

# ALERTS

## North Carolina Legislative Report - June 21, 2013

June 15 - 21, 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.

### *On the Floor*

- **H 476 Rewrite Underground Damage Prevention Act**  
06/20/2013 House accepts amendment, Passes 2<sup>nd</sup> and 3<sup>rd</sup> Readings and Ordered Engrossed
- **H 700 Omnibus State IT Governance Changes**  
6/20/2013 Received From Senate, Received To Concur Senate Committee Substitute
- **H 817 Strategic Transportation Investment**  
6/19/2013 Concurred on 3<sup>rd</sup> Reading, Order Enrolled, Ratified, Presented to Governor on 6/19/2013
- **H 998 Tax Simplification and Reduction Act**  
6/19/2013 Withdrawn from Calendar, Re-referred to Committee on Finance
- **S 76 Domestic Energy Jobs Act**  
6/20/2013 House Conference Committee Appointed
- **S 127 Economic Development Modifications**  
6/20/2013 Withdrawn from Committee, Re-referred to Committee on Commerce and Job Development, Reported Favorable Committee Substitute, Re-referred to Committee on Appropriations Subcommittee on Natural and Economic Resources
- **S 328 Solid Waste Management Reform Act of 2013**  
6/20/2013 Passed 2<sup>nd</sup> Reading

### *Committee Meetings*

#### **Senate Commerce Committee**

On Tuesday, June 18, the Senate Commerce Committee met and approved three bills. H 56, Amend State Contract Review Laws, would create a Contract Management Section within the Department of Administration and put in place additional procedures with respect to the negotiation, approval, execution, and monitoring of most state contracts. H 201, Reinstate 2009 Energy Conservation Codes, would reinstate the 2009 North Carolina Energy Conservation Code for commercial buildings and repeal the portions of the 2012 North Carolina Energy Conservation Code that apply to commercial buildings. Upon the recommendation of the

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Homebuilders Association, the bill would not affect the provisions of the 2012 North Carolina Energy Conservation Code that apply to residential buildings. H 700, Omnibus State IT Governance Changes, would a) require the biennial State Information Technology Plan to include all projects subject to review and would repeal the \$500,000 threshold for required review, b) permit the State CIO to require agencies to engage private counsel and subject matter experts for IT projects in excess of \$5 million, c) allow money to be appropriated from the Information Technology Fund to support the Office of the State CIO, and d) allow the State CIO to appoint more than one deputy chief.

**Senate Finance Committee**

The Senate Finance Committee met on Wednesday, June 19, and approved a large number of bills. First, the Senate approved a number of House local bills without any discussion or debate. Those bills were: H 143, Eden Payment in Lieu of Taxes; H 229, Holden Beach/Canal Dredging District Fee; H 234, Clarify Pender County ABC Laws; H 261, Kannapolis/Deannexation; H 302, Repeal Kannapolis Annexation; H 412, Eden/Duke Energy/Annexation Agreement; H 421, Marshville Deannexation; H 526, Chadbourn Voluntary Annexation; H 553, Amend Carteret Co. Occupancy Tax; and H 567, Lumberton Deannexation. Next, the Senate turned to several Senate public bills. S 18, Amend Locksmith License Act/Raise Fee Ceiling, would require individuals providing locksmith services to institutions to be licensed locksmiths, prohibit the possession of locksmith tools by unlicensed individuals, expand the definition of locksmith services, and make modifications with respect to fees and costs assessed by the Locksmith Board. S 305, DMV Commission Contract Changes, would increase the amount of compensation paid by cities and counties to tag agents as compensation for their duties with respect to collecting fees and taxes. S 328, Solid Waste Management Reform Act of 2013, would a) extend the duration of permits for landfills to thirty years, b) modify the Department of Environment and Natural Resources' authority to issue and transfer permits for solid waste management facilities, c) modify certain requirements governing landfills, d) modify requirements for financial responsibility applicable to applicants and permit holders, e) amend the rule governing collection and transport of solid waste to require that containers be "leak-resistant" rather than "leak-proof", and f) define the term "leachate" and clarify that it excludes liquid adhering to tires of vehicles leaving sanitary landfills. S 407, Electronic Vehicle Lien/Title, would require DMV to implement a statewide electronic lien system for dealing with security interests and certificate of title data under the motor vehicle statutes. All of these bills were approved.

