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Focusing on Legislative Representation

LEGISLATIVE REPORT July 3, 2019

INTRODUCTION

The big news in Raleigh last week was the state budget. The week began with a bit of negotiating and a lot of posturing by legislative leaders and Governor Cooper. By the week's end, the General Assembly had sent its budget to the Governor, and he had vetoed it, calling it an "astonishing failure of common sense and common decency."

As expected, the major hang up with the budget is that it does not include Medicaid expansion, something Governor Cooper has made a priority. Republican leaders did include language in the budget encouraging a special session to discuss Medicaid and access to health care. House leaders have revived discussion about a vote for Carolina Cares, Rep. Donny Lambeth's Medicaid expansion bill that included work requirements. But Senate leadership has made it clear there are not the votes in that chamber for any kind of Medicaid expansion.

With the state's fiscal year having ended on Sunday, there are a lot of unanswered questions about the budget's next steps. The House is scheduled to take the week of July 1 off for the Independence Day holiday, so a vote to over-ride Cooper's veto would have to wait until July 8. Assuming the over-ride votes fail, everyone will likely be back at the drawing board, or the negotiating table. However, North Carolina's government won't grind to a halt. Unlike the federal budget, North Carolina will automatically continue to operate based on last year's budget levels.

In non-budget news, the U.S. Supreme Court ruled last week that partisan gerrymandering is beyond the authority of federal courts, placing responsibility for challenging the practice with Congress or state legislatures. That means that North Carolina won't have to draw new congressional districts for the 2020 elections. A lower court had previously ruled that North Carolina's Republican-led state legislature violated the U.S. Constitution when it drew the congressional districts to the state's 13 seats in the U.S. House of Representatives, by increasing the power of Republicans.

The issue isn't closed yet, though. There is still a pending state court case on the issue, which challenges whether the maps violate the state constitution. That case is scheduled to be heard July 15th.



NORTH CAROLINA ELECTRONIC SECURITY ASSOCIATION



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CHANGES TO 74D

HOUSE BILL 630, Protective Services/Alarm Systems Law Changes, was amended in the House Rules Committee to amend several provisions regarding Private Protective Services which were keeping the bill from moving forward. This bill includes the changes to North Carolina General Statutes 74D that regulate the Alarm Industry and that were worked on by the **North Carolina Electronic Security Association** and the Alarm Systems Licensing Board. **The bill as amended was approved by the House Rules Committee and is scheduled to be heard on the House floor on July 8th. This bill is supported by the North Carolina Electronic Security Association.**

BILLS OF INTEREST

HOUSE JOINT RESOLUTION 1019, Confirm Floyd McKissick/Utilities Commission, would confirm the appointment of Floyd B. McKissick, Jr., of Durham County to the North Carolina Utilities Commission for a new term beginning July 1, 2019, and expiring June 30, 2025. Sen. McKissick is a long-term member of the Legislature. **Introduced and approved by the House Rules Committee, and placed on the House calendar for July 8, 2019.**

SENATE BILL 683, Combat Absentee Ballot Fraud, would make a variety of changes to the laws governing mail-in absentee ballots, increase and add penalties for criminal violations, and restore the last Saturday of early one-stop voting. The bill would direct the State Board, with respect to each early "one-stop" absentee ballot voted, to approve an official register in which the county board of elections in each county would record the following information: (1) name of voter for whom application and ballots are being requested; (2) number of assigned voter's application when issued; (3) the precinct in which the voter is registered; (4) the date the voter voted early "one-stop"; (5) the voter's party affiliation; and (6) whatever additional information and official action may be required. The official register would be confidential and not a public record until the opening of the voting place at which time the official register would constitute a public record. Any copies of any photographic identification associated with the request for absentee ballots, or the returned application and ballots, would not be a public record. The bill was further amended in the Senate Redistricting and Elections Committee, including to: (1) require the State Board of Elections or county board of elections to inform the voter of the status of that voter's request for mail-in absentee ballots upon inquiry by the voter or the voter's near relative or verifiable legal guardian; and (2) make it a Class F felony to commit, attempt to commit, or conspire to commit a specified crimes with the intent to unlawfully influence or interfere with a primary or election, or to otherwise unlawfully gain. **Introduced by Senators Daniel, McKissick, and Hise and, as amended, was approved the Senate Redistricting and Elections Committee. The bill is scheduled to be heard by the full Senate on July 8th.**

