



## INTRODUCTION

### BUDGET UPDATE

Budget negotiations haven't taken a rocky turn, with the chambers at odds on how to move forward. Senate leader Berger shared with reporters last week that they "are not making progress." "The good news is we have a budget. We adopted a two-year budget last year, and we have a budget," Berger said. "The real sticking point at this point is that — notwithstanding the fact that we have seen revenue projections that are about a billion dollars more than what we anticipated — spending that billion dollars is not enough for the House ... They want to spend a billion dollars out of reserves in addition to that, and the Senate will not go along with that." When reporters asked what the House wants to spend the extra money on, Senate leader Berger responded: "Pork." The House, however, seems more optimistic. "It could be better, but it could certainly be a lot worse," Speaker Moore said when describing negotiations. "I was hoping that we would have made even more progress." Speaker Moore's spokesperson further countered the rhetoric out of the Senate: "Perhaps we need to send the Senate a new calculator with our next offer. The claim that the House 'wants to spend \$1 billion from the state's reserves on earmarks' is not accurate," Demi Dowdy told reporters. "As good faith negotiations move forward, the House remains focused on pressing issues such as salaries and childcare — priorities the Senate has so far failed to consider at all," Dowdy said. "We look forward to wrapping up a budget sooner rather than later that includes these priorities and fully funds Opportunity Scholarships." The Senate typically favors more conservative spending than the House. Time will tell whether their differences can be resolved before their self-imposed deadline of the new fiscal year, which is less than a month away.

### GUBERNATORIAL STATE OF THE RACE: UNCLEAR

Based on a new poll from the Cook Political Report, our state's gubernatorial race is shaping up to be closer than they expected. Cook changed its ranking of the race from "leaning Democrat" to a "toss-up" this week. Lieutenant Governor Mark Robinson's team was quick to respond to the new numbers. "Far-left career politicians like Joe Biden and Josh Stein have brought open borders, crippling inflation and rampant crime on the rise in many of our major cities," Robinson spokesperson Mike Lonergan said in a statement.



## NORTH CAROLINA COLLEGE OF EMERGENCY PHYSICIANS



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“The voters have had enough and are ready for a bold conservative outsider like Mark Robinson to partner with President Trump and roll back the failed policies and radical agenda of Biden, Stein and the Democrats,” he said. “This report reiterated what we’ve known from the very beginning — this race is going to be close,” Stein campaign manager Jeff Allen countered to reporters. “That’s why Josh is working hard to earn every single vote. This campaign will illustrate the clear choice North Carolinians have between a safer, stronger North Carolina with Josh Stein or a path of hate and division under Mark Robinson,” Allen said. Meanwhile, two Republican-aligned 501(c)(4) organizations released a poll showing Stein leading Robinson 44-37. In a swing state like North Carolina, the race is expected to be close, but only time will reveal just how tight the competition will be.

#### HOUSE BILL 1074, CONSTITUTIONAL AMENDMENT/CITIZENS-ONLY VOTING

Top Republican lawmakers have proposed amending the state constitution to reinforce existing voting requirements. The proposed change would alter a single sentence in the constitution to explicitly state that “only a citizen of the United States, who is 18 years of age” is eligible to vote instead of “every person born in the United States and every person who has been naturalized, who is 18 years of age.” Supporters say the move is necessary to re-affirm North Carolina's commitment to restricting voting rights to citizens only amid discussions in other states about allowing immigrants to vote in local elections. However, critics argue that the proposed amendment appears to have no substantive impact and is merely a ploy to mobilize Republican voters this fall by creating a false sense of urgency. “In North Carolina, we value the integrity of our elections and have put safeguards in place to ensure our elections are secure,” Speaker Moore, who co-sponsored the amendment proposal, said in a written statement. “Recent efforts to allow non-citizens to vote would undermine the public’s confidence in our electoral system and leave the door open for chaos and election fraud to take hold.” With backing from top House Republicans, the amendment is expected to pass the House, but its fate in the Senate remains uncertain, as the same amendment was proposed in the Senate last year but didn’t make any progress.

