



## INTRODUCTION

Budget season is in full swing! Republican Senators held a press conference last week to announce their long-awaited budget proposal. Senate Leader Phil Berger explained that their proposal can be summed up in two ways: cutting taxes and constructing the state's post-pandemic future. In typical Senate speed they revealed their budget and moved it quickly through committees and onto the Senate floor where it was approved by a vote of 32 to 17.

## NEW REVENUE FORECAST

North Carolina's nonpartisan budget agencies released a revenue forecast that predicted an estimated \$6.04 billion in over-collections, with total General Fund revenue up 13.6%, individual income tax up to 12.6%, sales and use tax up 14.5%, and corporate and franchise tax up 35.4%. This surplus throws a whole new layer into the budget debate moving forward. State leaders have expressed varying opinions on the forecast, showing yet again the fundamental differences amongst leadership when it comes to spending for this state.

The state's democratic Governor sees this as a win-win opportunity. "These new numbers show unprecedented resources are now available to make transformational investments for our state. Even though the Republican Senate bill giving big tax breaks to corporations and the wealthy is bad policy, we have enough money to pass my entire budget plus all those tax breaks with more money still remaining. We must now negotiate a responsible bipartisan budget that addresses everyone's concerns," said Governor Cooper.

Republican Senate leader Phil Berger sees the billions in surplus as a sign that our state is improperly handling North Carolinians' money. "A huge surplus does not mean we're spending too little. It means we're taxing too much." Meanwhile, Republican House Speaker Tim Moore believes this surplus is the result of a strong economy created by Republican policies. "There is no question that the strength of North Carolina's economic outlook is proof that Republican policies work, and it is no coincidence that our state is the number two destination for Americans fleeing other states with bleak economic outlooks. North Carolina's overall fiscal policy has set the stage for a commitment to conservative tax policies and we will continue to work collaboratively with the Governor and the Senate to keep our state on an upward trajectory of economic growth," said Speaker Moore.



## NORTH CAROLINA SECURITY AND LOW VOLTAGE ASSOCIATION



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## **HOUSE ENERGY CHAIRS UNVEIL MAJOR ENERGY BILL**

After many months of closed-door meetings between various energy-related stakeholders, such as Duke Energy, representatives of the renewable energy industry, major electricity customers, and House Republicans, a nearly 50-page bill has been introduced. This bill would set the energy policy future of the state for nearly the next decade. Among other things, this bill would significantly increase solar energy generation, include heavily sought-after regulatory changes for Duke Energy, move forward on re-licensing nuclear plants, retire five coal plants early, and would cut greenhouse gas emissions from power plants by 61% by 2030. This is just 9% shy of Gov. Cooper's energy plan, which called for a 70% cut.

Prior to its first hearing, Gov. Cooper already expressed his concerns with this bill. Gov. Cooper said the bill would "cost ratepayers too much, fall short of clean energy goals, hamper job recruitment and weaken the Utilities Commission, which exists to provide accountability for utility companies." He went on to say that "it takes some steps toward more renewable energy but not nearly enough, and it's clear they need to go back to the drawing board and negotiate with a broader spectrum of stakeholders in order to get a better plan." Various environmental advocates believe the bill relies too heavily on natural gas moving forward, and manufacturing groups have serious concerns about the cost of implementation of this new energy policy.

The bill was presented by Energy Chairmen, Rep. Arp and Rep. Szoka. Both expressed a willingness to listen to concerns and to make some adjustments to the bill if necessary. The bill is currently supported by Duke Energy, electric co-ops, and the North Carolina Chamber. Given the sheer size of this bill and its dense regulatory jargon, Energy committee members requested a slower approach on the bill in order to fully understand its consequences prior to a vote in the committee.

## **DEMOCRATS STICK TOGETHER ON REPUBLICAN-LED ELECTIONS BILLS**

As mentioned in previous updates, Senate Republicans have been moving several elections bills through committee which reached a floor vote last week. Senate Bill 326, Election Day Integrity Act, Senate Bill 724, Expand Access to Voter ID & Voting, and Senate Bill 725, Prohibit Private Money in Elections Administration, were all passed on a 28-21 party-line vote.

