



FROM MY SENATE DESK

During the extended long session caused by the impasse over the budget, the General Assembly has continued to work on legislation that ordinarily might have waited until next year's short session and approved portions of the budget as individual pieces of legislation this week. Both the Senate and the House will hold skeletal sessions next week to have a short summer break, returning refreshed to consider more piecemeal budget legislation.

The following are just some of the stories in which I thought you might have an interest.

Have a safe and restful Labor Day Weekend!

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Session Schedule & Budget Impasse Update



Governor Roy Cooper recently held a press conference and repeatedly used the phrase "Shortchanging teachers. Stiff-Arming health care," continuing his administration's attempts to mislead North Carolinians into thinking that Republicans are bad for teachers and health care. Not only was his continued repetition of the phrase awkward, it was also wildly inaccurate because the budget we passed, then he vetoed provided for teacher raises, additional school supplies, school capital needs, and Medicaid transformation.

This week, the Senate and the House announced that we will begin passing broadly agreed to sections of the budget in a piecemeal fashion. We expect that the House will take up budget bills related to teacher and state employee pay raises next week. The Senate has already begun hearing mini budget bills this week in committees. We have indicated that we are willing to stay in session until December if necessary in order to pass the budget.

Leading Tourism Economy Counties

A positive note about tourism - an industry that's vitally important to western NC. Tourism data was released last week, and WNC performed astoundingly. Henderson and Transylvania counties are both in the state's top 10 counties for both visitor spending, and tourism-related employment growth in 2018.

Henderson County experienced a 6.4% increase in visitor spending, and Transylvania County saw 6.5%.

For direct tourism employment growth, Transylvania County grew by 2.9% and Henderson County by 2.8%.

These achievements are a true testament not only to the beauty of our wondrous region but to the policies enacted by NC and our local governments - as well as the entrepreneurship of all those serving this flourishing industry. Also, we all know that being a popular tourist destination ultimate leads to other employment and economic growth.

North Carolina's tourism industry as a whole set a new record last year.

The visitor spending study commissioned by Visit North Carolina is conducted by the U.S. Travel Association. The study uses sales and tax revenue data, employment figures and other industry and economic data to determine the overall impact of visitor spending in North Carolina.

For more information, go to partners.visitnc.com/economic-impact-studies

2019 Taxpayer Refund Act

You hear me continue to say that since the legislature enacted historic tax reform, NC has performed better than the country on GDP growth, personal income growth, and employment growth. Because of this incredible economic success, last year the State collected \$900 million more than expected after income-tax payments and sales-tax collections ran higher than expected - although Governor Cooper predicted a \$600 million shortfall for this year.

So, we're now sitting on that \$900 million surplus, and that leaves us with the question of what to do with it. Well, I for one recognize it's your money - not the state's. That's why I'm supporting the Senate's recent announcement to give it back to the people who earned it.

This week, after a lengthy debate, I, along with a majority of the Senate, voted in favor (30-16) to pass [H74 - Taxpayer Refund Act](#). The bill intends to refund \$700 million in surplus tax revenue. Every taxpayer in the state will receive a check in the amount they paid in state taxes, up to a maximum of \$125 for an individual or \$250 for a couple.

More than 5.1 million taxpayers will receive a refund, with more than 90% getting the maximum amount. Around 350,000 taxpayers would get back all the state income taxes they paid last year.

This money belongs to those who earned it, and especially given the tremendous economic condition of our state, they deserve to get it back.

"Mini" Budget Bills

North Carolina's current budget is at last year's level (\$23.8 billion) because of Governor Cooper's unwillingness to sign a budget that does not include Medicaid expansion.

PROBLEM: The current budget does not include pay increases for any state employees. It's time to act - These salaries and other policies with bipartisan support have been held up long enough as a result of the budget impasse.

This week, my Senate colleagues and I unanimously passed bills that provide pay increases to North Carolina Correctional Officers & employees, State Highway Patrol Officers, North Carolina State Bureau of Investigation (SBI) and Alcohol Law Enforcement (ALE) officers, as well as State agency employees. In addition to pay raises provided in each bill, they also all include a one-time supplement of five annual leave days for those employees.

