

# ALERTS

## North Carolina Legislative Report - June 1, 2012

May 28 - June 1, 2012

### *On the Floor*

Despite having only three work days this week, the General Assembly remained full steam ahead. The House and the Senate both took up key pieces of legislation most notably the House version of the budget (H 950), which passed the House with a veto-proof majority. The Senate continued its push for education reform by giving 2nd reading approval to the Excellent Public Schools Act (SB 795) and has been calendared for final approval by the Senate next Monday.

Here are some key bills that moved in the House and Senate this week:

**H950 - Modify 2011 Appropriations Act** (Passed 2nd and 3rd reading in House 5/30/2012, sent to Senate) The \$20.3 billion budget passed after over eight hours of debate and after considering over 20 different amendments. K-12 education received over \$400 million to make up for reduced federal spending and projected payments to the state treasury. A one-time bonus for teachers and state employees was included in the budget and includes an extra five days of vacation for state employees.

**H952 - State Air Toxics Program Reforms** (Passed 3rd reading in House 05/29/2012, Referred to Senate) This bill exempts from state air toxics emissions controls those sources of emissions that are subject to certain federal emissions requirements. The Department of Environment and Natural Resources is directed to develop a permit process for emissions the Division of Air Quality determines to be unacceptable risks to human health.

**S795 - Excellent Public Schools Act** (Passed 2nd reading in Senate 31-15, awaiting 3rd reading before being sent to House)

Earlier this year the Governor authored a new Tribal and Gaming compact with the Eastern Band of Cherokee Indians that would allow class III gaming on Indian properties. This bill codifies that agreement and legislates that the revenue owed to the State generated by the gaming options will be used towards education funding.

**S810 - Regulatory Reform Act of 2012** (Passed 3rd reading and sent to the House on 5/31/2012)

After entertaining and adopting several amendments, the second regulatory reform act in as many years passed Thursday. The bill requires agencies that perform permitting processes to track and report the time it takes for each step of the process. This type of self-audit will help lawmakers see where reforms can be made to ease the process of getting permits from government agencies.

**S582 – Authorize Indian Gaming/Revenue** (Passed 2nd reading 66-49, awaiting 3rd reading on 6/05)

An odd coalition of socially conservative House Republicans and liberal Democrats spent hours wailing on the new compact signed with the Eastern Band of the Cherokee Indians and encouraging their fellow members to vote against the newly authorized bill. The current bill would allow live-dealer gaming at Cherokee casino's. Amendments to the compact, which was pushed to the floor without a committee meeting, will be considered during third reading next week.

## *Committee Highlights*

To view more information about each committee meeting, please click on the relevant committee below.

### **Senate Commerce Committee**

**Clean Energy and Economic Security Act** – The Senate Commerce Committee met on Thursday afternoon to begin debate on the Clean Energy and Economic Security Act (S810). With a partner bill filed in the House, it appears that the legislation was crafted in such a way to build support for the legalization of fracking. In the current versions of the bill, horizontal drilling would no longer be illegal in North Carolina, but a moratorium on the practice would be indefinitely in place. An existing mining commission would be changed to oversee fracking permits and would have to draft rules to be considered by October 1, 2014.

### **Senate Finance Committee**

**Corporate Taxes** – The state Department of Revenue would surrender some of its ability to collect income taxes from corporations, under a bill the Senate Finance Committee approved Wednesday. Last year the General Assembly voted to give corporations a way to defend those tax structures if there was a "reasonable business purpose" to them, that is the shifting of money into tax shelters such as income tax-free states.

## *In the News*

**Education Reform** - The state Senate is poised to approve sweeping changes to public schools that would prevent most third-graders who don't read well from being promoted, end teacher tenure and give schools A through F letter grades based on performance. The proposal won tentative approval 31-15 along party lines Thursday. Democrats argued that new limits on job security would make teachers' jobs vulnerable to complaining parents and vindictive principals, and that the letter grades stigmatize rural schools as failures. Republicans urged "bold action" to improve academic performance, specifically, to have children reading at grade level by the time they enter fourth grade.

**Edwards Mistrial** - The trial of former presidential candidate John Edwards on alleged campaign finance violations ended in a mistrial Thursday when jurors acquitted him on one of six charges but were unable to decide whether he misused money from two wealthy donors to hide his pregnant mistress. "While I do not

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believe I did anything illegal, or ever thought I was doing anything illegal, I did an awful, awful lot that was wrong and there is no one else responsible for my sins," Edwards said on the courthouse steps.

**Cherokee Gambling** - A divided House gave tentative approval Thursday to changes to North Carolina gambling laws that would allow live table games at the Cherokee Indian casino. The chamber voted 66-49 in favor of the Senate bill easing state gambling restrictions so the Harrah's Cherokee casino can offer games like poker, craps and roulette, in accordance with a recent compact between the tribe and Gov. Beverly Perdue. Gamblers can already play electronic forms of the games at the casino.