**Senate Education Committee**

The Senate Education Committee met Wednesday to take up a pair of bills for discussion purposes and vote on one House bill. H 249, Substitute Teacher Deduction/Personal Leave, requires local LEA's to refund the substitute deduction to teachers taking personal leave if no substitute is hired. H 249 received a favorable report in committee and passed the Senate with a vote of 47-0. The two bills up for discussion were S 474, Net-Zero Schools, and H 269, Children w/Disabilities Scholarship Grants.

**House Agriculture Committee**

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The House Agriculture Committee passed two bills out of committee this week. S 639, Board of Agriculture Modifications, seeks to clarify the authority of the Board of Agriculture over plants. S 638, NC Farm Act of 2013, seeks to make various changes to laws impacting farming including limiting the liability of farm animal activity sponsors as a result of inherent risks of farm animal activities, limiting the personal information that the Department of Agriculture may disclose about its animal health programs and expanding the agricultural dam exemption to the Dam Safety Act. S 638 has been re-referred to the House Judiciary B Subcommittee.

**House Environment Committee**

The House Environment Committee passed four bills out of committee this week. S 205, Eliminate Unnecessary Testing/Animal Waste, seeks to eliminate unnecessary soil testing requirements in animal waste management plans. S 341, Amend Interbasin Transfer Law, seeks to establish an expedited process for the modification of interbasin transfer certificates and for the issuance of interbasin transfer certificates in the central coastal plain capacity use area as well as the coastal area counties. S 372, Omnibus County Legislation, seeks to require notice and an opportunity for comment from county boards when permits for land application of waste within that county are issued by the Environmental Management Commission. It also seeks to increase the threshold for Department of Transportation informal bid procedures and clarify that the department's policy concerning participation by disadvantaged minority-owned and women-owned businesses apply to contracts using those procedures. Finally, this bill would study state payments in lieu of taxes of public lands. This bill has been re-referred to the House Transportation Committee. S 151, Coastal Policy Reform Act of 2013, seeks to amend Marine Fisheries laws, amend the law governing the construction of terminal groins and amend CAMA permitting laws. There were several changes to this bill during committee debate. The version that passed out of the House Environment Committee keeps the cap at four terminal groins instead of allowing an unlimited number of terminal groins to be built near coastal inlets. The committee-passed version also removed language in the Senate bill that an inlet management plan would be necessary for a project to address sea-level rise.

**House Public Utilities Committee**

The House Public Utilities Committee met Wednesday to take up one bill from the Senate. The committee heard S 379, Expansion of Natural Gas in Rural Areas, which was modified from its original language to address natural gas availability in rural areas. S 379 would provide various incentives to facilitate new and expanded natural gas service to rural areas of the state. Under the new bill, economic development funds could be used to cover cost associated with natural gas infrastructure expansion for certain agriculture projects. S 379 received a favorable report from the committee and was referred to House Finance.

**House Education Committee**

The House Education Committee met Tuesday to take up four bills. H 831, Education Services for Children in PRTFs, authorizes the State Board of Education to allocate funds to Private Psychiatric Residential Treatment Facilities. H 831 was given a favorable report in committee. After leaving committee, it was pulled from the House floor and re-referred to House Appropriations. S 168, Clarify Education Reporting Requirements, repeals certain reporting requirements to the State Board of Education and clarifies education program requirements. S 168 received a favorable report in committee and passed the House by a vote of 104-1. S

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231, Modify Duties/Advisory Council on Indian Education, modifies the duties of the state advisory council on Indian education. S 231 received a favorable report in committee and passed the House by a vote of 113-0. It has been placed on the Senate calendar for concurrence on Monday, June 24. S 557, NC Pre-K Funding Pilot, creates a pilot program for the funding of the NC Prekindergarten program and directs the Division of Child Development and Early Education to report back to the General Assembly by January 31, 2014. S 557 received a favorable report and was referred to House Finance.