BILL UPDATES

SENATE BILL 86, Small Business Healthcare Act. The provisions of this bill were removed in the House Health Committee and replaced with new provisions that would establish standards for association health plans. The bill would enact a new GS Chapter 58, Article 50A, Association Health Plans to help small businesses and associations provide health care insurance. The bill would:

- define the following:
 - "association health plan" as a fully-insured health insurance policy sold to a sponsoring association;
 - "employer member" as any employer, including a sole proprietorship, which is a member of a sponsoring association;
 - "sponsoring association" as an association of one or more employer members that provides an AHP to those members;
- require sponsoring associations to:
 - be employers as defined by the Employee Retirement and Income Security Act of 1974 (ERISA). have bylaws that provide for regular meetings, dues collection, and a board of trustees;
 - have a substantial business purpose that is unrelated to offering insurance;
 - register as a MEWA with the Commissioner; and
 - have a commonality of interest among employer members that is based on either (1) being in the same trade, industry, line of business, or profession, or (2) being members of a statewide association;
- require employer members to be domiciled or headquartered in North Carolina and commit to remaining in the sponsoring association for at least two years;
- allow employer members to only provide coverage to employees as defined in G.S. 58-51-80(c), individuals who are paid on an I.R.S. Form 1099, or the spouses and dependent children of either of those two groups;
- require AHPs issued in North Carolina to:
 - not be offered to the general public;
 - provide a level of coverage equal to that provided by a bronze plan on the Affordable Care Act exchange;
 - provide coverage for hospital and physician services;
 - comply with G.S. 58-3-150;
 - **provide coverage for the essential health benefits required by the Affordable Care Act;**
- establish solvency requirements for sponsoring associations and require all sponsoring associations obtaining an AHP to:
 - have been in existence for at least five years;
 - have at least 500 individuals eligible for coverage;
 - enforce provisions designed to deter employer members from leaving the sponsoring association;
 - maintain in trust a net worth equal to at least one month's premium; and
 - maintain a plan against insolvency that is acceptable to the Commissioner;
- prohibit AHPs and sponsoring associations from imposing limitations based on pre-existing conditions and from conditioning coverage eligibility on the following factors: health status; medical condition; claims experience; receipt of health care; medical history; genetic information; evidence of insurability; or disability;
- require all individuals receiving coverage through an AHP to pay the same premium, unless a reduction is offered for adherence to programs of health promotion and disease prevention; and
- clarify that sponsoring associations can contact licensed brokers for assistance in obtaining an AHP.

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

SENATE BILL 594, Register of Deeds Updates, was amended in the House Rules Committee to prohibit a person from including in an assumed business name the terms "corporation," "incorporated," "corp.," or "inc.," unless the entity is a corporation organized under GS Chapters 55 or 55A, along with the terms "limited liability company," "limited partnership," and "limited liability partnership. **The bill as amended was approved by the House Rules Committee, the full House and Senate, and has been sent to the Governor for his signature.**

BUDGET OVERVIEW

Included below is information on the \$24 billion budget passed by the House and Senate and vetoed by Governor Cooper. While this budget is unlikely to go into effect, it is useful to get a sense of where legislative leadership stands and the compromises that have been made. The budget includes a 2.5% average raise for most state employees in each of the next two years and a 0.5% one-time bonus for state retirees.

Education

- School Safety: The budget includes \$91 million for school safety spending, most of which would go to hire new student resource officers and mental health professionals.

General Government

- Eastern Triad Workforce Development: Provides \$4.5 million in each of the next two years as a directed grant to Alamance, Guilford, Randolph, and Rockingham counties for the Triad Workforce Solutions Collaborative. These funds will be used to continue the development and implementation of a pilot apprenticeship program in targeted industries throughout the Eastern Triad region. Funds will be used for training materials, apprenticeship employment costs, and curriculum development.
- Building Code Inspector Fund: Provides \$61,000 this year and \$88,000 next year for an additional Building Code Inspector position within the Office of the State Fire Marshal to assist with local government inspections upon request, pursuant to requirements in S.L. 2018-29, Building Code Regulatory Reform.

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