florence Disaster Recovery Reserve.
- Transfers \$13.2 million from the Savings Reserve in the General Fund to the State Emergency Response and Disaster Relief Fund to be allocated as follows:
  - \$10.4 million to provide State match for federal disaster assistance related to Hurricane Matthew.
  - \$2.8 million to provide State match for federal disaster assistance related to Hurricane Dorian.

A link to House Bill 1105 can be found [here](#). A link to the summary of the bill can be found [here](#).

## Finance and Tax

### Tax Code Revision

House Bill 1080 (Revenue Laws Recommendations) is designed to “decouple” the state tax code from several tax provisions in the CARES Act. The legislation would exclude debt forgiveness from gross income taxes. Under state law, loan write-offs are treated as income received and are subject to income tax, but House Bill 1080 provides that loans forgiven under the federal PPP are not taxable income. A link to House Bill 1080 can be found [here](#). A link to the summary of the bill can be found [here](#).

### Site Infrastructure Development Fund

House Bill 807 (Championship NC Act) modifies the Site Infrastructure Development Fund (SIDF) to allow businesses who meet the criteria of a sports championship employer to be eligible for funding from the SIDF. For a sports championship employer to be eligible, the business must invest at least \$5 million in the project, the project must have an estimated total economic benefit of \$800 million and create at least 35 new jobs. The business must also hold championship events in NC with a combined economic benefit of at least \$500 million and provide a hospitality pavilion to the NC DOC. A link to House Bill 807 can be found [here](#). A link to the summary of House Bill 807 can be found [here](#).

## Social Justice

### Justice Reforms

In reaction to protests in response to the death of George Floyd, two justice reform measures from the 2019 legislative session were resurrected this session. House Bill 511 (First Step Act) allows judges to disregard mandatory minimum requirements when sentencing low-level drug offenders. The legislation does nothing to decriminalize illegal drugs but looks to lessen sentences for those who never intended to distribute drugs. A link to House Bill 511 can be found [here](#). A link to the summary of the bill can be found [here](#).

Senate Bill 562 (The Second Chance Act) intends to help people expunge their criminal records, specifically for those who had charges against them dropped or for those individuals who were convicted of a nonviolent crime but have had no incident involving law enforcement for years. A link to Senate Bill 562 can be found [here](#). A link to the summary of the bill can be found [here](#).

### Monument Funding

Included among the capital projects contained in Senate Bill 212, discussed above, is an allocation for \$1.5 million to the North Carolina Freedom Monument Project to build a new sculpture park in downtown Raleigh to honor African Americans and their fight for freedom. A link to Senate Bill 212 can be found [here](#).

## Miscellaneous

### Alcohol Permits

In Governor Cooper’s Executive Order 141, which moved the state into Phase Two, bars were not included in the list of businesses allowed to reopen. Senate Bill 226 (Delay Certain ABC Permit Renewal Payments) waives ABC permit fees for bars until 90 days after Executive Order 141 expires. The bill also

allows for business owners who have already paid their ABC fees to request a refund from the ABC Commission and then repay those fees once bars are allowed to operate. A link to Senate Bill 226 can be found [here](#). A link to the summary of the bill can be found [here](#).

## **2020 Elections Legislation**

House Bill 1169 (Bipartisan Elections Act of 2020) temporarily expands the voting options for the 2020 elections. The legislation makes a variety of changes to current election law, including requiring only one witness to sign a voter's absentee ballot and allowing voters to submit an official absentee ballot request online, by fax, or email (in addition to mail or in person). The legislation also allocates \$27 million to state and county election boards for purchasing necessary equipment and recruiting poll workers. A link to House Bill 1169 can be found [here](#). A link to the summary of the bill can be found [here](#).

## **Failed Reopening and Emergency Powers Legislation**

### **Bars and Restaurants**

House Bill 536 (Temp. Outdoor Restaurants for Outdoor Seating) was introduced in response to Governor Cooper's Executive Order 141, issued on May 20th, officially entering North Carolina into Phase Two of the state's reopening plan. As background, breweries, taprooms, wineries, distilleries and brewpubs were able to open under the Order, but not bars. House Bill 536 would allow restaurants, private bars, private clubs, wineries, breweries, and distilleries to serve patrons in outdoor spaces (permanent or temporary) at 50% of the capacity of their indoor seating area, or 100 patrons, whichever is less. These establishments must have local government approval to use an outdoor space, if needed, and they must follow social distancing and safety guidelines set forth by the Center for Disease Control and the NC Department of Health and Human Services. The bill also provides that local governments may not prohibit the temporary outdoor seating location based upon it not being a permitted use for operation of food and drink services. The bill passed the Senate (42-5) and House (65-53) but was vetoed by Governor Cooper, who asserted that it would hinder the efforts to keep North Carolinians safe during the pandemic. The bill was placed on the House calendar on June 10th to attempt to override the Governor's veto, but it was withdrawn. A link to House Bill 536 can be found [here](#). A link to the summary of the bill can be found [here](#).