[H609 – Correctional Officers & Employees](#) - Appropriates more than \$92 million over the biennium for raises and bonuses to correctional officers and permanent employees of adult correctional facilities with the Department of Public Safety (DPS). H609 provides correctional officers with a 5 percent pay raise, plus bonuses of at least \$7,500 for officers at the highest vacancy prisons.

[H126 – NC State Highway Patrol Officers](#) - Appropriates more than \$10.5 million to increase pay for State Highway Patrol Officers by 5 percent over the next two years and also finds the annual year over year step increases for officers.

[H777 – State Bureau of Investigation \(SBI\) and Alcohol Law Enforcement \(ALE\) Officers](#) - Appropriates more than \$5 million to provide SBI and ALE officers at least a five percent raise over the biennium. The bill also ties SBI and ALE officer pay to the same salary schedule as State Highway Patrol Officers which was increased by the General Assembly in last year's budget. This will raise their starting pay to a minimum of \$45,000 and accelerates the timeframe for officers to get to top pay to 6 years. For officers who will be tied to this new salary schedule, the average pay increase is 14 percent.

[H226 – State Agency Employees](#) - Appropriates more than \$800 million to provide a 5 percent across the board raise to state agency employees over the next two years – which is the most substantial increase in more than a decade. The bill also funds the Retirement system and the State Health Plan.

These salaries and other policies with bipartisan support have been held up long enough as a result of the budget impasse. Providing pay increases to hardworking state employees and law enforcement officers who put their lives on the line every time they go to work is something that Republicans and Democrats can both agree on.

Vetoed Bills

House Bill 370 - ICE

One of my heaviest lifts this legislative session has been to author the Senate's replacement language to H370 that would require law enforcement to cooperate with ICE. [H370 - Require Cooperation with ICE Detainers](#) passed a concurrence vote in the House on Wednesday before being quickly vetoed by Governor Cooper. Despite his attempt to distract folks with reckless rhetoric and name-calling, the message this veto sends is abundantly clear: He is more concerned about protecting the 'rights' of people in this country illegally who are in jail for committing crimes than he is about protecting the safety of our communities- and the citizens that live in them. Instead of signing this common-sense bill, the Governor is choosing to side with sheriffs to ignore detainer requests and to release dangerous criminals back onto the streets.

Under this bill, authorities would be required to determine whether prisoners are legal U.S. citizens, and if they were unable to do so, they must inquire about their citizenship status with ICE or the Department of Homeland Security. Currently, detainers ask that a suspect be held for up to 48 hours, but are often ignored because it is not an official arrest warrant. A group of sheriffs from counties across the state, including Wake and Durham, vowed to stop cooperating with ICE, stating that they didn't have the constitutional authority to hold an inmate who had completed a sentence unless it was court-ordered.

The Senate stated that they plan to override the Governor's veto quickly.

View my official [Statement](#) and news coverage of H370 under the [Newsroom](#) section of [NC48.com](#)

House Bill 645 - Billboards Bill

It's unfortunate but not surprising that Governor Cooper is once again siding with left-wing advocacy groups instead of North Carolina small business owners. In his veto message of [H645 - Revisions to Outdoor Advertising Laws](#), Governor Cooper mischaracterizes his veto on the bill as protecting the environment and allowing local governments to have a say in the placement of billboards. The bill in the form vetoed by the Governor deals only with the

replacement of existing billboards whose location had already been approved by the local governments and allowed only limited vegetation removal for public visibility.

It's a reasonable, fair solution for an industry that has lost 1,000 billboards in the state over the last decade. This veto places the burden of millions of dollars in just compensation payments on the Department of Transportation when future billboards are removed because of highway projects. Not allowing this bill to become law will amplify the budgetary problems DOT is already facing, requiring payments for billboards to the exclusion of other infrastructure, such as highways, bridges, and potholes, and the taxpayers of North Carolina are on the hook for paying these costs.

