

ALERTS

North Carolina Legislative Report - June 3, 2016

June 3, 2016

Lawmakers returned to Raleigh for the Regular Session April 25, 2016. The MVA Public Affairs Legislative Report on North Carolina will be distributed weekly during session to keep you up to date on the latest legislative issues facing the state.

On The Floor

For legislative action lookup by day, click below:

- [Bills with House Action by Day](#)
- [Bills with Senate Action by Day](#)

Committee Meetings

HOUSE OF REPRESENTATIVES

House Transportation Committee

The Committee met on Wednesday, June 1, to take up HB 954, Terminate Agreement for Tolling of I-77. HB 954 directs DOT to terminate the I-77 toll lanes agreement, directs that State funds in the reserve account be used to pay damages and penalties resulting from cancellation of the contract, suspends specific DOT projects in Mecklenburg County and directs remaining funds in the reserve account to fund the suspended projects. The Committee moved the bill out without prejudice, meaning they didn't recommend a favorable or unfavorable report. The bill moved through the House Appropriations Committee in the same manner and was passed on the floor by a vote of 81-27.

House Health Committee

The Committee met on Wednesday, June 1, and heard a presentation from the Department of Health and Human Services. The Department provided an overview of the waiver application it will submit to the federal Centers for Medicare & Medicaid Services (CMS) with respect to Medicaid reform efforts in the State. Approval by CMS is necessary for these reform efforts to proceed.

SENATE

NORTH CAROLINA LEGISLATIVE REPORT - JUNE 3, 2016

Senate Commerce Committee

The Committee met on Tuesday, May 31, and approved two bills. HB 151, Vacation Rentals/Orange Co. Jail Construction, seeks to amend the Vacation Rental Act to clarify the role of real estate brokers in transactions between landlords and tenants, to protect members of the Armed Services by allowing termination of rental agreements upon transfer or redeployment, to clarify the procedure for awarding and collecting certain court fees in eviction proceedings, and to allow amendments to a lease of real property to Orange County to facilitate jail construction. HB 469, Sunset Beach/Parking Meter Proceeds, seeks to amend the charter of the Town of Sunset Beach to allow the town to use proceeds from on-street parking meters in the same manner in which proceeds from off-street parking facilities are used.

Senate Select Committee on Nominations

The Committee met on Tuesday, May 31, and approved one bill. HJR 1018, Confirm Commissioner of Banks, is a joint resolution that confirms the Governor's reappointment of Raymond E. Grace to the Office of the Commissioner of Banks.

Senate Finance Committee

The Committee met twice this week on Tuesday, May 31, and Wednesday, June 1. On Tuesday, the Committee took up eight bills. The Senate quickly approved six local bills: SB 727, Moore County Local Sales Tax Use Restriction; SB 733, Town of Proctorville/Sewer Fee Collections; SB 852 Town of Bakersville/Town of Clyde/Deannex; SB 874, Sanford/Harnett OT; SB 875 Town of Sunset Beach/Deannexation; and HB 469 Sunset Beach/Parking Meter Proceeds. Next, the Committee approved SB 867, Protect Students in Schools. That bill would authorize the State Board of Education, local boards of education, regional school boards of directors, and charter school boards of directors to require an applicant for teacher licensure or personnel position to be checked for a criminal history. The bill was in the Finance Committee because it authorizes a fee to conduct the criminal history check. Finally, the Committee had a great deal of discussion on SB 870, Refine Sales & Use Tax on RMI, but did not take a vote on the bill. The bill would treat similar transactions involving repair, maintenance, and installation services the same, identify taxable transactions more clearly, and provide a grace period for retailers who provide repair, maintenance, and installation services.

On Wednesday, the Committee approved HB 1030, 2016 Appropriations Act. The bill included the following finance related provisions:

- Increases the standard deduction by \$2,000 over two years for taxpayers filing a joint return, and a comparable amount for taxpayers filing separately, single, and head of household. This provision would be effective for taxable years beginning on or after January 1, 2016.
- Includes parts and accessories of specialized equipment used to unload and process bulk cargo at a port facility as part of the Article 5F tax base, effective retroactively to July 1, 2013.
- The use of market-based sourcing for multistate income tax apportionment, effective for taxable years beginning on or after the later of (i) the first taxable year in which the corporate income tax rate is 3%, or (ii) January 1, 2018.