**Fracking Bills** - Advocates of fracking have fashioned identical bills in the House and Senate in hopes of minimizing squabbles as they push to legalize the controversial method of extracting natural gas. Sen. Bob Rucho, R-Mecklenburg, presented the legislation to colleagues on the Senate's Commerce Committee Thursday, saying the bill is ready for debate and should be put to a vote Tuesday. If approved by the committee, it would next go to the full Senate. Supporters in the House are also expected to urge quick action on an identical piece of legislation in that chamber. Rucho touted the pair of fracking bills as "the very finest regulation, bar none, in the country." The measures would legalize hydraulic fracturing and horizontal drilling - the two methods used to release natural gas from shale rock formations - after state agencies hash out regulations to protect the public and the environment. Such mining operations have generated protests, litigation and moratoriums in other states. Rucho said any concerns can be addressed as the bills are debated next week.

**Dental Practice** - Add an arm of the Federal Trade Commission to the list of opponents to a state Senate bill designed to tighten regulations on dental practices. FTC staffers analyzed Senate Bill 655 and determined it "may deny consumers of dental services the benefits of competition spurred by the efficiencies that (dental service organizations) can offer, including the potential for lower prices, improved access to care, and greater choice." There has been intense lobbying on the state level against the legislation, which won Senate approval last year. The bill, which is being pushed by the N.C. Dental Society and the state dental examiners board, puts tougher restrictions on dental management companies.

**Gas Tax** - The House on Thursday unanimously gave tentative approval to legislation that would cap the state's gasoline tax at a lower rate for one year while delaying new and higher tolls on state ferry routes for the same period. The bill would prevent the gas tax from going above 37.5 cents per gallon through June 2013. The gas tax is recalculated automatically twice annually based on wholesale gas prices. The current tax of 38.9 cents was already expected to fall come July. A final House vote will come next week.

**DNC Funds** - Charlotte's host committee has recruited former President Bill Clinton to help raise the \$36.6 million it will take to pay for the upcoming Democratic National Convention in Charlotte. On June 14, Clinton will be the special guest at an "intimate lunch" in Beverly Hills, Calif. Tickets start at \$25,000 per couple and go to \$100,000, according to the invitation. The event, sponsored by the Charlotte in 2012 host committee, will be held at the home of Cheryl and Haim Saban. Haim Saban is a wealthy entertainment industry mogul who, according to a 2012 article in The New Yorker magazine, lives in a 23,000-square-foot French-style country manor house.

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**Unemployment Debt** - A legislative plan to repay the state's multi-billion dollar debt for unemployment insurance could add workers to the unemployment rolls. Last week, a House budget subcommittee approved a measure that would have all the money from the State Employment Security Reserve fund go to pay interest and principal on the unemployment loan debt, which fluctuates around \$2.7 billion.

**Romney Campaign backs NC Fracking** - With the state Senate taking up a bill to allow shale exploration for natural gas or fracking, the campaign of GOP presidential candidate Mitt Romney has offered a word of encouragement.

"President Obama promised to help create jobs and grow our economy, but the American people are still waiting for results," Robert Reid, spokesman for Romney's state campaign said in a statement. "He says he's for an all-the above energy strategy, but his administration has prevented the development of American energy and infrastructure, including the empowerment of 13 different federal agencies to regulate fracking."

**Pre-K Changes** - Days before a North Carolina appeals court takes up whether every needy child must be given pre-kindergarten education, state lawmakers are reversing some of the language in the bill that prompted the lawsuit. Senate leader Phil Berger, R-Rockingham, said Wednesday senators want to take back last year's changes to the North Carolina Pre-K program that a judge said violated the state's duty to give every child a chance at a sound, basic education. The state Court of Appeals hears arguments in that case on Tuesday.

**Mortgage Settlement** - The North Carolina House budget, which was approved Wednesday, could use nearly \$23 million from a blockbuster legal settlement with the nation's largest mortgage servicers to plug budget gaps, joining dozens of states in redirecting money intended to help struggling homeowners. Though law enforcement and housing advocates will still receive the millions directed to them in the settlement, the House budget also encourages state agencies to use settlement dollars to make up for cuts in other places.

**Eugenics Compensation** - A bill to compensate people sterilized against their will through a state-sponsored program decades ago has cleared another North Carolina House committee, despite concerns from some Republicans about the plan's ultimate price tag. The House Appropriations Committee voted Tuesday for the measure that would set aside \$11 million next year to pay remaining survivors of North Carolina's eugenics program \$50,000 each. The bill cleared two committees last week. Its next stop is the House floor. Several thousand people between 1933 and 1974 received surgeries that left them unable to reproduce. Up to 2,000 may be alive, although a state foundation so far has confirmed 118 are still living.