In the final hours of the 2020 Short Session, a conference report for a bill relating to criminal gang laws emerged with language from the vetoed House Bill 536, discussed above, and which would allow restaurants, private bars, private clubs, wineries, breweries, and distilleries to serve patrons in outdoor spaces (permanent or temporary) at 50% of the capacity. The conference report for House Bill 633 (Temp. Outdoor Restaurant/Bar) passed the Senate (32-8), but the House adjourned before calling for a vote on the measure. A link to House Bill 633 Conference Report can be found [here](#).

Senate Bill 858 (Expand Mixed Beverage Sale During Pandemic) would allow establishments with a mixed beverage permit to sell mixed beverages for consumption off premises during the pandemic, either by delivery by the permittee or by an independent contractor. The alcoholic beverages sold or delivered must be packaged in a container with a secure lid or cap, sold only with food, and be limited to two servings per meal or food item ordered. The bill was referred to the Senate Rules Committee where it stalled. A link to Senate Bill 858 can be found [here](#).

## **Venues and Attractions**

After the legislature approved the bill and the Governor vetoed it, the Senate's attempt to override the veto of Senate Bill 599 (Open Skating Rinks/Bowling Alleys) failed by a vote of 26-21. This legislation would allow bowling alleys and skating rinks to reopen at 50% capacity and allow minor league baseball stadiums to have outdoor seating up to 10% of the seating capacity of the stadium if certain conditions are met. A link to Senate Bill 599 can be found [here](#). A link to the summary of the bill can be found [here](#).

Similar legislation authorizing amusement parks, establishments with video and arcade games, and venues for receptions or parties to open and resume operations was also approved by the General Assembly and vetoed by the Governor. House Bill 258 (Open Amusement Parks/Arcades/Venues) was placed on the House calendar for an attempted veto override vote but was withdrawn. A link to House Bill 258 can be found [here](#). A link to the summary of the bill can be found [here](#).

A separate bill, House Bill 795 (Open Amusement Parks/Arcades/Playgrounds), would authorize amusement parks, business establishments with video games and arcade games, public parks, fairs, and carnivals to open under certain conditions. After the Senate amended the bill, House members voiced concerns that the language regarding reopening arcades could unintentionally legalize establishments with gambling video games. The House withdrew its original approval of the bill and sent the bill a conference committee, where it failed to advance. A link to House Bill 795 can be found [here](#). A link to the summary of the bill can be found [here](#).

## **Gyms and Fitness Centers**

House Bill 594 (Temp. Open Gyms/Health Clubs/Fitness Centers) would allow indoor and outdoor exercise and fitness facilities, gyms, and health clubs to open and operate at 50% capacity under certain conditions. After Governor Cooper vetoed House Bill 536 (Temp. Outdoor Restaurants for Outdoor seating), which is discussed above, House Bill 594 was amended on the Senate floor to include language from House Bill 536. The Senate also added a provision that would allow the Governor to shut down the establishments outlined in the bill if there was a spike in coronavirus cases. However, the Governor would only be able to do so with the concurrence from the Council of State. The Council of State is comprised of the ten statewide elected officials and includes the Governor, Lieutenant Governor, Secretary of State, Auditor, Treasurer, Superintendent of Public Instruction, Attorney General, Commissioner of Agriculture, Commissioner of Labor and Commissioner of Insurance. Republicans currently hold a 6-4 majority on the Council. Governor Cooper vetoed the bill on June 10<sup>th</sup> and an override attempt in the House on June 24<sup>th</sup> failed (66-53). A link to House Bill 594 can be found [here](#). A link to the summary of the bill can be found [here](#).

Later in the session, the House attempted to override the veto of House Bill 806 (Open Exercise and Fitness Facilities), which would allow indoor and outdoor exercise and fitness facilities, gyms, health clubs, and fitness centers to reopen and resume operations at 40% capacity. Ultimately, the House's attempt failed by a vote of 63-51. A link to House Bill 806 can be found [here](#). A link to the summary of the bill can be found [here](#).

## **Emergency Powers**

Senate Bill 105 (Clarify Emergency Powers) would require executive orders issued by the Governor pursuant to the Emergency Management Act to receive approval by a majority of the Council of State or the order will expire in 48 hours. As highlighted above, the Council of State is comprised of the ten statewide elected officials. As expected, the Governor vetoed the bill. The Senate's attempted override



failed by a vote of 26-21. A link to Senate Bill 105 can be found [here](#). A link to the summary of the bill can be found [here](#).

House Bill 686 (Freedom to Celebrate the Fourth of July) prohibits cities from using coronavirus pandemic restrictions to prevent Fourth of July parades and firework displays that are sponsored by private groups. The Governor's veto of the legislation was sustained after the House's override attempt failed by a vote of 58-54. A link to House Bill 686 can be found [here](#). A link to the summary of the bill can be found [here](#).