



Topsail Island Legislative Update

May 26, 2020

The NC General Assembly began the short session on April 28th, passing its first COVID-19 relief package in early May. Lawmakers resumed standing committee meetings the week of May 18th and have been considering bills relating to the pandemic before considering other policy changes. As they continue to work on legislation in response to COVID-19, they are waiting for guidance from the federal government on how the remaining federal relief funding can be spent, and hope to know more in the next few weeks.

Last Friday, state budget agencies released consensus revenue forecasts, predicting an expected \$4.2 billion drop, which is nearly or 8.2%, in General Fund revenues. The forecast also shows an expected \$774 million drop, which is nearly 9.7%, in the Highway Fund and Highway Trust Fund. Lawmakers expect to pass a budget this short session, but neither the House nor the Senate have an appetite to include Medicaid expansion – the question remains whether or not Governor Cooper will veto any budget that doesn't include full Medicaid expansion.

Governor Cooper allowed the state to move into a modest approach to Phase 2 of its reopening plan on Friday, May 22nd at 5:00pm. The revised Phase Two plan lifted the Stay at Home order while continuing to limit gatherings and encouraging vulnerable populations to stay at home. Restaurants are allowed to offer dine-in service at 50 percent capacity, but bars and indoor entertainment facilities must remain closed. Childcare centers may reopen to all families. This [Executive Order](#) is scheduled to run through June 26th.

Since federal guidance still does not allow CARES Act funding to be used to supplement revenue shortfalls, local bills have been surfacing to offer occupancy tax flexibility. Senator Chuck Edwards (R-Henderson/Buncombe) filed [SB 705](#): Buncombe County Job Recovery Act. This legislation would authorize the use of occupancy tax proceeds credited to the Tourism Product Development Fund to be used in Buncombe County for economic assistance to businesses significantly affected by the COVID-19 epidemic. Senator Wiley Nickel (D-Wake) filed [SB 831](#): Municipalities Occupancy Tax, which would authorize certain municipalities to levy an additional one percent room occupancy tax, which could be used for any public purpose in the municipality. Under the bill, this would apply to all cities that levy an occupancy tax, plus a list of other cities. Coastal cities/towns included in the list are North Topsail Beach, Wrightsville Beach, and Wilmington. While the futures of the bills are uncertain, they demonstrate creative efforts to help businesses and local communities.