



INTRODUCTION

Although this legislative report is not very long this week - the activity at the General Assembly was fast and furious as legislators took up a variety of controversial items, the Senate released and passed its budget, and the Medicaid Reform waiver was completed and sent to the Feds under great fanfare. Here are some of the issues the chambers debated and the political issues swirling in the background.



I-77 Toll Contract

On Thursday, the House passed legislation to cancel the contract with the private developer, Cintra, responsible for the Interstate 77 toll project. With a bipartisan 81-27 margin, House Bill 954 will need to pass in the Senate to effectively halt the \$660 million project that began last November. The project would add 26 miles of toll lanes alongside existing free lanes between Charlotte and Mooresville. Proponents of the legislation argue that the current contract would make it difficult for the state to add non-toll lanes to I-77 in the future and would add more miles of toll roads than necessary to address the traffic congestion. Supporters of the current contract include House Transportation Committee Co-Chairs, Reps. John Torbett and Frank Iler, who argue that cancelling the project would leave the region without a plan to address the I-77 traffic congestion for the considerable future. The legislation will next be taken up by the Senate.

NORTH CAROLINA COLLEGE OF EMERGENCY PHYSICIANS



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Coal Ash

Following passage of the Coal Ash Regulation Bill in the House and Senate this week, Gov. McCrory has stated that he plans to veto the legislation. With an 84-25 margin in the House and a 46-1 margin in the Senate, the legislation has enough support to override the Governor's veto. The legislation would reform the Coal Ash Commission and task it with overseeing cleanup of Duke Energy's coal ash storage sites that were previously deemed intermediate or high risk to the community by the State Department of Environmental Quality (DEQ).

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If the bill is enacted, DEQ would be able to re-examine the sites and could change their assessment, potentially giving Duke Energy more leniency than the previous recommendation, which called for Duke to excavate all 33 coal ash ponds. If Governor McCrory's veto is overridden, he is expected to file a lawsuit as he did in 2014 with a similar bill (McCrory v Berger) in which the State Supreme Court ruled in his favor.

HB2

Attorney General (and Democratic Gubernatorial Nominee) Roy Cooper publicly reiterated his opposition to House Bill 2 and has pledged not to defend it in court. Governor McCrory announced Thursday that he has filed notice in federal court that his office along with four outside attorneys will represent the state in the lawsuit filed by the federal Department of Justice last month to defend the State of North Carolina's passage of House Bill 2. Additionally, NBA Commissioner Adam Silver said on Thursday, "I don't see us getting past this summer without knowing definitely where we stand." in regards to moving the 2017 All-Star Game out of Charlotte if a compromise with HB2 is not reached. The total 2017 All-Star Weekend is expected to have a total economic impact of up to \$100 million. Silver went on to say that the NBA has been looking at alternative sites for the All-Star game if they are uncomfortable hosting the game in Charlotte, but remains hopeful that the game will be played there.

SENATE BUDGET

The Senate approved their \$22.2 billion budget for the next fiscal year early Friday morning by a 26-13 margin. The Senate budget includes more funds for teacher raises than the House budget did, and would increase the standard deductions on personal income tax two years faster than the House plan. To help cover the cost of these changes, state employee raises and a cost-of-living increase for retirees were cut.

The Senate budget includes significantly more policy provisions than the House version, including a controversial provisions that would repeal and replace nutrient management strategies in the Jordan Lake, Falls Lake and the Tar-Pamlico and Neuse watersheds, which environmental groups decried strongly. It also includes tax changes that have moved as individual bills this session, including a switch to "market-based services" that will save money for companies that are based in North Carolina but sell services in multiple states. It would tax those companies based on the products or services provided in North Carolina, rather than their infrastructure and personnel investments in the state. The budget also includes a large increase in the "Opportunity Scholarship" (school voucher) program, which many public school supporters oppose.

The budget was amended on Thursday to remove provisions that included historically black colleges and universities (HBCUs) in a plan to reduce tuition to \$500 per semester. Many HBCU supporters worried that the provisions would lead to Elizabeth City State, Fayetteville State and Winston-Salem State universities becoming too underfunded and were skeptical of the state's promise to cover the lost tuition revenue. Western Carolina and UNC Pembroke were kept in the plan.

Now that the House and Senate have both passed their proposed budgets, negotiators from both chambers will begin the work of crafting a compromise version before submitting a final proposal to Governor McCrory. While there is strong motivation to finish their work as close to

the end of this month as possible, there are significant differences between the House and Senate budget plans, and the remaining length of this session, as well as its tenor, will be dictated by how quickly, and peaceably, those differences can be resolved.

The Senate budget proposal includes a policy provision that would provide more funding to the Controlled Substance Reporting System (CSRS) to make it run more efficiently; however, the provision also would require all prescribers of controlled substances to register with the CSRS and to check the CSRS prior to prescribing any controlled substances. Licensing Boards would be able to discipline its members based upon these requirements. There is an exemption for emergency care, but it is not complete and needs more work. The North Carolina College of Emergency Physicians is working on this provision with allies and is speaking to various legislators about our concerns. Since this provision is not included in the House budget, the provision will be negotiated in the conference committee.

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