



Topsail Island Shoreline Protection Commission

Legislative Report
June 21, 2024

North Carolina Legislature Passes Bill on Protests, Mask Regulations, and Campaign Finance

This week the House and Senate passed a controversial bill introducing new civil and criminal penalties for protesters, altering public mask-wearing laws for health reasons, and loosening regulations on political groups known for "dark money" contributions. Saturday June 22 is the Governor's deadline to sign or veto the bill, or it would become law without his signature.

House Bill 237 passed the legislature with significant debate. The bill includes measures to prevent protesters from using COVID-era mask rules to hide their identities and increases penalties for demonstrations that block roads. It also introduces changes to campaign finance laws, allowing state political parties to receive funds from Super PACs, which can accept unlimited donations from various sources while keeping donors anonymous.

Proponents argue that the bill addresses the misuse of mask rules and the need for stricter penalties to maintain public order. They also believe the campaign finance changes will create a more level playing field in elections by allowing state parties to access additional funding sources.

Critics, including government ethics advocates, argue that the changes will reduce transparency in political donations, making it harder to track the influence of money in elections. They also express concern that the increased penalties for protesters could suppress democratic rights.

The bill's combination of protester penalties, mask regulations, and campaign finance changes has drawn significant attention, reflecting broader debates about public safety, transparency, and the influence of money in politics.

North Carolina General Assembly Faces Budget Stalemate Amid Republican Disagreements

The North Carolina General Assembly, controlled by Republicans, is in a budget stalemate. The outcome could impact state employee raises, public school funding, private school scholarships, and child care grants. The House passed its budget proposal this week, and the Senate will debate its version of the budget Monday evening. Both chambers are far apart on spending, with disagreements over additional spending now versus increasing the state's savings. There are varying statements about how far apart the two chambers are, from \$30 million to \$600 million. If no new budget is passed, the state will follow the previously enacted two-year budget. Historical budget disputes have been common, even within the same party.

NC GOP Proposes Constitutional Amendments and Election Law Changes Amid Criticism

Republican lawmakers advanced legislation this week containing three constitutional amendments for the Nov. 5 ballot, focusing on voter ID, voter eligibility, and income taxes. These amendments would require voter ID for mail-in voting, clarify that only citizens can vote, and lower the maximum income tax to 5%. Critics argue these changes are largely symbolic and aim to boost conservative voter turnout. Additionally, the Senate Republicans proposed a bill to implement changes to election laws, including requiring AI disclosures in political ads, signature verification for mail-in ballots, and restrictions on local government election methods. The amendments and the bill passed the Senate Elections Committee despite opposition from Democrats, who view them as efforts to entrench existing Republican laws and increase Republican control.

North Carolina Senate Revives Medical Marijuana Effort by Amending Hemp Regulation Bill

In an effort to legalize medical marijuana in North Carolina, state senators added the language of the NC Compassionate Care Act (Senate Bill 3) to House Bill 563, which regulates hemp and bans certain unregulated drugs often referred to as “gas station heroin.” The Compassionate Care Act permits medical marijuana use for conditions such as cancer, ALS, Parkinson’s, epilepsy, and PTSD, and establishes a licensing system. This strategy follows previous unsuccessful attempts to pass similar legislation in the House. The current bill, House Bill 563, also restricts hemp sales to those over 21 and adds kratom, xylazine, and tianeptine to the controlled substances list. The bill passed the Senate Judiciary Committee, Senate Rules Committee; and Thursday passed the full Senate on its second reading with a bipartisan vote of 33-9. The bill should be considered again in the Senate Monday evening. The bill’s future in the House remains uncertain.

NC House Passes Budget with Focus on Private School Vouchers, State Employee Raises, and Childcare Funding

The North Carolina House passed a one-year budget that funds private school vouchers, raises state employee salaries, and allocates money for childcare centers. The \$31.8 billion budget includes \$460 million for private school vouchers over two years, \$350 million for Medicaid, \$225 million for raises for teachers and state employees, \$180 million for NC State’s Poe Hall, and \$150 million for road construction for a Toyota factory in Randolph County. Four Democrats joined all present Republicans in voting for the proposal.

The GOP-controlled Senate, which has its own \$31.4 billion budget proposal, has criticized the House budget for spending too much. The Senate’s plan does not include additional raises beyond those set in the previous year’s budget. Key differences between the proposals include funding levels and allocation priorities.

