

ALERTS

North Carolina Legislative Report - January 18, 2013

January 11-18, 2013

On the Floor

The NC General Assembly reconvened January 9, 2013 to open the long legislative session. Lawmakers are scheduled to return to Raleigh January 30, 2013.

The MVA Public Affairs Legislative Report on North Carolina will be distributed weekly to keep you up to date on the latest legislative issues facing the state while the North Carolina Legislature is in session.

Committee Meetings

Lottery Oversight Committee

The Lottery Oversight Committee met on Wednesday to discuss quarterly updates from Lottery Commission staff and legislative staff. Specifically, the committee discussed a proposal to take the word "Education" out of the N.C. Education Lottery for advertising purposes. This change would be included in draft legislation that may be considered by the General Assembly this year. Committee Co-Chair, Representative John Blust (R-Guilford), suggested that the word be removed from the name because not all of the funds are always allocated to the education system. Members of the committee and Lottery Commission Director Alice Garland disagreed with Blust, saying that sales may be negatively affected because many people purchase lottery tickets as a way to help the education system. The committee will meet again Wednesday, September 4, 2013.

Tax Reform

This week, Senate leaders gave a preview of the tax reform package expected to come out of the Senate. As discussed in earlier updates, key components include: the elimination of the corporate and personal income taxes, an expansion of the sales and use tax, an expansion of the excise tax on conveyances, and a revision and an overhaul of the corporate franchise tax. While details are not available, there is more of glimpse of what's to come.

- The proposal includes a large scale elimination of sales and use tax breaks. This could include elimination of the exemptions for sales of food, prescription drugs and insulin, and lottery tickets. The inclusion of items like food and prescription drugs indicates a willingness to take on some hot button issues. The inclusion of lottery tickets may signal some problems, as rules from the large multi-state games dictate the

price, including tax, of those tickets.

- The proposal includes a broad expansion of the sales tax to services – potentially including medical services. There are no details on how a sales tax on medical services could be implemented in a complex, multi-player industry like this.
- The proposal would seek to tax end-consumers and avoid taxing business-to-business transactions, but there is no detail on how this would be accomplished.
- The proposed business license fee would become a major source of State revenue. It is estimated the fee would generate up to \$4 billion annually. For 2010-11, the corporate income tax and franchise tax combined accounted for \$1.62 billion in State General Fund revenues. It is important to note, however, that the fee would apply to all business entities, not just corporations.

Perhaps more interesting was a change in some of the language around reform. While there was a determination to enact tax reform this year, there was a recognition that reform may be phased in over the course of several years. This could take the form of delayed effective dates, which would a) allow officials time for data collection to better forecast revenue impacts, b) allow legislators time to amend the plan when unforeseen complications arise, and c) allow the Department of Revenue time to make changes to its systems and processes to accommodate a revamped tax system. There was also a recognition that there may be a need to convince the public that reform is necessary.

In the News

Details on talks for Panthers' stadium upgrades begin to emerge – 1/18/2013

The starting point for negotiations between the city of Charlotte and the Carolina Panthers for a public investment in upgrades to Bank of America Stadium would keep the team here for 10 years, a source with knowledge of the talks says. That is one of several details that have trickled out since Panthers owner Jerry Richardson and other team executives met with the mayor and City Council in closed session.

Senate leader Berger outlines agenda for upcoming session – 1/17/2013

Senate leader Phil Berger said that he'd like to cut the state's \$20.2 billion budget, take another run at changing teacher tenure laws, and put a constitutional limit on union contracts. At a news conference, Berger, a Republican from Eden, sketched an agenda for the coming legislative session that would move the state to the right and is sure to roil labor, civil rights and anti-poverty groups.

Roads, bridges not ready for fracking – 1/16/2013

Roads and bridges in the Tar Heel State are not built to handle the traffic from the shale gas exploration industry, according to the North Carolina Department of Transportation. The Mining and Energy Commission explored the role local government should play in the fracking process.

NORTH CAROLINA LEGISLATIVE REPORT - JANUARY 18, 2013

Changes to NC unemployment benefits could be delayed - 1/16/2013

State lawmakers might have to delay the effective date or make other changes to a planned overhaul of North Carolina's unemployment program due to restrictions handed down as part of a recently passed federal law, Republican leaders said.

N.C. tax reform plan is on table - 1/15/2013

State personal and corporate income taxes would be eliminated, sales taxes would be charged on services, and North Carolinians would pay state sales tax on groceries under a tax reform proposal with significant support in Raleigh.

McCrory's former law firm moving up in lobbying ranks - 1/11/2013

Gov. Pat McCrory's rise to the top coincides with another ascension in Raleigh: his former employer's lobbying practice. The Charlotte law firm Moore & Van Allen's lobbyists represented three times as many special interests in the 2011-12 legislative session as compared to the previous one, moving them into the top dozen influence peddlers at the statehouse.

Legislative Calendar

Wed, January 30, 2013

- 12:00 PM Session Convenes (House) House
- 12:00 PM Session Convenes (Senate) Senate

Wed, February 06, 2013

- 4:00 PM International Business Caucus 1228/1327 LB

Tue, February 19, 2013

- 9:00 AM Rep. Moore/Common Cause Lobby Day 605 LOB
- 12:00 PM Press Conference/Rep. Moore Press Room LB
- 1:00 PM Rep. Moore/Common Cause Lobby Day 605 LOB

Wed, February 27, 2013

- 9:00 AM NCTA PRESS CONFERENCE Press Room LB

Tue, April 09, 2013

- 11:45 AM Rep. D. Ross/NC Women United's Press Conference Press Room LB