**House Commerce Committee**

The House Commerce and Jobs Development Committee met on Wednesday, June 19 to consider S 127, Economic Development Modifications. That bill would authorize the Department of Commerce to enter into a public-private partnership to fulfill many of its economic development functions. In addition, it would create eight regional Collaboration for Prosperity Zones throughout the state and require that state agencies co-locate liaison personnel at a central facility in each zone in order to provide better customer service to citizens and business. The bill would also eliminate state funding for the seven regional economic development commissions and would repeal the statutes establishing four of those commissions (the remaining three are private nonprofits). The bill was approved by the committee.

**House Finance Committee**

The House Finance Committee met on Wednesday, June 19 to consider multiple bills. H 476, Rewrite Underground Damage Prevention Act, rewrites the law with respect to responsibilities for identifying underground utility infrastructure in order to minimize damage to that infrastructure. H 563, Foreign Trade Zone/Expand Def. of Pub Corp, would amend the definition of a public corporation to include a corporate municipal instrumentality of one or more states. This will allow several northeastern counties to participate in the foreign trade zone around the Port of Norfolk. H 680, Jump-Start Our Business Start-Ups Act, would provide a limited exemption to securities laws for start-ups that a) are located in North Carolina and raising money from North Carolina residents only, b) are seeking total investment of \$2 million or less, and c) do not accept individual investments of more than \$2,000. S 71, Amend Irrigation Contractors Licensing Laws, would require continuing education for irrigation contracts, increase fees, and make clarifying changes to the licensing laws. S 103, Amend Assessments for Infrastructure Needs, would sunset the authority of local governments to levy special assessment bonds, adjust the assessments to reflect individual benefits, and clarify the owner approval needed for special assessment bonds. S 368 Inmates Prescriptions/Pistol Permits would increase the fee imposed on prisoners for prescription drugs and provide that the fee for a pistol permit is due when an application is filed rather than when a permit is issued. S 490, Exclude Custom Software from Property Tax, would clarify that customizations to software made by a business for their own use would not be subject to property tax. All of these bills were approved by the committee. H 565, Amend Real Estate Appraisers' Laws/Fees, would amend the laws with respect to real estate appraisers to comply with federal requirements. After a great deal of discussion with respect to whether the state should conform to guidelines adopted by a national association, the bill was pulled.

**Tax Reform**

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After being the subject of a whirlwind of activity the previous week (final approval of a package in the House on June 10 and preliminary approval of a different package in the Senate on June 13), tax reform efforts stalled this week. In the Senate, H 998, Tax Simplification and Reduction Act, was removed from the calendar before receiving final approval and was sent back to the Senate Finance Committee. The Senate, House, and Governor all stated that efforts were underway to craft compromise legislation before a package received final approval in the Senate. There is no indication where those negotiations are headed or when a bill might be back before the Senate. A Senate Finance Committee meeting has been scheduled for Tuesday, June 25, but this bill is not on the agenda at this time. While there were numerous differences between the House and Senate versions from last week, key sticking points appeared to be:

1. Revenue availability – The Senate package would reduce General Fund availability by \$173.8 million in 13-14 and \$523.2 million in 14-15. The House package (when repeal of the estate tax is included, which the House has approved in a separate bill) would reduce General Fund availability by \$4.7 million in 13-14 and \$353.4 million in 14-15. By 17-18, the Senate package would reduce General Fund availability by \$1.38 billion while the House package would reduce General Fund availability by \$571 million.
2. Nonprofit refunds – The Senate package would phase in a cap on non-profit refunds while the House package would make no changes with respect to this issue.
3. Social Security – The Senate package would tax Social Security benefits to the same extent they are taxed under federal law, while the House package would maintain a complete exemption for Social Security benefits.
4. Itemized deductions – The Senate package would eliminate all itemized deductions for individual income tax while the House package would retain itemized deductions for charitable contributions and, to a limited extent, for mortgage interest expense and taxes on real property.