The House budget increases most state worker raises to 4%, with 9% raises for probation, parole, and corrections officers. Teachers would see an average raise of 4.4%. Democrats criticized the budget for prioritizing private schools over public education and childcare. Business interests

warned about a funding cliff for childcare as federal funds expire, but the House budget supports childcare at 75% of COVID-era levels.

House Committee Approves Legislation to Hold PFAS Manufacturers Accountable for Water Cleanup Costs

North Carolina's top environmental regulator could mandate manufacturers of "forever chemicals" (PFAS) to fund water system cleanup upgrades if their discharges contaminate drinking water beyond acceptable levels. This legislation, advanced by a state House committee, was championed by Republican lawmakers from the Wilmington area, where PFAS discharges into the Cape Fear River have led public utilities to spend heavily on filtration.

Representative Ted Davis emphasized that it is unfair for ratepayers to bear these costs, and the bill aims to hold the responsible companies accountable. The measure, supported by both parties, would authorize the Department of Environmental Quality (DEQ) to order responsible PFAS manufacturers to cover the necessary costs for contamination removal.

The bill particularly affects The Chemours Co., identified for long-term PFAS discharges from its Fayetteville Works plant, which were not widely known until 2017. The bill also stipulates that public water systems must reduce customer water rates if they receive reimbursement for abatement costs.

PFAS chemicals, used in non-stick coatings, firefighting foam, and water-resistant clothing, have been linked to health risks due to their persistence in the environment. The bill sets action standards based on the U.S. Environmental Protection Agency's maximum contaminant levels for six PFAS types, including GenX.

Despite Chemours' efforts to mitigate PFAS release, including investments in containment measures, the company and other industry groups oppose the bill. They argue against its retroactive application to expenses since early 2017.

The bill would need to pass both the House and Senate and receive support from Democratic Gov. Roy Cooper's administration, which has historically backed measures to hold PFAS manufacturers accountable.

Topsail Island Receives Grant for Vitex Eradication Project

The N.C. Department of Environmental Quality's Division of Water Resources is awarding more than \$10.5 million for seven projects in coastal North Carolina for beach and dune renourishment, as well as other projects related to hurricane and storm damage. "The Coastal Storm Damage grants help restore and rebuild communities and support their work to build a more resilient future for the residents and visitors who value our coastal resources," said Secretary Elizabeth S. Biser.

The following project proposals were approved for funding from the Coastal Storm Damage Mitigation Fund:

- Dare County 4-Towns Beach Nourishment (Duck, Southern Shores, Kitty Hawk and Kill Devil Hills), \$7.53 million
- Ocean Isle Beach East End Dune Construction, \$1.019 million
- **Topsail Island Vitex Eradication Project, \$690,060.50**
- Town of Oak Island Dune Planting, \$440,000
- Town of Nags Head 2027 Nourishment Project Engineering Services, \$301,000
- Bogue Banks Beach Nourishment Phase 2, \$291,564
- Southern Hatteras Island Offshore Sand Assessment Study, \$250,000

This Week at the General Assembly

It was a busy week at the General Assembly, with the House releasing its budget on Monday night amid a stalemate with the Senate. The House budget swiftly passed through three committees in one day and was voted on the House floor Wednesday and Thursday. In contrast, the Senate's budget, at only 46 pages or 17% the size of the House budget, focused solely on the state's most pressing budgetary needs. The legislature faces a large multimillion dollar impasse, with Senator Berger and Speaker Moore each declaring the other's budget "dead on arrival."

With next week likely to be the last week of the session, at least for the foreseeable future, both chambers are working quickly to pass all necessary bills before wrapping up their legislative work.

The legislature adjourned on Thursday and will reconvene on Monday June 24.

BILL STATUS

House Bill 199, DMV Proposed Legislative Changes. -AB, was approved by the Senate Judiciary Committee, where the following changes were made:

- Section 2: Amends GS 20-17.8 to apply only to individuals whose licenses were revoked under GS 20-141.1 if they were engaged in impaired driving under GS 20-138.1 with a blood alcohol concentration (BAC) of 0.08 or more, or under GS 20-138.2 with a BAC of 0.04 or more.
- Section 20.5: Amends GS 20-88.1 to require the DMV to develop or identify a training course on safe driving in highway work zones. The DMV must ensure the course is accessible both in-person and online and create a method for demonstrating successful completion. This training will be integrated into the driver education program under GS 115C-215, effective December 1, 2025. The DMV, in consultation with the Department of Public Instruction (DPI), must develop the course and integration plan, reporting progress to specified NCGA committees by March 31, 2025.
- Section 25: Makes a technical correction to GS 20-79.7 to reflect current law regarding the distribution of fees for special registration plates.