#### NC SUPREME COURT WEIGHS IN ON VOTER DEFAMATION

The North Carolina Supreme Court dismissed a defamation lawsuit against attorneys who aided voters in filing ballot complaints in 2016, stating that the fraud allegations were protected within the protest process. This 5-0 ruling overturned a lower appeals court decision and marked a victory for a legal defense fund associated with former Republican Governor Pat McCrory's campaign. Four voters had sued for libel and for damages, alleging wrongful accusations of voter fraud by pro-McCrory forces after a close election won by our current Democratic Governor Roy Cooper. The court deemed all defendants entitled to "absolute privilege" from such claims, emphasizing the need for free communication during protest proceedings. The case arose after a state Court of Appeals panel ruled that only one defendant had absolute privilege due to effective participation. The plaintiffs criticized the ruling, stating it allows false accusations without recourse.

#### MASK BAN WITH CAMPAIGN FINANCE ADDED

The chambers have worked out their differences on a mask ban policy for the state in a conference report released, and voted on in the Senate. Last month, the state Senate approved a version of the bill that removed the exemption allowing people to wear masks for health reasons. However, some House Republicans opposed this change, prompting the chambers to work out their differences in conference. Current law permits individuals to wear "a mask to ensure the physical health or safety of the wearer or others." The new proposal tightens this exemption, allowing individuals to wear "a medical or surgical grade mask to prevent the spread of contagious diseases." The updated bill also requires individuals wearing masks to remove them when asked by a law enforcement officer

and temporarily remove them if a property owner needs to verify their identity. The proposal is now headed to the House for an expected vote next week.

Along with the controversial mask ban policy, the conference report included all-new language changing our state's campaign finance laws (a topic not in the original or revised versions of this bill). According to the Republican leadership, the campaign finance component's intent is to "level the playing field" between super PACs. However, Senate Democrats, who all took a walk on the vote to protest the provision being added, say this is a way to allow more dark money in state elections, specifically posing this measure as a way to benefit Republican candidates like gubernatorial candidate Mark Robinson. "It is absolutely about Robinson," Sen. Chaudhuri told reporters. "I think the Republicans are probably running into limits as to how some of their larger donors could give money. That's my sense. And this frees that up." Democrats also disagreed with this policy being sprung on them on the floor without committee hearings in an unrelated bill, and for changing finance rules mid-campaign. "What we're really concerned about is out-of-state billionaires flooding money into our state, without any accountability," Sen. Mary Wills Bode told reporters. State law currently prohibits corporations and labor unions from directly contributing to political candidates. However, they can provide unlimited funds to federal political fundraising committees known as 527 organizations, named after the tax code section that regulates them. This proposed change would permit corporate-funded 527s to donate to state political parties in North Carolina. Political parties can receive unlimited donations and can also contribute unlimited amounts to their candidates. This controversial measure passed the Senate with a 28-0 vote, supported solely by Republicans and will next be voted on by the House.

#### HOUSE BILL 563 REGULATE HEMP DERIVED CONSUMABLES & KRATOM

A bill to regulate hemp derived consumables and kratom was heard in Senate Judiciary this week for discussion only. "What this bill seeks to do is ensure that some of these items that are being sold not only have the proper quality control measures to ensure that what they're selling is in fact what they're selling, trying to ensure that it's not getting in the hands of minors and trying to make sure that we've got nothing but good actors in the field," Sen. Britt told the committee. The bill was presented as a Proposed Committee Substitute (PCS) in Senate Judiciary and was described as "far from complete" by bill presenter Sen. Rabon. The bill in a previous form has already passed the House.

#### DMV HEARING

Last week, lawmakers questioned the head of the North Carolina DMV, Wayne Goodwin, about delays in issuing driver licenses and ID cards, which could impact the upcoming elections requiring photo IDs. DMV Commissioner Goodwin, who had previously faced intense scrutiny from Senate lawmakers in February, testified before the House Oversight and Reform Committee. Goodwin blamed delays on a private contractor, Idemia, which produces the physical cards. Tensions flared as Idemia's VP, Lisa Shoemaker, countered that the DMV ignored their solutions. Issues included misprinted state names and poor-quality photos. Lawmakers expressed concern over the contractor's performance and the DMV's management. Proposals for DMV modernization and requiring Senate approval of DMV Commissioner appointments were also discussed, which were initiatives brought forward in Senate Transportation this week, as well.