While a couple Senate Democrats questioned Republican bill sponsors' motives behind the Election Day Integrity Act and if it originated from their belief that there was widespread voter fraud in the past election, Republican Sen. Warren Daniel maintained that the bill was based off of best practices and was geared towards setting the record straight with the State Board of Elections and Attorney General that settlements like the one they entered into before the past election cannot happen in the future. Senate Democrats argued that these bills would result in bipartisan disenfranchisement, and that throwing out valid absentee ballots by this new Election Day deadline is the opposite of election integrity. The bills are now headed over to the House.

## **BUDGET**

Here are some of the highlights of the Senate Budget, Senate Bill 105, The 2021 Appropriations Act:

- Tax cuts. The budget would decrease the personal income tax rate from 5.25 percent to 3.99 percent by 2026.

- Pay raises for state employees. There would be a 1.5% raise for state employees, including teachers, for both years of the budget. There are also \$1,000 - \$1,500 bonuses for all state employees coming from Federal funds.
- Funds for infrastructure projects. The bill would provide \$1.2 billion towards road resurfacing, \$680 million for bridges, and \$727 million for rural broadband.
- Funds for testing the state's backlog of rape kits. The bill would provide \$10 million to test the remaining rape kits from the state's backlog.
- Funds for direct care workers. This bill allocates \$17.5 million to increase the pay for those working in direct care facilities.
- Senate leader Phil Berger acknowledged that this was just the starting point for the budget, and not the budget bill that will reach Gov. Cooper's desk. We'll soon see the House's proposal, then the chambers will negotiate between themselves and with the Governor's office.
- Establishes and provides \$583,500 in each of the next two years for a two-year pilot program between Cape Fear Community College, New Hanover County Schools, and Pender County Schools to expose students in 7th through 9th grades from underperforming schools and underserved populations to career training opportunities. The program would include (i) exposing students from underperforming schools and underserved populations to career training opportunities available at CFCC, (ii) guiding students toward successful career outcomes, (iii) providing support services to students, including academic tutoring, academic counseling, personal mentoring, and financial support through financial aid and scholarships, and (iv) increasing graduation and postsecondary outcomes for these students. CFCC, New Hanover County Schools, and Pender County Schools would offer a summer career academy program to at-risk students from each local school administrative unit for a total of up to 300 students in seventh through ninth grade. The career academy program shall introduce students to life on a college campus with the goal of creating a familiarity with and positive experience in the postsecondary environment. Students shall visit two career and technical education programs per day for five consecutive days for two consecutive weeks in different subject areas, such as welding, marine technology and boat building, electrical, culinary, medical assisting, public safety, arts, veterinary assisting, and chemical technology. The career academy program shall include speakers and support for financial aid and scholarship opportunities and an introduction to the Career and College Promise Program. CFCC, in collaboration with New Hanover County Schools and Pender County Schools, shall submit an initial report by October 1, 2022, and a final report by October 1, 2023, to the Joint Legislative Education Oversight Committee on the results of the pilot program and the placement of the career liaisons in schools to support at-risk students, including the number of students who enrolled in Career and College Promise Program pathways following completion of the career academy program and other relevant student outcome data for at-risk students.
- Establishes and provides \$3 million in each of the next two years for the North Carolina Community College Short-Term Workforce Development Grant Program administered by the State Board of Community Colleges. The State Board of Community Colleges, in collaboration with the Department of Commerce, shall determine the eligible programs of study for the Program, according to the occupations that are in the highest demand in the State. The eligible programs of study shall include programs such as architecture and construction, health sciences, information technology, electrical line worker, and manufacturing programs, and may include other programs to meet local workforce needs. Grants would be awarded in an amount of up to \$750 to students pursuing short-term,

noncredit State and industry workforce credentials. The State Board of Community Colleges shall establish criteria for initial and continuing eligibility for students.