The bill was then approved by the Senate Finance and Rules Committee, and was approved on its second reading in the full Senate by a vote of 44-0. The bill is scheduled for a vote on its third reading in the Senate on Monday June 24.

House Bill 309, Various Transportation Changes, was amended in the Senate Transportation Committee by replacing the original contents of the bill with the following provisions:

Section 1: Amends GS 20-2 to require the Commissioner of Motor Vehicles to be appointed by and serve at the pleasure of the Governor, with the Senate's advice and consent, instead of the Secretary of the Department of Transportation (DOT).

Section 2: Authorizes DOT to use various contracting methods, including design-build and public-private partnerships, to administer the National Electric Vehicle Infrastructure (NEVI) Formula Program. Projects using these methods won't count against DOT's project contract award caps.

Section 3: Repeals Section 11 of SL 2021-134, which allowed DOT to manage and procure IT goods and services for up to five DMV modernization projects exempt from Department of Information Technology oversight. Prohibits renewing contracts under this exemption and requires an RFP for a third-party evaluation of DMV's IT modernization efforts, with a report due by January 31, 2025. DMV must select a vendor to oversee implementation by May 1, 2025.

Section 4: Repeals sections of SL 2023-136 and SL 2023-139, which made changes to appointments on the North Carolina Railroad Board of Directors. Amends GS 124-15 to replace one of the Governor's appointees with the Commissioner of Agriculture or their designee. Clarifies the fiduciary duties of board members and makes related changes.

Section 5: Adds new Article 33 to GS Chapter 160A, establishing the Rail Transportation Corridor Authority with specified powers and duties. It allows the creation of an authority for areas meeting certain criteria and sets out the powers, jurisdiction, and operational guidelines of the Authority, including the ability to issue debt and manage rail corridor projects.

Section 6: Adds a severability clause to ensure the remaining provisions of the act remain effective if any part is invalidated.

With these changes, the Senate Transportation Committee approved the bill. The bill was then approved by the Senate Rules Committee, approved by the full Senate by a vote of 30-19, was sent to the House, and referred to the House Rules Committee.

House Bill 385, Various Energy/Env. Changes. The bill was considered in the Senate Judiciary Committee this week. The bill would make various regulatory, energy and environmental changes, to include:

- Require the Department of Environmental Quality (DEQ) to report quarterly on applications for permits required for natural gas pipelines and gas-fired electric generation facilities.
- Increase the punishment for property crimes committed against critical infrastructure, including public water supplies, wastewater treatment facilities, and manufacturing facilities, and make conforming changes to update statutes relating to damage to utilities.

- Prohibit the acquisition of quartz mining operations and lands containing high purity quartz by foreign governments designated as adversarial by the United States Department of Commerce.
- Expand requirements for issuance of 401 certifications by DEQ to projects located at an existing or former electric generating facility.
- Limit the authority of public water and sewer systems to impose unauthorized conditions on residential development, and to prohibit the implementation of preference systems for allocating water and sewer service to residential development.
- Make a technical correction to the Swine Farm Siting Act.
- Amend the statute governing cleanfields renewable energy demonstration parks.
- Authorize renewable energy certificates for natural gas generated from renewable energy resources.
- Amend the statutes governing natural gas local distribution companies cost recovery.
- Exclude floating structures used for aquaculture associated with an active shellfish cultivation lease area or franchise and land uses related to aquaculture and aquaculture facilities associated with an active shellfish cultivation lease area or franchise from the definition of "development" in the Coastal Area Management Act (CAMA) and limits the authority of the Marine Fisheries Commission to adopt rules regulating aquaculture equipment.
- Require the Office of State Archaeology to provide information to landowners or prospective purchasers in areas of environmental concern upon request, and establish limits on associated CAMA permit conditions.
- Remove time limits on certain viable utility reserve grants.
- Establish a time limit for review of applications submitted to DEQ for water distribution systems to construct or alter a public water system.
- Amend statutes and rules applicable to dock, pier, and walkway replacement in the coastal area.
- Prohibit certain backflow preventer requirements by public water systems.
- Exempt certain food service establishments from septage management firm permitting requirements.
- Authorize replacement of certain erosion control structures.