#### BILLS OF INTEREST

HOUSE BILL 960, Sound Basic Education for Every Child, would provide for a sound basic education for every child in North Carolina. **Introduced by Representatives von Haefen, Gill, Ball, and Prather and referred to the House Rules Committee.**

HOUSE BILL 993/SENATE BILL 853, OPS Moratorium/OPS & PESA Accountability, would impose a moratorium on the award of new opportunity scholarships and enact other accountability measures for opportunity scholarships and Personal Education Student Accounts. **Introduced by Representatives Prather, Reives, Ball, and Staton-Williams and referred to the House Rules Committee. Introduced by Senators Robinson, Blue, and Garrett and referred to the Senate Rules Committee.**

HOUSE BILL 1055, Working Families and Small Businesses Act, would:

- appropriate funds to raise salaries for teachers and State employees;
- decrease the family portion under subsidized child care to require that fees for families who are required to share in the cost of care be based on 7% (was, 10%) of gross family income;
- replace references to “longevity pay” with “retention pay” and provide for retention bonuses; and
- provide for a tax credit to employers for wages paid which would allow qualifying taxpayers to take a credit equal to the lesser of \$10,000 or 5% of the wages paid by the qualifying taxpayer during the taxable year, and define a *qualifying taxpayer* to mean an employer or payer subject to income tax that has annual receipts for the most recent previous tax year of \$8 million or less.

**Introduced by Representatives Staton-Williams, Prather, Ball, and Everitt and referred to the House Appropriations Committee.**

HOUSE BILL 1073, Constitutional Amendment/Citizens-Only Voting, would amend the State Constitution, if approved by a majority of the qualified voters of the State at the statewide general election to be held on November 5, 2024, to provide that only a citizen of the United States who is 18 years of age and otherwise possessing the qualifications for voting shall be entitled to vote at any election in this State. **Introduced by Representatives Kidwell, Loftis, Sossamon, and Pike and referred to the House Election Law and Campaign Finance Reform Committee.**

HOUSE BILL 1074, Constitutional Amendment/Citizens-Only Voting, is substantially similar to House Bill 1073, summarized above. **Introduced by Representatives D. Hall, Moore, Bell, and Gillespie and referred to the House Election Law and Campaign Finance Reform Committee.**

HOUSE BILL 1075, Const. Amend./Right to Access Public Records, would amend the State Constitution, if approved by a majority of the qualified voters of the State at the statewide general election to be held on November 5, 2024, to establish the right of access to public records and meetings. The bill would provide that:

- the people of North Carolina have the right of access to information concerning the conduct of the people's business;
- public records are the property of the people;
- meetings of public bodies should be open to the people;
- records made, transmitted, or received by public officials and agencies, including the executive, legislative, and judicial branches of State government, and all bodies of local government, shall be open to public inspection, examination, and duplication; and
- meetings of all State and local public bodies shall be open to the public.

The bill would further prohibit a statute, regulation, ordinance, rule, or other legal authority from limiting the right of access to the meetings of public bodies and the records of public officials and agencies unless the public bodies, officials, or agencies can demonstrate that (i) a compelling public interest is protected by the limitation and (ii) the limitation is narrowly tailored to protect the public interest. **Introduced by Representatives Harrison, Staton-Williams, Prather, and Longest and referred to the House Rules Committee.**

SENATE BILL 815, NC Paid Family Insurance Act, would enact the North Carolina Paid Family Leave Insurance Act to allow an eligible covered individual a maximum of: (1) twelve weeks of family and medical leave insurance benefits in any 12-month period for qualifying exigency leave; (2) twelve weeks of family and medical leave insurance benefits in any 12-month period for the birth, adoption, or placement through foster care of a new child; or (3) twenty-six weeks of family and medical leave insurance benefits during a single 12-month period to care for a family member with a serious health condition or to recover from the covered individual's own serious health condition. The bill includes provisions on benefit amounts, contributions, leave and employment protection, prohibition of retaliatory actions, coordination of benefits, notice, and confidentiality, among other provisions. **Introduced by Senators Grafstein, Batch, and Garrett and referred to the Senate Rules Committee.**

SENATE BILL 828, Child Protection & Deepfake Prohibition Act, would amend the statute regarding first degree sexual exploitation of a minor to specify that a visual representation depicting a minor engaged in sexual activity includes, for purposes of the statute, a visual representation created, adapted, or modified by any means to give the appearance that a minor is engaged in sexual activity. The bill also would amend the statute governing second degree sexual exploitation of a minor to exclude from the statute a minor who records, photographs, films, or develops a visual representation of a minor but does not distribute, exhibit, sell, or exchange it. The bill would further amend the statute regarding third degree sexual exploitation of a minor to specify that the statute does not apply to a minor who possesses a visual representation of the minor in the nude. **Introduced by Senators Smith and Batch and referred to the Senate Rules Committee.**