**Lunch Police** - By a unanimous vote, the Senate has approved a measure that exempts preschoolers' lunches from nutritional standards if the lunch is brought from home, and bans preschools from providing food or drink if parents are supplying food and have opted out of the school's program. The measure now moves to the House for a concurrence vote.

### Mon, June 04, 2012

5:00 PM

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Rules, Calendar, and Operations of the House (House)

House Resolution Honoring Retiring Members of the House

5:30 PM

Session Convenes (House)

7:00 PM

Session Convenes (Senate)

### Tue, June 05, 2012

9:00 AM

Finance Subcommittee on Occupancy Tax (House)

Jackson Co. Occupancy Tax Changes. (H991)

Fontana Dam Occupancy Tax. (H1087)

10:00 AM

Education (House)

Use Moore School Buses for 2014 US Open. (H1065)

Simplify School Beverage Contract Bids. (H1096)

Ed. Employees Ass'n./Equal Access Act. (S755)

No Liability for Private Schools. (H964)

10:00 AM

Judiciary II (Senate)

Review DV Program Participation. (H176)

DWLR Penalties Increased/Vehicle Seizures. (H451)

No In Person Service Required/50C Orders. (H660)

Strengthen Child Safety Laws/Care Facilities. (H737)

Amend Lab Accreditation Effective Date. (H741)

Pseudoephedrine Amount Clarifications. (H941)

10:00 AM

Health and Human Services (House)

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Partnership for Children Participant Records. (H1056)  
LME/MCO Governance. (H1075)  
Provisional Licensure Changes Medicaid.-AB (H1081)  
Streamline Oversight/DHHS Service Providers. (S525)  
S525 will be a PCS entitled "Critical Access Behavioral Health Agencies".

12:00 NOON

State and Local Government (Senate)

Foxfire Village Assessment Validated. (H224)  
Sampson-Delinquent Taxpayers. (H296)  
Clay County Courthouse. (S818)  
Iredell Register of Deeds Satellite Office. (S830)  
Durham City Assessments. (S848)  
Add Stokes Cty to Tax Cert Before Recordation. (S857)  
Pilot Mountain Even-Year Municipal Elections. (S859)

12:00 NOON

Program Evaluation (Senate)

State Leased Space/Study Commission. (S612)  
Effective Utilization of PED. (S841)  
Boards & Commissions Efficiency Act of 2012. (S851)  
Accountability for Taxpayer Investment Act. (S877)  
Smarter Gov/Business Intelligence Initiative. (S878)  
Establish Efficiency & Cost-Savings Commn. (S879)  
Public Infrastructure Oversight Commission. (S915)

12:00 NOON

Transportation (House)

NC Transportation Museum Special Plate. (H957)  
Special Plate for Retired Register of Deeds. (H990)  
Special Plate for Town of Matthews. (H992)  
Special Motorcycle Plate for Vietnam Veterans. (H1006)  
American Flag Special Plate. (H1137)  
RiverLink Plate. (H1141)  
Jury Service/Exempt From Ferry Tolls. (H961)  
License Plate Background. (H1035)  
DOT/DENR Study Expedite Water Quality Reg. (H1036)  
Modify Weight Limits for Farm Operations. (S749)

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1:00 PM

Agriculture (House)

ETJ/Definition of Bona Fide Farm Purposes. (S380)

Agricultural Regulatory Reform. (H1093)

Continue Local Food Advisory Council. (H1094)

1:00 PM

Rep. Faison/Press Conference

### Wed, June 06, 2012

10:00 AM

Insurance (Senate)

State Health Plan/Add Schools. (H244)

10:00 AM

Judiciary Subcommittee A (House)

Directed Trustee and Trust Protector. (S434)

Buyer Choice/Title Insurer & Closing Atty. (S518)

Transfer Evidence Warehouse to DPS. (H968)

10:00 AM

Judiciary Subcommittee B (House)

Justice Reinvestment Clarifications. (H1021)

License Plate Agency Contracts. (PCS regarding continuous alcohol monitoring) (S661)

Div. of Criminal Information (DCI) Changes. (S699)

Mechanics Liens/Payment Bond Reforms. (For Discussion Only) (H1052)

10:30 AM

Pensions & Retirement and Aging (Senate)

No Public Retirement for Convicted Felons. (H153)

Firemen's Retirement Fund/Board Membership. (S929)

11:00 AM - 1:00 PM

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Mental Health & Youth Services (Senate)

Enact First Evaluation Program. \*PCS New Title: Adult Care Home Pilot/Buncombe County (H423)

LME Governance. (S875)

Discussion on the implementation of SL 2011-264 Statewide Expansion of 1915 (b)/(c) Waiver

Discussion on LME/MCO Hospital Contracts

11:30 AM

Sen. Ellie Kinnaird / Healthy Air Press Conference

1:00 PM

Redistricting (House)

Repair Guilford Local Act. (S799)