

July 3rd North Carolina Legislative Update

Article By:

Womble Bond Dickinson (US), LLP

We hoped to NOT send a legislative weekly update in July, but we're afraid this is just the first of many. The House and Senate have broken a logjam and are moving toward agreement on many of the items standing between them and adjourning session to hit the campaign trails. As we told you, the fiscal year ended and a new one started (Happy New Year) with no government shutdown. These are signs of hope:

- House and Senate Leadership have agreed to the availability for next year's budget which provides the critical framework upon which all budget decisions must be made.
- Budget conferees have agreed on an amount for Medicaid funding. (Medicaid cost overruns and incorrect projections have scuttled state budgets to the tune of \$2 billion over the past four years). House and Senate have not agreed as to whether Medicaid will remain a part of DHHS or whether it will stand alone.
- Lawmakers also agreed to the budget reversions number which is how much unspent but appropriated money will be available to reallocate in the next budget cycle.
- House and Senate Education leaders have agreed on a compromise position on Common Core which allows some national standards to remain while we establish our own – which is close to the Senate position.
- House members passed their version of the Senate's Coal Ash Plan and the differences will be negotiated next week.
- Business Court Modernization Bill Passes the House

Last night the House passed SB 853 – Modernize Business Court after the bill moved quickly through committees earlier this week. The 5th version includes two new provisions regarding corporations, and logically, a study to identify further needs of NC's Business Court. The central provisions of this bill dealing with NC's Business Court, appeals, and the designation of complex business cases remains constant even in this 5th version of the bill. What's new (and directly related) is the creation of The Working Group on Judicial Efficiency and Business Court Modernization which will consist of 18 members and will meet between enactment of the bill and the opening of the 2015 Legislative Session in January.

The Working Group on Judicial Efficiency and Business Court Modernization is comprised of:

Three Senators

Three Representatives

One representative of the Administrative Office of the Courts

One current or former employee of the UNC School of Government

Three Superior Court judges

A district attorney

A criminal attorney

Someone with Information Technology expertise in the Judicial Branch

Two civil litigators

A public interest attorney

An attorney with appellate experience

The new provisions include streamlining corporate reorganization by using holding companies and validating corporate forum selection provisions contained in articles of incorporation.

The bill required approval of the Finance Committee because it increases the filing fee for a business court case from \$1,000 to \$1,100 which is expected to generate an additional \$13,400 each year. However, the reporting requirements of the bill necessitate adding a judicial assistant at a cost to the state of \$64,000.

After presenting this bill at least six other times, Sen. Barringer had developed very concise talking points. In particular, she highlighted appealing written Business Court decisions directly to the Supreme Court, skipping the Court of Appeals, in an effort to create a consistent body of case law regarding complex business cases without the various 3-judge panels of the Court of Appeals; the thought being that the same justices would have final say each time.

Because of the House changes in the Senate Bill, the Senate will then have to vote whether to concur.

Bills Loaded up Like Christmas trees

Health and Safety Regulatory Reform. Senate Bill 493 - Health and Safety Regulatory Reform is now resting comfortably in the Senate Ways and Means Committee; a committee with just three members and just six bills. It appears to be a safe house for bills taken hostage while the end of the session is negotiated.

This bill passed the Senate as a measure prohibiting motorvehicles from having certain headlights and was returned by the House as a veritable Christmas tree containing 15 pages of health and safety regulatory changes, including:

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- health insurance coverage for autism treatment
 - licensure for Applied Behavior Analysts
 - banning minors from tanning beds
 - allowing untreated spring water to be served in a restaurant if that spring is on restaurant property
 - health insurance coverage for oral chemotherapy
 - animal euthanasia
 - and many other provisions

Regulatory Reform. Senate Bill 734 - Regulatory Reform is resting comfortably in the Senate Ways and Means Committee but will likely get sprung loose in the waning hours of this legislative session.

This bill was filed dealing with local ordinances, but the Senate started to decorate this bill long before it got to the House with two new versions prepared for committees and 11 amendments added on the Senate floor. The House also had two new versions of the bill for committee plus 7 floor amendments. What resulted is a pretty well-organized regulatory catch-all in 3 main sections:

I. Administrative Reforms

II. Business Regulations

III. State and Local Government Regulation

A few noteworthy provisions:

1.1 establishes Governor's Education Cabinet

1.13 authorizes licensing boards to adopt rules for professional corporations

2.16 creates a study of statutory changes to corporations laws

3.5 repeals the supermajority effect of protest petitions

The Week Ahead

House and Senate leadership is indicating that next week will be focused on conferencing on budget and negotiating differences between House and Senate versions on bills in conference. We'll be following that for you.

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