



American Council of Engineering Companies / North Carolina

Legislative Report
April 26, 2024

The 2024 session of the North Carolina General Assembly re-convened Wednesday April 24, 2024 to start the business of the session. The 2024 session is the second year of a two-year session which is commonly referred to as the "short session." The short session usually begins in April or May and is likely to end sometime during July.

One of the goals for legislative leadership during the short session will be making any needed adjustments to the State Budget. Last year's General Assembly adopted a two-year budget and this year's General Assembly can make various adjustments and changes to the budget as they determine to be appropriate. Last week, the North Carolina General Assembly's Fiscal Research Division released an updated revenue forecast, revealing a collection of \$400 million above expectations for the current fiscal year and an estimated additional \$1 billion in revenue for FY 2024-25. Despite earlier concerns of declining revenue due to rising prices and interest rates, the report highlights a robust 6.7% increase in gross state product and a 6.2% rise in wages and salaries as of March 2024, bolstered by higher sales tax collections; however, economists caution that persistently high or increasing interest rates could destabilize the state's economy amid ongoing concerns over the cost of living.

While the focus will be on the budget, there will still be plenty of policy that will make its way through the legislature this session. Other key legislative priorities may include bridging funding gaps for child care due to cuts in federal aid, continuing efforts to legalize medical marijuana, enforcing local cooperation with federal immigration authorities, and possibly tightening election laws. Additionally, there could be consideration for a constitutional amendment to clarify that non-citizens cannot vote.

The second goal of this year's short session is to keep the session truly short. Both Speaker of the House Tim Moore and Senate President Pro Tempore Phil Berger have indicated they plan to be efficient with the business of the General Assembly and intend to make this an actual short session. One benefit of wrapping up mid-summer is providing legislators several months in their districts to campaign for the November election.

Governor Roy Cooper released his proposed budget totaling \$34.5 billion, which includes significant pay raises for teachers and state employees. He has also advocated for the restoration of higher salary scales for teachers holding master's degrees. To support these initiatives, Governor Cooper's budget would maintain the corporate income tax rate at 2.5% and includes a one-time 3% bonus for retired state employees as a cost-of-living adjustment. Despite the ambitious nature of these proposals and a \$1.4 billion revenue surplus, Republican leaders in the increases and their preference for managing budget growth with respect to population and

inflation. They have also signaled a preference for one-time bonuses over recurring raises in the short session.

Moreover, the Governor opposes the funding of private school tuition vouchers with taxpayer money, a program Republicans have supported and are planning to expand further. This clash of priorities sets the stage for complex negotiations as the General Assembly works to adjust the state's \$30 billion spending plan.

The calendar for next week will include a Senate Judiciary Committee meeting on Tuesday to consider the immigration bill requiring sheriffs to cooperate with ICE. We expect more committees to meet next week with votes later in the week on Thursday.

The legislature adjourned on Thursday and will reconvene on Monday April 29.

For more information about legislation described in the legislative reports, feel free to contact us at mfrazier@nexsenpruet.com or dferrell@nexsenpruet.com, or at (919) 573-7421. Information is also available on the General Assembly's website: www.ncleg.gov.

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