SENATE BILL 833, Main Street Resilience Act, would allow a taxpayer, in calculating North Carolina taxable income, to deduct from the taxpayer's adjusted gross income an amount not to exceed \$75,000 of net business income the taxpayer receives during the taxable year if the taxpayer is a small business. In the case of a married couple filing a joint return where both spouses receive or incur net business income, the maximum dollar amounts would apply separately to each spouse's net business income, not to exceed a total of \$150,000. The term "business income" would not include income that is considered passive income under the Code, and the term "small business" would mean an independently owned and operated business (i) whose employees, combined with the employees of all related persons, for the relevant tax year did not exceed 50 and (ii) with annual revenues of less than \$5 million. **Introduced by Senators Smith, Batch, and Garrett and referred to the Senate Rules Committee.**

SENATE BILL 852, NC Universal Background Check Act, would require universal background checks for the sale of firearms and appropriate nonrecurring funds to the Department of Public Safety to create and disseminate a public service announcement making the public aware of the law requiring background checks for the sale of firearms. **Introduced by Senators Batch, Smith, and Grafstein and referred to the Senate Rules Committee.**

SENATE BILL 861, Repeal Service Tax, would repeal all service taxes in North Carolina and make various conforming changes necessary to effectuate the repeal. **Introduced by Senators Smith, Batch, and Garrett and referred to the Senate Rules Committee.**

SENATE BILL 885, Parentage Protection for Families, would establish and allow the use of assisted reproduction, surrogacy, and associated agreements and relationships, and appropriate funds to provide education and training related to these provisions. **Introduced by Senators Batch, Murdock, and Mohammed and referred to the Senate Rules Committee.**

SENATE BILL 890, Hate Crimes Prevention Act, would: (1) increase the scope and punishment of hate crimes; (2) require the State Bureau of Investigation to create and maintain a hate crimes statistics database; and (3) require the North Carolina Criminal Justice Education and Training Standards Commission and the North Carolina Sheriffs' Education and Training Standards Commission to develop and provide law enforcement officers with training on identifying, responding to, and reporting hate crimes. **Introduced by Senators Batch, Garrett, and Grafstein and referred to the Senate Rules Committee.**

SENATE BILL 893, Guarding Freedoms & Public Safety Act, would exempt firearm safety and storage items from the sales tax and increase the punishment for possessing, carrying, or having access to a firearm in a prohibited area. **Introduced by Senators Batch and Garrett and referred to the Senate Rules Committee.**

## BILL UPDATES

HOUSE BILL 198, DOT Legislative Changes. This bill that would make various changes to the State's transportation laws was vetoed by Governor Cooper on May 23<sup>rd</sup>. In his veto, Governor Cooper states, "Protecting North Carolina's beauty should be a top priority, but this legislation allows tree cutting and destruction of native plants around billboards. In February, I signed Executive Order 305, which sets comprehensive goals for restoring and protecting natural areas, prioritizing native plants and planting one million trees. North Carolina's scenic landscapes are one of the reasons why our state just broke records with our tourism economy, and why we have one of the most beautiful places in the world to live." **The bill has been sent back to the House Rules Committee.**

HOUSE BILL 237, Unmasking Mobs and Criminals, was amended in Conference Committee to:

- exempt from the prohibitions on wearing of masks in public places including public ways, public property, the house of another person, while demonstrating, and or while placing an exhibit to intimidate another or prevent another from taking legal action, any person wearing a medical or surgical grade mask for the purpose of preventing the spread of contagious disease (under current law, an exemption is granted to a person wearing a mask for the purpose of ensuring the physical health or safety of the wearer or others; the previous edition removed this exemption);
- require that a person wearing a mask under this exemption (1) remove the mask upon request by a law enforcement officer or (2) temporarily remove the mask upon request by the owner or occupant of public or private property where the wearer is present in order to identify the wearer (under current law, a person wearing a mask under the exemption for ensuring physical health or safety had to remove their mask when requested by a law enforcement office during a traffic stop or when the law enforcement officer had reasonable suspicions or probable cause during a criminal investigation);
- specify that these changes are not to be interpreted to limit, replace, or conflict with available protections or remedies under the Americans with Disabilities Act or any other applicable federal or State laws;
- amend the definition of political committee as it applies to Article 22A, Regulating Contributions and Expenditures in Political Campaigns, of GS Chapter 163, by excluding from the term a federal political committee that is registered with and reports to the Federal Election Commission or other federal political organization;
- remove the four conditions (including State Board of Elections registration and reporting requirements) that were to be met before a federal political committee could make contributions to a North Carolina candidate or political committee registered with the State