The bill is scheduled for a vote in the Senate Judiciary Committee on Tuesday June 25.

House Bill 556, Tenancy in Com./E-Notary/Small Claims Changes, was amended in the Senate Judiciary Committee to add various provisions regarding emergency remote notary and small claims courts provisions. The bill includes the following provisions:

1. Concurrent Ownership of Real Property: Codifies common law rules for tenants in common.
2. Emergency Video Notarizations: Extends expiration dates for emergency video notarizations and witnessing to July 1, 2025, to give the North Carolina Secretary of State additional time to complete their rulemaking for the permanent provisions.
3. Notary Public Laws: Amends confidentiality and geolocation requirements.
4. Prohibition on Certain Local Ordinances: Prevents counties and cities from banning landlords from refusing tenants based on the source of income, including federal housing assistance.
5. Litigation Costs in Summary Ejectment: Clarifies authorized litigation costs, and specifies conditions for charging late fees and attorney fees in eviction cases.
6. Electronic Small Claim Judgments: Allows electronic rendering of judgments in small claims and adjusts the appeal period accordingly.

The committee gave the bill a favorable report. The bill was approved by the Senate Rules Committee, approved by the Senate by a vote of 36-6 and was sent to the House for concurrence.

House Bill 900, Certain CIHS Partners/Regulate Tobacco Prod. A provision was added to this bill in the Senate Judiciary Committee to create a new regulatory system for the certification of consumable products and vapor products, including the creation of a public directory of these certified products, and provide enforcement mechanisms for violations of this new regulatory system. With this change, the Senate Judiciary Committee gave House Bill 900 a favorable report. The bill was approved by the Senate Rules Committee, passed the Senate by a vote of 41-0, and was sent to the House for concurrence.

House Bill 909, Various Local Provisions I. The original contents of this bill were replaced with a bill to make various changes to local government statutes. Section 7 would, effective October 1, 2024, limit the ETJ authority of the City of Kings Mountain to one mile from its contiguous corporate boundaries.

With this change, the Senate State and Local Government Committee gave the bill a favorable report. The bill was approved by the Senate Finance and Rules Committees, passed the Senate by a vote of 35-9. The bill is scheduled for third reading in the Senate on Monday June 24.

House Bill 911, Various Local Provisions II. The original contents of this bill were replaced with a bill to make various changes to local government statutes. The Pender County occupancy tax provisions of House Bill 1019 were added to this bill in committee.

Section 10 would, eliminate the authority of the City of Southport to exercise extraterritorial jurisdiction, returning the area currently within the ETJ of the City of Southport to the jurisdiction of the County of Brunswick for enforcement of land use regulations and allowing any person with vested rights in the ETJ area from the City of Southport to exercise those vested rights as if no change in jurisdiction occurred.

Section 12 would add Currituck County to the list of counties and municipalities that may utilize the power of eminent domain and acquire property by condemnation for the purpose of engaging in beach erosion control and flood and hurricane protection works.

The bill has been approved by the Senate State and Local Government, Finance and Rules Committees, passed the Senate by a vote of 41-3. The bill is scheduled for third reading in the Senate on Monday June 24.

House Bill 966, Expedited Removal of Unauthorized Persons, was amended in the House Judiciary 2 Committee as follows:

A new definitions section (GS 42-79) is added to Article 8 of Chapter 42, defining terms such as authorized representative, real estate broker, resident, residential property, tenant, and unauthorized person. The conditions for the expedited removal of an unauthorized person from residential property have been amended to remove the requirement that the property must include a residential dwelling and include additional technical and clarifying changes. The bill eliminates the previous contents of proposed GS 24-80, GS 42-81, and GS 42-82, replacing them with new provisions.

The new GS 42-81 requires property owners or their authorized representatives to give unauthorized occupants at least four hours' notice to leave before commencing expedited removal proceedings, allowing written notice to be posted on the front door if personal notice efforts fail. The complaint and summons must be filed and issued in the county where the property is located, with the sheriff required to serve these documents within 24 hours. A hearing before a magistrate must occur between 12 and 48 hours after service. The complainant is not required to pay filing fees. The complaint must prove several points, including ownership, the unauthorized status of the occupant, and the absence of any pending litigation related to the property. The rules of evidence do not apply in these proceedings.