### *In the News*

- Charlotte Observer: Airport bill could see action this week
- Charlotte Observer: Duke Energy names new CEO: Lynn Good
- News&Observer: Report: Most teacher ed programs are substandard
- News&Observer: Hagan vulnerable, but GOP still searching for a contender, poll suggests
- AP: Commerce Department reorganization gets committee nod
- Charlotte Observer: Airport bill pulled from committee agenda
- News&Observer: Debate forms around Rural Center's oversight, future
- Charlotte Observer: Bank of America, Wells Fargo fail mortgage servicing tests
- News-Record: Coble planning re-election bid

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- News&Observer: NC tax negotiations delaying budget talks
- News&Observer: NC Rural Center says it plans 'aggressive' review
- News&Observer: High Point businessman announces for Coble's House seat

### *Legislative Calendar*

#### Mon, June 24, 2013

4:00 PM

#### **Finance (Public Hearing) (House)**

Municipal Services. (S315)

544 LOB

7:00 PM

#### **Session Convenes (House)**

House

7:00 PM

#### **Session Convenes (Senate)**

Senate

#### Tue, June 25, 2013

8:30 AM

#### **Appropriations/Base Budget (Senate)**

PREA Compliance. (PCS presented for Continuing Resolution) (H585)

643 LOB

10:00 AM

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### Judiciary I (Senate)

Modify Medicaid Subrogation Statute. (H982)

1027/1128 LB

10:00 AM

### Health and Human Services (House)

Health Curriculum/Preterm Birth. (S132)

Choice of Hearing Aid Specialist. (S248)

LME/MCO Enrollee Grievances & Appeals. (S553)

544 LOB

10:00 AM

### Education (House)

UNC/Cherokee Language. (S444)

NC Public Charter School Board. (S337)

Student Organizations/Rights & Recognition. (S719)

643 LOB

11:00 AM

### Agriculture/Environment/Natural Resources (Senate)

Amend Environmental Laws 2013. (H94)

Tobacco Growers Assessment Act. (H816)

544 LOB

12:00 PM

### State and Local Government (Senate)

Blue Monday Shad Fry. (H241)

Adopt Dublin Peanut Festival. (H917)

Allow ROW Usage in Central Business Districts. (H192)

Winston-Salem/Seismic Codes. (H318)

WS/FC School Board Vacancies. (H196)

Grifton/Deannexation. (H191)

Robeson County Drainage District. (H441)

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Wilmington Charter/Civil Service Commission. (H544)  
Lee County Elections. (H490)

1124/1224 LB

12:00 PM

### Transportation (House)

Vintage Auto Inspections. (S344)  
Motorcycle Safety Act. (S353)  
Registration of Petroleum Device Technicians.-AB (S454)  
Prohibit Aftermarket HID Headlights. (S493)  
Clarify ATV Definition. (S501)  
Authorize Various Special Plates. (S571)  
Motor Vehicle Safety Inspector Law Change. (S717)

643 LOB

1:00 PM

### Finance (Senate)

Public Contracts/Project Labor. (H110)  
Unclaimed Property Program Improvements. (H257)  
Buncombe Cty Sales Tax Use Expansion. (H334)  
Limited Lines Travel Insurance. (H340)  
Courts/Procedure and Fee Amendments-AB (H343)  
Dept. of Public Safety Changes-AB (H362)  
Chiropractic Assistant Certification/Fee-AB (H371)  
Camden Local Stormwater Fees. (H404)  
Buncombe Culture & Rec. Authority. (H418)  
Robbinsville Occupancy Tax. (H493)  
Lease Purchase of Real Property/Comm. Coll. (H754)  
Public Contracts/Construction Methods/DB/P3. (H857)  
Graham Occupancy Tax Changes. (S136)  
Amend Nursing Home Administrator Act/Fees. (S488)  
No Income Tax Withholding on H2A Workers. (S640)

544 LOB

1:00 PM



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**Agriculture (House)**

Wildlife Resources Comm. Penalty Changes. (S636)

643 LOB

**Wed, June 26, 2013**

10:00 AM

**Judiciary Subcommittee B (House)**

NC Farm Act of 2013. (S638)

Safe Harbor/Victims of Human Trafficking. (S683)

Amend Firearm Restoration Law. (H618)

421 LOB

10:00 AM

**Regulatory Reform (House)**

643 LOB