I developed this bill with various stakeholders, including the League of Municipalities and Governor Cooper's own Department of Transportation who expressed no concerns during the process. Without this law, there are several small business owners who will be regulated out of existence, and I sincerely hope that we can override the Governor's veto.

Small Business Health Care Act

From Medicaid expansion to the State Health Plan fight, health care issues in this legislative session have been front and center.

Another of my primary bills this session, [S86 - Small Business Health Care Act](#), became law over the weekend, in spite of the governor's opposition. Self-employed owners and small businesses in North Carolina will now have increased access to affordable health insurance. The bill was passed with bipartisan support out of both houses of the General Assembly and became law without his signature after ten days of the bill sitting on his desk. This bill now allows easier access to large group health plans through an association for self-employed workers and small businesses.



The bill came to Cooper at a pivotal time: Unsubsidized consumers are fleeing the ACA individual market. Recently, the Center for Medicare and Medicaid Services released a [report](#) revealing the Obamacare individual market had a 40% drop in enrollment, as more than 2.5 million unsubsidized consumers left from 2016-18. One in five of those expected to sign onto AHPs are currently uninsured, says a Congressional Budget Office [report](#).

The *Small Business Health Care Act* is part of the legacy of the Affordable Care Act (ACA) that includes many state and federal consumer protections, including the requirement to cover those with preexisting conditions, and plans would also be required to meet specific solvency standards. By allowing small businesses pool together, their coverage will be cheaper but will be in line with existing laws governing large group plans.

Of course, there are some legal challenges to be settled concerning AHPs. Currently, under the expanded rule, not every flavor of new plans can be sold. However, the Department of Labor is working on new guidance to allow the rule to go forward as planned. Also, there are bills at the federal level to codify the Trump administration rules.

The *Small Business Health Care Act* takes advantage of the new limits and amends North Carolina's insurance code by doing the following:

- Allows an AHP to include businesses from either the same OR different industries;
- Allows an AHP to include sole proprietors, self-employed, and their families;
- Allows an AHP to include members statewide and across state lines; and
- Reduces the time that an AHP has to be in existence in North Carolina to offer health insurance from 5 years to 3.

The bill is supported by several North Carolina's professional associations including the North Carolina Retail Merchants Association, the North Carolina Farm Bureau, the North Carolina Chamber of Commerce, the North Carolina REALTORS, and the North Carolina Restaurant and Lodging Association. It is estimated that these modifications to North Carolina's insurance code could potentially benefit up to 110,000 North Carolinians.

Regardless, North Carolina has passed meaningful legislation that will allow small businesses and self-employed owners to take advantage of this new type of coverage depending on what type of plan they would like to set up.

Loan Program for Rural Hospitals Resurrected

The rural hospital loan program started its legislative journey as [S681](#) and has now transitioned to S704. Why? Two weeks ago, the Senate disagreed with the House's changes that were unrelated policy items to S681, such as adding provisions to increase sales tax flexibility and to expand access to utility account funds.

Now the loan program language has been revived in [S704 - The Rural Healthcare Stabilization Act](#). The primary focus of the bill is establishing the Rural Health Stabilization program—a loan program aimed at assisting distressed rural hospitals. The legislation uses a \$20 million appropriation included in the conference budget report to loan qualifying hospitals to finance the construction of new health care facilities and operating costs during the transition while new construction facilities are being built. Additionally, the bill expands the counties eligible for grants from the Utility Account from the 80 most distressed counties to the 87 most distressed counties under the tier system. To receive the loan, the hospital must show UNC Health Care their plan to recover financially.

The financial woes of rural hospitals made headlines after 113 hospitals closed across the nation since 2010. North Carolina was home to six of the hospitals that were shuttered. A [study](#) by Navigant reports one in five rural hospitals classify as high risk across 43 states, placing 430 hospitals at risk of collapse. The communities surrounding these hospitals share the risks

of hospital closure. When a hospital closes, [studies](#) show, incomes drop 4 percent, while unemployment rises by 1.6 percent.

The hospital loan program has been caught up in the debate over Medicaid expansion, as Democrats argue the program is only needed because the state hasn't expanded Medicaid.