If the court rules in favor of the property owner, it must immediately issue an order for the unauthorized person to vacate within 2 to 8 hours. The order is served at the hearing, with procedures outlined for non-appearance or early departure by the unauthorized person. The court will set an appeal bond, with a minimum of \$1,000, considering specific factors. The order can be appealed to district court, and unauthorized persons can petition to stay the removal order by posting a bond.

Failure to remove personal property within the allotted time allows the owner to move the property to or near the property line, and failure to vacate is deemed criminal trespass. Property owners can only use expedited removal if they believe in good faith that removal grounds exist; otherwise, they are guilty of an unfair trade practice and a Class 1 misdemeanor.

The effective date of new Article 8 is changed to October 1, 2024. GS 7A-292 is amended to empower magistrates to accept complaints and issue summons for expedited removal when the clerk's office is closed, effective October 1, 2024. The form for expedited removal proceedings must be available by September 30, 2024, with conforming changes to the appropriation for the development of this form by the Administrative Office of the Courts.

With these changes, the committee gave the bill a favorable report and referred it to the House Rules Committee.

House Bill 971, Human Trafficking Changes, would do the following:

- Develops human trafficking awareness training for various sectors.
- Increases penalties for solicitation of prostitution.
- Provides confidentiality measures for human trafficking victims.
- Requires disclosure of certain criminal convictions in child custody proceedings.
- Prohibits viewing of pornography on government devices.
- Grants campus police access to CJLEADS.
- Protects housing records for victims of violence from being public.
- Modifies the definition of "victim" in the Crime Victim's Compensation Act.

More specifically, regarding victim confidentiality, the bill would:

- Amends GS 14-43.17 to remove exceptions for court orders to seal documents in a court file.
- Limits motions for victim confidentiality to criminal cases under Article 10A (human trafficking).
- Allows motions to be filed in the trial court where the case is pending or most recently pending.
- Extends the hearing date from five to ten business days after filing.
- Shifts the responsibility to notify the State and defendant of the motion and hearing to the movant.
- Removes the requirement for the Administrative Office of the Courts (AOC) to develop policies for court orders on victim confidentiality.
- Extends immunity to Clerks of Superior Court and removes the exception for gross negligence.

The committee approved the bill, it was approved by the Senate Rules Committee, passed the Senate by a vote of 42-0, and was sent to the House for concurrence.

House Bill 1044, County Tier Designation Study Bill, was reported favorable in the House Committee on State Government, and was referred to the House Appropriations Committee.

Senate Bill 124, Predatory Roofing/Ins. Rebate Reform, was approved by the Senate, ratified, and signed by the Governor. **Session Law 2024-11.**

Senate Bill 166, 2024 Bldg. Code Regulatory Reform, is scheduled for consideration in the Senate on Monday June 24. The contents of this bill were replaced with a bill to make various changes to local and state building code provisions. The bill would amend various development regulations, amend various North Carolina State Building Codes, amend various construction contractors and design professionals regulations, amend various environment and environmental health regulations, reorganize the Building Code Council.

Senate Bill 355, North Carolina Farm Act of 2024. The Senate voted not to concur in the House changes to the bill, so a conference committee will be appointed to attempt to work out the differences between the House and Senate.

Senate Bill 802, C-PACE Program, was amended in the Senate Finance Committee as follows:

- Modifies the definitions of C-PACE toolkit, qualifying improvement, and renewable energy measure. The bill now requires the statewide administrator to prepare the C-PACE toolkit with stakeholders and local governments, subject to the approval of the program sponsor, rather than in consultation with them. The process for reviewing and evaluating C-PACE applications is also amended: for existing buildings, required energy conservation results must meet or exceed current State and federal building codes and efficiency standards. Additionally, for both existing and new buildings, a licensed engineering firm or engineer must certify that all available electric public utility energy efficiency and demand response programs have been evaluated before applying for C-PACE financing. Technical changes are included as well.
- The bill adds a requirement that the total financing for qualifying improvements secured by the property does not exceed 35% of the property's value, with a specified method for calculating this value. It also amends GS 105-376(b) to state that any taxing unit purchasing property at a foreclosure sale takes the property subject to liens from C-PACE assessments. Lastly, the provision appropriating \$50,000 from the General Fund to the Department of Commerce for developing the C-PACE toolkit is removed, and organizational changes are made.

With these changes, the Senate Finance Committee gave the bill a favorable report. The bill was approved by the Senate Rules Committee, by the full Senate by a vote of 49-0, was sent to the House and referred to the House Rules Committee.

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

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