- Directs the Department of Labor to create, implement, operate, and support the Be Pro Be Proud initiative, a three-year mobile statewide workforce development pilot program. The program shall focus on generating student, parent, and educator interest in technical professions within the construction, manufacturing, transportation, and utility industries by emphasizing the high-tech, high-wage potential of these student career paths. The program shall also support progress towards North Carolina's postsecondary attainment goals to 21 increase postsecondary degrees and certificates in the skilled trade professions. Be Pro Be Proud shall provide for at least the following: (1) A custom-built mobile workshop that brings elements of up to 12 skilled professions to middle and high school students, through simulators and virtual reality experiences. Students on board this state of the art workshop will learn about various careers, job responsibilities, and average statewide wages for each career while stepping virtually into these professions. (2) Information and data collection for students by setting up a digital profile on Be Pro Be Proud's national "Join the Movement" partnership. With the consent of parents and students participating in the mobile workshops, the data collected shall be shared with the Community Colleges System Office, Department of Public Instruction, Department of Commerce, myFutureNC Commission, industry associations, and companies that are prompted to connect with the potential student recruits. The database management system shall provide a connection for student internships, scholarships, apprenticeships, full-time jobs, and other opportunities. (3) Follow-up opportunities for interested students to pursue their interests through hands-on leadership opportunities, including gaining onsite learning experiences, volunteering, and participating in networking opportunities with potential job and postsecondary school recruiters. (4) Motivation for interested educators to stay engaged through a combination of outreach and professional development opportunities. (5) Operation of the pilot program to coincide with the public school instructional calendar and various events for students that take place throughout the summer.
- Provides for the use funds from the American Rescue Plan Act to provide financial support to businesses in the State that suffered substantial economic damage from the COVID-19 pandemic for which they were not otherwise fully compensated and establishes the Job Opportunity and Business Saving Grant Program administered by the Department of Revenue to provide a one-time grant for each award amount to a qualifying business. Each grant awarded under the Program must include a description of the award amount used to calculate the grant. The Department's grant determinations are final. The grant amount a qualifying business may receive per award amount is equal to seven and one-half percent (7.5%) of the award amount, not to exceed \$18,750. The total of all funds granted under the Program, including the amount the Department of Revenue may use for administration of the Program, may not exceed the sum of \$1 billion. The Department of Revenue shall use currently available data from the Department, the Small Business Administration, and any other available sources to identify qualifying businesses in this State that have been approved for an award amount on or before June 30, 2021. The Department must award a grant to the last known address of an identified qualifying business for each ascertainable award amount by September 30, 2021. A qualifying business that was approved for an award amount on or before June 30, 2021, but does not receive a grant by September 30, 2021, for that award amount may apply to the Department of Revenue for a grant. The applicant must include any supporting documentation required by the Department, and the Department must confirm that the applicant did not previously receive a grant under the

Program for the applicable award amount. Grants will be paid on a rolling basis to qualifying businesses that submit their applications on or before November 19, 2021. The Department may not award grants under this subsection until the application deadline has passed.

- Provides a grant of \$15 million in each of the next two years to Montreat College for cybersecurity programs.
- Provides a grant of \$2 million in each of the next two years to Gaston College for a new cybersecurity facility.

## BILL UPDATES

HOUSE BILL 103, Automatic Renewal of Contracts, this bill would add to the required notices to consumers for contracts that automatically renew and more specifically would require the affirmative consent of a consumer prior to the contract renewing. The bill was heard and approved in the Senate Commerce and Insurance Committee and the Senate Judiciary Committee. **The bill will next be heard by the Senate Rules Committee. The North Carolina Security and Low Voltage Association is opposed to this legislation. Please continue to reach out to your legislators about this important issue for our members.**

SENATE BILL 173, Free the Smiles Act. The provisions of this bill were removed in the House Education K-12 Committee and replaced with new provisions that would: (1) grant the governing board of any public school unit or any nonpublic school the exclusive authority to determine the use of face coverings, and any appropriate exceptions to those requirements, during the instructional day on its respective campus for the 2021-22 school year; and (2) authorize the Governor to require the use of face coverings for an individual public or nonpublic school for the 2021-22 school year to reduce the transmission of an airborne communicable disease during a state of emergency, with specified reasons for the requirement stated in the executive order, but would prohibit a single executive order from including a statewide face covering requirement for public or nonpublic schools. The bill was further amended in the House Rules Committee to require a local board to vote on a policy requiring mandatory face coverings for employees and students during the instructional day that will apply in the first instructional month of the school year by August 1, 2021 and to vote at least monthly on whether such a policy adopted during the school year should be repealed or modified, regardless of whether the policy applies to the first instructional month or later, for as long as the policy remains in effect. **The bill was amended was approved by the House Rules Committee and the full House and will next be considered by the Senate Rules Committee.**