Board or a county board of elections, and instead allow a federal political committee organized under the Federal Election Campaign Act and its regulations to make contributions to a North Carolina candidate or political committee in accordance with the limit of \$6,400;

- prohibit a federal political committee or other political organization from contributing to North Carolina candidates or political committees if it accepts contributions from sources that are prohibited from contributing under GS 163-278.19 (concerning prohibitions on corporations, business entities, labor unions, professional associations and insurance companies), but would allow such a committee or organization that also accepts and maintains in segregated accounts contributions from sources that are not prohibited to contribute to any national, State, district, or county executive committee of any political party or affiliated party committee exclusively from those segregated accounts containing funds from sources not prohibited;
- require a federal political committee or other political organization that makes a contribution to: (1) comply with applicable reporting, operating, contribution, and other requirements and limits of federal law; (2) file with the State Board, within 10 calendar days of making a permitted contribution, a copy of its then-effective Statement of Organization filed with the Federal Election Commission or Internal Revenue Service as applicable, unless previously filed; (3) for any federal filing period during which it makes a permitted contribution, submit to the State Board a copy of its regularly required report filed with the Federal Election Commission or Internal Revenue Service within 10 calendar days of such filing.

**The House and Senate will vote on the bill as amended in Conference Committee and no amendments are allowed.**

HOUSE BILL 250, ME/IDS/Driving Privileges/Xylazine Changes, had its contents entirely replaced by the Senate Judiciary committee. It now modifies the authority and requirements of medical examiners, creates new violations for distribution of xylazine, and makes other changes.

The bill authorizes the Chief Medical Examiner and county medical examiners in all cases to inspect a decedent's body, medical records and personal possessions associated with the death. The examiner may also collect the body, personal possessions, and medical information such as tissue and cultures, and may copy medical records. If a death is not under criminal investigation, the medical examiner may seek an administrative search warrant to inspect all other physical evidence and documents relevant to the cause of death. If a death is under criminal investigation, the medical examiner may not inspect evidence or documents at the scene except as permitted by law enforcement investigating the death. The medical examiner may be present during a search by law enforcement. Any medical examiner investigating a death under criminal investigation shall provide a complete copy of the medical examiner investigation file to the district attorney upon request by the DA.

The bill also creates several new criminal offenses for providing xylazine to a person, including death by distribution and death by distribution with malice. Additional new violations are for death by distribution through sale of xylazine, with aggravating circumstances considered if the offender has a prior trafficking record.

In other changes, the bill modifies the appointing authority, membership requirements and eligibility requirements for the Commission on Indigent Defense Services, with the executive branch and several attorney associations losing appointment authority and the legislature gaining those appointments. The bill also authorizes a new form of limited driving privilege for drivers

who have not been convicted of more than one impaired driving offense in the last seven years, and extends the required time a driver must use an ignition interlock device under certain circumstances. **The bill was approved by the Senate Judiciary and Senate Rules committees and will next be considered by the full Senate.**

SENATE BILL 303, Court/Out-of-State Atty Changes, was amended in the House Rules Committee to amend provisions regarding the new “Safe Babies Court” to:

- establish the safe babies court to improve the long-term well-being of parents, children, and families involved in department of social services and the juvenile court (was, the child welfare court system) by providing them with trauma-informed support and services, and to achieve timely permanence, reduce generational trauma, and eliminate maltreatment;
- specify that the statute does not confer a right or an expectation of a right of participation in safe babies court to a party involved in an abuse, neglect, or dependency proceeding (was, within the child welfare court system);
- specify that participation is voluntary;
- remove the court’s ability to terminate a party’s participation in safe babies court;
- amend the definition of *safe babies court* (the innovative court program implementing a community engagement and systems change initiative focused on improving how the courts, department of social services [was, child welfare agencies], and related child-serving organizations work together to improve and expedite services for young families with at least one child who is no more than three years of age [was, foster children] in juvenile actions alleging abuse, neglect, or dependency); and
- amend the safe baby coordinator testimonial privilege by designating those coordinators as not competent to testify in the juvenile proceeding.

**The bill as amended was approved by the House Rules Committee and the full House. The bill will next be heard by the Senate Rules Committee to consider the changes made to the bill in the House.**

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