



At the beginning of May, the NC House of Representatives approved its \$23.9 [billion state budget](#) by a vote of 61-51 floor vote along party lines. Many members of the Democrat minority criticize the budget for not fully expanding Medicaid, and insist that more funding should go toward education rather than focusing on cutting taxes. Republicans emphasized the 4.8% teacher pay raise and other education and middle-income tax cut provisions. The House budget will now move to the Senate for consideration, where it will undergo modifications. The Senate is expected to release its proposed budget before the end of May. Upon both chambers reaching a compromise, many expect Governor Cooper to veto the NCGA's budget due to political discrepancies.

Relating to disaster recovery, the House budget transfers of \$84,700,000 in nonrecurring funds for the 2019-2020 fiscal year to the Hurricane Florence Disaster Recovery Fund. Allocated appropriations include:

- \$12,000,000 to the Department of Environmental Quality for disaster-related infrastructure and cleanup needs including, but not limited to, underground storage tanks, water and waste water infrastructure, coastal management planning, and dam safety. Of these funds, \$1,500,000 is for the Division of Waste Management and the Division of Marine Fisheries for resiliency activities.
- \$13,000,000 to the Department of Public Safety, Office of Recovery and Resiliency, to provide grants and loans to local governments in disaster areas with immediate cash flow issues during disaster 42 recovery.
- \$26,542,693 for Golden L.E.A.F. (Long-Term Economic Advancement Foundation) to provide grants to local governments and to water and/or sewer authorities to repair and replace water, wastewater, and storm water infrastructure as well as the replacement, improvement, or construction of new infrastructure to support hazard mitigation.

The House budget also transfers \$10,000,000 for the 2019-2020 fiscal year to the State Emergency Response and Disaster Relief Fund to ensure that sufficient funds are available to provide relief and assistance from emergencies.

To view the full Disaster Recovery 2019 portion of the House budget, see pages 14-16 of [HB 966](#).

Also included in the House budget is a schedule for which the Department of Environmental Quality must allocate funds for water resources development projects. Details can be found on page 276-276 of [HB 966](#) (the House budget). These funds provide a State match for nearly \$32,355,000 in federal funds.

May 9th was the deadline for most non-budget related bills to pass their chamber of origin in order to be kept alive for the biennium. During the first week and a half of May, both the House and Senate focused their attention on bills impacted by this 'Crossover' deadline. While the Senate continues to develop its budget proposal, both chambers will resume hearing bills that remain eligible for consideration.

LEGISLATION OF INTEREST

SB 95 Veterans Memorial Funds/Do Not Revert passed the Senate (as a Proposed Committee Substitute) at the end of March, and was referred to the House Committee on Energy and Public Utilities. Changes to the bill, at the request of Sen. Harry Brown, would allocate and change the grant process for the \$5 million Resource Institute appropriation from the previous session. North Topsail will now receive a direct grant of \$1.6 million. The remaining \$3.4 million will remain under the administration of the Resource Institute and be split evenly between the towns of Surf City and Topsail Beach. Surf City and Topsail Beach have requested that they also receive direct grants. It remains eligible for consideration, so we will continue to monitor the progress of this legislation.

SB 605 Highway Storm Recovery Act was signed by Governor Cooper 5/16/19 and is now law (Ch. SL 2019-15). The legislation transfers funds to DOT to be used as a loan for cash flow needs as a result of disaster recovery.

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SB 77 Ag Disaster Fund/Certain Counties was signed by Governor Cooper on 3/8/19 (Ch. SL 2019-3). It extends the deadline to apply for the Hurricane Florence Agricultural Disaster Program of 2018 for certain counties that received a Presidential or Secretarial Disaster Declaration as a result of Hurricane Michael after the original deadline. The legislation requires the NC Department of Agriculture and Consumer Services to accept completed applications from people eligible for financial assistance for no more than 10 consecutive business days on which the federal government is not partially or fully shut down (effective upon becoming law). It expires on the date the Department has processed all applications validly received during this period.

SB 177 Carteret Local Option Sales Tax for Dredging would give Carteret County the option to ask voters to adopt a countywide quarter-cent sales and use tax to cover the costs of inlet and waterway dredging and maintenance. It would only apply to Carteret County, and would allow the funds to be used only for inlet and waterway dredging and maintenance.

SB 608 / HB 846 Savings Reserve/Use Funds for Disaster Relief are companion bills that were introduced this month. The bills would transfer funds (\$301,000,000) from the Savings Reserve to the Highway Fund to be used by DOT for cash flow needs related to disaster relief.

HB 17 Local Option Meals Tax/Brunswick Co. Munis has been referred to the House Finance Committee, and then Rules. The legislation would allow the Brunswick County's municipalities to adopt a half-cent meals tax. The additional tax would require approval through a referendum that could be held as early as this year. It remains eligible for consideration.

HB 44 Fort Fisher Historic Site Funds would allocate \$7.5 million for the completion of renovations at Fort Fisher and allocate \$500,000 to plan facilities for the state's Underwater Archeology Branch of the Office of State Archaeology to be located at the fort.

HB 52 Wrightsville Beach Local Act Amendment would clarify easement rights along the oceanfront properties to allow the town to build looped waterlines to improve water quality. The bill passed the full House and sits in Senate Rules.

HB 169 Loggerhead Turtle/State Saltwater Reptile would adopt the loggerhead turtle as the state's official saltwater reptile.

HB 204 Town of Beaufort/Annexation passed the full House and will now be considered by the Senate. The legislation would give local control to Beaufort for the navigable waters around the unincorporated region of the Rachel Carson Reserve and extend local authority over anchoring of boats and operations of boats and vessels in navigable waters to the towns of Atlantic Beach, Bogue, Cape Carteret, Cedar Point, Emerald Isle, Indian Beach, Morehead City, Newport, Peletier and Pine Knoll Shores.

HB 245 DEQ/Policy Changes includes a provision that would extend from 15 to 30 days the amount of time the Coastal Resources Commission has to respond to contested cases petitions.

HB 246 EQ/Fund and Fee Changes would allow Division of Coastal Management to use up to 2 percent of the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund annually to cover two positions: a beach and inlet project manager to oversee all activities related to beaches and inlets, and a manager to oversee financial management of water resources grants. The bill would also direct some of the fund be used to develop and maintain a database of all dredge material disposal sites in the state.

SB 650 Simplifying NC Local Sales Tax Distribution makes changes to North Carolina's local sales tax distribution, use, and allocation, including repealing GS 105-487 and GS 105-502 (concerning use of additional tax revenues by counties).

HB 836 LRC Study - Navigable Waters directs the Legislative Research Commission (LRC) to study additional regulation of navigable waters by local government. Outlines six responsibilities of the LRC as it undertakes the study, including examining current federal and state law regarding boat operation, no-wake zones, and channel markers and assessing local governments' ability to adopt and enforce local ordinances regulating navigable waters.