SENATE BILL 208, Labor Law Changes, was amended in the House State Government Committee to:

- amend the statute that governs payment to separated employees to specify that employees whose employment is discontinued must be paid all wages due on or before the next regular payday either through the regular pay channels or by trackable mail if requested by the employee in writing (was either through the regular pay channels or by mail if requested by the employee);
- require employers to notify employees in writing at least one pay period prior to any changes in promised wages, rather than in writing or through a posted notice at least 24 hours prior to the changes and require employers to notify employees in writing (was,

orally or in writing) at the time of hiring of the promised wages and the day and place for payment; and

- amend the civil penalties for violations of employer record keeping requirements to now set the penalty at up to \$250 per employee with a maximum of \$2,000 per violation (was, per investigation).

**The bill as amended was approved by the House State Government and Rules Committees and the full House. The Senate will now consider the changes made to the bill by the House.**

SENATE BILL 326, Election Day Integrity Act, was amended on the Senate floor to require absentee ballots to be received by the county board of elections by 7:30 p.m. rather than by 5:00 p.m. on the day of the statewide primary or general election or county bond election. Absentee ballots not received by that specified time could be accepted if the State Board of Elections has extended the closing time of the polls for every poll in the county pursuant to state law, whereby the ballots must be received by the closing time as extended by the State Board in order to be counted, in lieu of being accepted only if federal law so requires. **The bill as amended was approved by the Senate and will next be considered by the House Rules Committee.**

SENATE BILL 450, Various Education Changes, was amended on the House floor to remove the provision that would have required the State Board of Education to adopt rules applicable to all public school units requiring existing school buildings to have adequate carbon monoxide alarms and new school buildings placed into service on or after July 1, 2023, to have adequate carbon monoxide detectors. Instead, the bill would require the State Board of Education to survey all public school units to determine the number of existing school buildings that are currently not equipped with carbon monoxide alarm and detection systems, but would have to install those systems if required to be in compliance with the requirements for new buildings in the North Carolina State Building Code, Fire Prevention Code (non-equipped buildings). The State Board of Education would report to the Joint Legislative Education Oversight Committee, House Appropriations Committee, and Senate Appropriations/Base Budget Committee the following information no later than December 15, 2021: (1) the number of non-equipped buildings statewide, and by public school unit; and (2) the estimated cost statewide, and by public school unit, to permit, install, and inspect all non-equipped buildings with carbon monoxide alarm and detection systems. **The bill as amended was approved by the House and has been sent back to the Senate to consider the changes made to the bill by the House.**

SENATE BILL 724, Expand Access to Voter ID & Voting, was amended on the Senate floor to remove the provisions that would have allowed for online voter registration. Instead, the bill would amend provisions regarding voter registration at driver's license offices to:

- direct the State Board of Elections and the Division of Motor Vehicles to jointly develop and maintain an online voter registration system allowing applicants to complete an application to register to vote or update an existing voter registration (excluding updates to gender or ethnicity), regardless of whether the applicant is also simultaneously conducting a transaction, so long as the online system complies with form requirements set forth in state law;
- limit online registration application eligibility to individuals who are either eligible to register to vote in the state or currently registered to vote in the state, and who have been previously issued a driver's license or a special identification card for a nonoperator's license;

- make the DMV responsible for validating the applicant's identity, protecting and securing data maintained in the online system, and maintaining the security of the online system;
- provide that the State Board is responsible for forwarding the online registration applications to the appropriate county board;
- expand the Class I felony offense for willfully and knowingly and with fraudulent intent giving false information on a voter registration application completed at a driver's license office to include online applications.

**The bill as amended was approved by the Senate and will next be considered by the House Rules Committee.**

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