H704 is waiting in the House Finance Committee before the House votes for Concurrence

Funding Medicaid Transformation

There is a lot of discussion around Medicaid expansion in North Carolina, and we are listening. My Republican colleagues and I are making sure our state's Medicaid program provides efficient, quality care to low-income families and the disabled.

The Senate has started the initial approval by passing [H555 - Medicaid Transformation Implementation](#) not only funds the operation of the state's Medicaid program but also supports the transition to a managed care model scheduled for November 1, 2019. The provisions are substantially the same as the language in H966, the budget bill vetoed by Governor Cooper.

North Carolina is currently transitioning from a fee-for-service model to a managed care model for our Medicaid program. Meaning, the state will ultimately pay providers and commercial insurance companies a flat fee to cover all physical and mental health services for most Medicaid recipients instead of paying piecemeal for services provided.

Both the Governor's proposed budget and the budget passed by the General Assembly contained the \$483 million in funds that are in H555 which will provide money needed for patient enrollment broker contracts, provider credentialing, data analytics, and other program design components. However, that funding was thrown into question when Governor Cooper vetoed the budget because it did not include Medicaid expansion.

H555 ensures that the managed care program continues its rollout as scheduled later this year. Patients in parts of the state are signing up and will begin to participate in the program starting in November, with the entire state expected to switch over to managed care by February 2020.

Update: At 4:12 pm today (8/30/19), Governor Cooper vetoed H555. Neither chamber has enough votes to override a possible veto.

Gun Regulation & Safety

On Monday, Aug. 12, Governor Roy Cooper signed an [executive directive](#) to address firearm safety and preventing gun-related suicides in North Carolina following the mass shootings in Gilroy, CA; El Paso, TX; and Dayton, OH that left 34 people dead.

The executive directive instructs the State Bureau of Investigation (SBI) to strengthen the background check system by working to close gaps where the state should be sharing information with the National Instant Criminal Background Check System (NICS). Since March 2018, SBI has reviewed information shared with the NICS and has culminated in 284,289 individual instances of criminal convictions, which were previously unreported and have been added to the NICS. Additionally, the SBI is to provide Behavioral Threat Assessment training to local law enforcement agencies, along with increasing the North Carolina Information Sharing and Analysis Center's outreach to the community to build awareness of domestic terrorism indicators.

The executive directive also aims to improve public health and incident response in communities through the Department of Health and Human Services (DHHS). The department must develop a public education campaign to teach people about safe firearm storage. DHHS is also required to assemble a coalition of suicide prevention stakeholders to suggest updates to the state's Suicide Prevention Plan as it relates to gun-related suicides.

Governor Cooper's executive directive came in response to Republican leaders not taking up two gun control bills in the House - [H86](#) and [H454](#). The bill's sponsors introduced discharge petitions to force the bills out of committee and onto the House floor for a vote, but too few legislators have signed on to pass the measures.

Asheville City Council Districts

After months of closed meetings and intense public pressure, the Asheville City Council has said they will act against the bill I passed last year requiring district elections. While the council came out unanimously against the original district's plan, it wasn't clear if it would act against the freshly-minted law. As months passed, members of the public urged and harangued the body to fight back. Council members held closed sessions with legal council and were mostly silent until June 6, when the mayor talked with the Citizen-Times about the research she'd done on pros and cons of the two approaches to thwarting the law.

Up until 2018 the council's seven members, including the mayor, were elected at-large, with all Asheville voters picking all council members. [Senate Bill 813](#) puts in place district elections for five of the seven seats on Asheville City Council beginning in 2020 that switches council elections from odd-years to even years – the same time voters elect state and national offices. The change increases voter turnout. Instead of seven, the new law put five council members in districts, with one council member and the mayor still elected at-large. It also eliminated primaries and switched election years from odd- to even-numbered, a change made at the request of Manheimer.

The Senate voted unanimously last year, including Sen. Van Duyn who represents the parts of Asheville that I do not, vote supporting that the council should be split into districts, as most other large cities are.