NORTH CAROLINA LEGISLATIVE REPORT - JUNE 3, 2016

- Revisions to the sales tax on repair, maintenance, and installation services. The bill would treat similar transactions the same, identify taxable transactions more clearly, and provide a grace period for retailers who provide repair, maintenance, and installation services. In addition, the bill would exclude, from the definition of RMI services, real property contracts for capital improvements and it would not include a statutory limitation on what transactions may be considered capital improvements. Under the definition of capital improvement, almost any installation of tangible personal property to real property would be construed as a capital improvement, regardless of whether it is new construction, reconstruction, remodel, or renovation of the property.
- Provides an effective cap on the amount of sales and use tax payable on a RMI service provided for a boat or aircraft, effective July 1, 2016.
- Repeals the \$17.6 million State contribution that is allocated to all 100 counties as part of the 2% local option sales tax revenue. The State contribution was enacted last session as part of the legislation to distribute additional sales tax revenue to certain counties.

Senate Appropriations/Base Budget Committee

The Committee met on Wednesday, June 1, and approved its version of the budget. The full Senate passed the budget bill in votes taken on Thursday afternoon and shortly after midnight on Friday morning. The House and Senate will form a conference committee to work out the differences between the two different versions of the budget and come to compromise on a final budget.

In The News

- Associated Press: Judges won't stop use of North Carolina congressional lines
- Charlotte Observer: UNCC Economist says state's economy will grow at a slower pace in 2017
- Associated Press: North Carolina House wants I-77 toll lane project canceled
- Associated Press: Under veto threat, lawmakers give final OK to coal ash bill
- WRAL: Senate gives final approval to \$22.2B spending plan

Legislative Calendar

Mon, June 06, 2016

4:00 PM

Ethics (House)

State Ethics Comm. Revisions. (H1055)

415 LOB

7:00 PM

NORTH CAROLINA LEGISLATIVE REPORT - JUNE 3, 2016

Session Convenes (House)

House

7:00 PM

Session Convenes (Senate)

Senate

Tue, June 07, 2016

10:00 AM

Judiciary I (Senate)

Felony Death Imp. Boating/Sheyenne's Law. (H958)

1027/1128 LB

10:00 AM

Agriculture (House)

Amend Industrial Hemp Definition. (For Discussion Only) (H992)

643 LOB

1:00 PM

Judiciary II (House)

Body-Worn & Dashboard Cameras/No Public Record. (H972)

Authorize APO Studies. (H948)

Occupational Licensing Board Contact Info. (H949)

421 LOB

1:00 PM

Elections (House)

Uniform Time Frame to Canvass Votes/CBOEs. (H1129)

Partisan Election/Transylvania Bd. of Ed. (H1133)

NORTH CAROLINA LEGISLATIVE REPORT - JUNE 3, 2016

544 LOB

Wed, June 08, 2016

10:00 AM

Judiciary IV (House)

Conform Full-payment Check Law to UCC. (H1060)

Preserve Tenancy by the Entirety. (H1061)

Fiduciary Access to Digital Assets. (H1062)

1228/1327 LB

11:00 AM

Rep. Stevens - Press Conference

Press Room LB

12:30 PM

Judiciary I (House)

Expunction/Boat Violation. (S570)

Statewide Standing Order/Opioid Antagonist. (S734)

415 LOB

12:30 PM

Judiciary III (House)

Zip Line and Challenge Course Safety Act. (H1043)

421 LOB

12:30 PM

Rep. Adcock

Press Room LB

Tue, June 14, 2016

NORTH CAROLINA LEGISLATIVE REPORT - JUNE 3, 2016

9:00 AM

Senator Smith-Ingram Press Conference

Press Room LB