I respect Asheville's constitutional authority to make makes changes to their election charter, and I am well aware of the Legislature's authority to change them back. It is clear as evidenced by the unanimous vote of the Senate last year that the Legislature is eager to see Asheville modernize its election process to help ensure a more fair system throughout the city. Districted elections would do that. I find it interesting that so few of the arguments against doing so are against the merits of districted elections, but instead against being asked by Raleigh to make the changes.

"Say Something" App

A new school year is here, bringing new strategies for keeping kids safe. Topping the list: A smartphone app leveraging the eyes, ears, and savvy of students. The [Say Something](#) app enables students to submit anonymous tips about threats on social media or at school. It's a smart strategy built on this reality: Early intervention saves lives.

The [Federal Commission on School Safety](#) and North Carolina's [Special Committee on School Shootings](#) urged adoption of reporting systems.

[State statute](#) requires every public middle and high school to implement anonymous reporting systems, effective July 1. Districts can choose any system meeting state guidelines but Say Something, funded through General Assembly allocation, costs them nothing.

DPI reports that response to Say Something has been strong - Roughly 70% of the 115 school districts and close to 80% of the charter schools have already signed on for the program. The rest have other systems in place.

There's much to applaud about Say Something. It's intuitive, easy. Students submit tips using the app, website, or hotline. Categories include suicide threat, bullying, bragging about an attack, and more. A crisis center evaluates tips, referring them to school teams or 911 dispatch if warranted. Most kids say they'd use a reporting system if assured of anonymity. There's no fear of reprisal. Knowing and reporting warning signs is critical: In four of five school shootings, someone knew of a perpetrator's intent but didn't report. Among those committing suicide, 70% shared plans or warning signs beforehand.

There's no singular solution to the heartbreaking problem of school violence. However, my colleagues and I are committed to providing intelligence and infrastructure to intervene early and mitigate risk.

UPDATE: Economics & Financial Literacy Course Requirement

In July, Governor Cooper signed into law [H924 - Teacher Contract Changes](#), a bill I co-sponsored which made completing a financial literacy course a requirement for high school graduation. The state-mandated course takes effect with ninth-graders starting classes in the 2020-21 school year.

The course will have to meet the standards of the second edition of the Voluntary National Content Standards in Economics and the 2013 National Standards for Financial Literacy created by the Council for Economic Education. Teachers need training for the course standards. Money in the 2019-20 appropriation for the state Department of Public Instruction (DPI)



was set aside as a grant for NCCEE to provide the professional development course, administer the tests, and pay a stipend to either the teacher or the teacher's employer.

The financial literacy course requirement doesn't need the budget to be law, but without a budget, implementing the requirement will be more difficult. Thankfully, the private sector has stepped in - Campbell University partnered with Virginia Tech and N.C. Council on Economic Education to help teachers by offering free economics and personal finance workshops. K-12 teachers who completed the August seminar received a certificate of completion for 40 hours of professional development and a virtual economics flash drive containing more than 1,400 lesson plans for economics, personal finance, and entrepreneurship.

We cannot perpetuate the problem of producing economic illiterate citizens in North Carolina. Learning how the economy works and personal finance is vitally important.

Criminal Law Reform

North Carolina has taken an important step forward for criminal law reform. [S584 - Criminal Law Reform](#) became law this month that keeps the ball moving towards recodification.

S.L. 2019-198 builds on last year's [H379 - Recodification Working Group](#) law in three important ways:

1. It creates incentive for local governments to submit reports of all their rules/ordinances that criminalize behavior. If they fail to report its local crimes by the new deadline, their power to create new crimes will be frozen for two years.
2. It subjects any new agency rule carrying criminal penalties to automatic legislative review. Some of these rules are written and enforced by unelected officials and have stifled economic growth. This will ensure oversight and accountability for the growth of the criminal code.
3. It directs the General Statutes Commission, which I am a member of, to study the crimes reports and recommend any rules or local laws that should be adopted statewide. This will help with uniformity in the criminal code and minimize variance from town to town.

This new law strengthens the principles of transparency, fairness, and balance between state oversight and local enforcement to the bedrock of our criminal system. This is a pivotal step towards reforming North Carolina's criminal code.



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