

# ALERTS

## North Carolina Legislative Report - June 7, 2013

June 1 - 7, 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 279 Transfer Environmental Permits.**  
6/7/13 - Concurred in Senate Commerce Subcommittee; ordered enrolled.
- **H 998 Tax Simplification and Reduction Act**  
6/7/13 - Passed second House reading.
- **H 76 Authorize Various Special Plates**  
6/7/13 - Passed second House reading.

### *Committee Meetings*

#### **Senate Education Committee**

The Senate Education Committee met Wednesday to take up four House bills. H 255, UNC Tuition Surcharge/ Advance Notice, provides that certain courses and credit hours transferred to a school in the UNC System shall not be included in the calculation of the tuition surcharge. It also requires the UNC System to provide advance notice to students when they are approaching the credit hour limit regarding the surcharge. HB 255 received a favorable report and placed on the Senate calendar for June 11. H 587 OCS/ECS/Exemption from ACT, requires an alternative ACT and plan precursor test for certain students. H 587 received a favorable report and was placed on the Senate calendar for June 11. H 691, Limit Soldiers Community College Tuition, waives the cost difference between out of state tuition for North Carolina community colleges and the amount of tuition assistance available from the Department of Defense. The waiver only applies to active duty members who were previously enrolled in a degree program at the time of deployment. H 691 received a favorable report and was referred to the Senate Appropriations Committee. H 754, Lease Purchase of Real Property/Community College, authorizes community colleges to acquire real property by lease purchase. H 754 received a favorable report and was referred to Senate Finance.

#### **Senate Finance Committee**

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The Senate Finance Committee met on Wednesday, June 5. The Committee approved the following bills: H 200 - Require Certain General Reappraisals; H 248 - Taxpayer Debt Information Act; H439 - Economic Development Jobsites Program; H 664 - Cell Tower Deployment Act; H 743 - UI Laws Administrative Changes; H 817 - Strategic Transportation Investments; S 312 - Referendum on Incorporating Lake James; and S 571 - Authorize Various Special Plates.

**Senate Commerce Committee**

The Senate Commerce Committee met twice this week on Tuesday, June 4, and Thursday, June 6. On Tuesday, the Committee approved the following bills: H 278 - HOAs/Voluntary Prelitigation Mediation; H 315 - Plastics Labeling Requirements; H 610 - Modify Requirements for In-Stand Beer Sales; H 774 - Building Code Exclusion/Primitive Structures; H 793 - HOAs/Fidelity Bonds; and H 829 - Sale of Growlers by Certain ABC Permittees. On Thursday, the Committee approved the following bills: H 223 - Electric Membership Corps/Member Control; H 390 - State IT Governance Changes - AB; H 629 - Amend Definition of Special Purpose Project; and H 662 - Limited License/Install Backflow Assemblies.

**House Public Utilities Committee**

The House Public Utilities Committee met Wednesday to take up two bills. S 9, Utilities/Design/Survey Location Services, requires utility owners to locate and describe underground utilities upon request from persons responsible for designing or surveying underground facilities or requires a general description and location of existing underground facilities in an area. S 9 received a favorable report and was calendared for Friday, June 7. S 378, Assess Propane Dealers/Distributors, authorizes a referendum of propane and distributors regarding a voluntary assessment on propane to provide funding for promotional, educational and other programs of the industry. S 378 received a favorable report and was referred to the House Finance Committee.

**House Commerce Committee**

On Wednesday, the House Commerce Committee met and passed one bill out of the committee. S 76, the Domestic Energy Jobs Act, was discussed in the committee and significant changes were included in the version that passed the committee compared to the original bill out of the Senate. The committee heard one amendment, which would have moved the Energy Jobs Council outlined in the bill from the Department of Environment and Natural Resources to the Department of Commerce. The amendment failed 22-28. The committee also heard from several speakers, including DENR Secretary, John Skvarla, who said he supports the bill as currently written.

The version that passed out of the committee restored the requirement that the General Assembly will have to vote to approve the final rules before any hydraulic fracturing can take place in North Carolina. The committee substitute also removed the language that would allow for deep well injections. The House version restored the requirement for DENR to have a "landman registry" for those who will broker mineral rights deals with landowners and operators. The House bill also includes more bonding funds to cover potential damages to landowners and localities than the Senate bill.

**House Appropriations Subcommittee Meetings**

Today, all of the House Appropriations Subcommittees met to review each subcommittee's budget recommendations. Subcommittees allowed an opportunity for members to offer amendments. The full budget will be posted online this weekend, including any changes due to amendments. Next week, the House plans to take the budget bill up in House Appropriations Committee on Tuesday and then on the House floor Wednesday and Thursday.

**Tax Reform**

Tax reform took its first concrete steps forward this week. A proposed committee substitute was before the House Finance Committee on Tuesday. Three amendments were offered in that committee. The "Howard amendment" increased the cost of the proposal by allowing a full deduction for mortgage interest expenses, charitable contributions, and property taxes on real estate. It was approved on a voice vote with strong support. The original PCS had limited the deduction for mortgage interest expense and charitable contributions and allowed no deduction for property taxes. The amendment increased the cost of the proposal by over \$525 million per year. Another amendment failed to be approved by a split vote of 15-15 and would have repealed the film production tax credit early. The PCS with the Howard amendment was then approved by the committee. The bill was then referred to the House Appropriations Committee on the floor of the House that afternoon. On Wednesday, a new PCS was offered in House Appropriations. That PCS made several corrections, but the biggest impact of the PCS was the removal of the Howard amendment. Members of the Appropriations Committee voted 44-34 not to have the PCS before them for discussion, effectively ending public debate on the bill for the day. On Thursday, the bill was back before the House Appropriations Committee with a new PCS. That PCS addressed some of the issues that were raised in the Howard amendment and was approved by the committee. On Friday, the bill was on the House floor for debate. After much debate, the bill was given preliminary approval by a vote of 72-32, almost entirely along party lines. Key provisions of the 3rd Edition of the bill include:

- Reduction of personal income tax rates to 5.9%. Rates currently range from 6% to 7.75%
- An increase in the standard deduction amount coupled with elimination of personal exemptions.
- An increase in the child tax credit.
- Itemized deductions would be allowed for a) mortgage interest expenses and property taxes on real estate up to \$25,000 for a married couple filing a joint return (lower thresholds for other filing statuses) and b) the full amount of charitable contributions.
- Reduction of the corporate income tax rate from 6.9% to 5.4% over 5 years.
- Reduction of the corporate franchise tax rate from 0.15% to 0.135%.
- Extension of the sales and use tax to movies and entertainment; service contracts; and alteration, maintenance, repair, cleaning, and installation of tangible personal property.
- Elimination of special taxes on electricity and piped natural gas and the imposition of a State sales tax on these items at the rate of 7%.

### *In the News*

- Charlotte Observer: 70,000 North Carolinians to lose federal unemployment benefits in June
- News&Observer: NC Attorney General to fight Progress rate increase in court
- AP: NC Legislative dustups align McCrory with House
- News&Observer: 2014 GOP Senate field sees Hagan's seat as a top target
- News&Observer: Tills intends to remain speaker amid his Senate campaign
- Charlotte Business Journal: NC Decision against Medicaid expansion could be costly
- AP: Former Rep. Grier Martin back in NC House
- AP: House speaker gives budget timeline
- News&Observer: Brad Miller joins DC think tank
- News&Observer: N.C. Public Charter Schools Association opposes separate charter board
- Charlotte Observer: NC House lawmakers balk at new version of tax plan
- AP: NC House tentatively approves loan rate increases
- News&Observer: Medicaid billing system preparing to launch
- News&Observer: Movement against Common Core education standards hits NC
- Charlotte Observer: Airport advances after 'impasse' with city leaders

### *Legislative Calendar*

Fri, June 07, 2013

7:30 AM

Appropriations Subcommittee on Information Technology -- CORRECTED (House)

425 LOB

8:30 AM

Appropriations Subcommittee on Transportation (House)

1228/1327 LB

8:30 AM

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**Appropriations Subcommittee on General Government (House)**

1425 LB

8:30 AM

**Appropriations Subcommittee on Justice and Public Safety (House)**

415 LOB

8:30 AM

**Appropriations Subcommittee on Education (House)**

421 LOB

8:30 AM

**Appropriations Subcommittee on Natural and Economic Resources (House)**

424 LOB

8:30 AM

**Appropriations Subcommittee on Health and Human Services (House)**

643 LOB

10:00 AM

**Session Convenes (House)**

House

10:00 AM

**North Carolina General Statutes Commission**

1027/1128 LB

11:00 AM

**Appropriations Subcommittee on Transportation -- CANCELLED (House)**

1228/1327 LB

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11:00 AM

**Appropriations Subcommittee on Health and Human Services (House)**

643 LOB

12:00 PM

**Appropriations Subcommittee on General Government (House)**

1425 LB

12:00 PM

**Appropriations Subcommittee on Justice and Public Safety (House)**

415 LOB

1:00 PM

**Appropriations Subcommittee on Education (House)**

421 LOB

**Mon, June 10, 2013**

4:00 PM

**Conference Committee on House Bill 13**

State Agency Property Use/Biennial Report. (H13)

544 LOB

7:00 PM

**Session Convenes (House)**

House

7:00 PM

**Session Convenes (Senate)**

Senate

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### Tue, June 11, 2013

8:30 AM

#### **Appropriations (House)**

Appropriations Act of 2013. (S402)

643 LOB

10:00 AM

#### **Judiciary II (Senate)**

Court Improvem't Project Juv Law Changes. -AB (H350)  
No Possession of Firearms/Undocumented Aliens. (H465)  
Suspension Removed When Eligibility Met. (H611)  
Background Checks for Firefighters. (H698)  
Possession of Needles/Tell Law Officer. (H850)  
Grand Jurors/Service. (H879)

1124/1224 LB

10:30 AM

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

Community Service/Post-Release Supervision. (S494)

1228/1327 LB

11:00 AM

#### **Commerce (Senate)**

Blding Codes: Local Consistency/Exempt Cable. (H120)  
Reinstate 2009 Energy Conservation Codes. (H201)  
Transitional Mortgage Loan Originator. (H616)  
Omnibus State IT Governance Changes. (H700)

1027/1128 LB

11:00 AM

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

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Marine Fisheries Rulebook Production. (H548)  
NC Agriculture and Forestry Act. (H614)  
NC Seafood Park/Name Change. (H686)

544 LOB

12:00 PM

### **State and Local Government -- CORRECTED (Senate)**

Establish Ombudsman/Foster Care/Gaston County. (H68)  
Clarify Pender County ABC Laws. (H234)  
Buncombe Cty/Community College Projects. (H501)  
Cramerton Charter Revisal. (H562)  
Public Contracts/Construction Methods/DB/P3. (H857)

1124/1224 LB

12:00 PM

### **Transportation -- CANCELLED (House)**

Motor Vehicle Safety Inspector Law Change. (S717)  
Suspend Truck Inspection/Severe Weather. (S377)  
CDL Changes. (S461)  
Prohibit Aftermarket HID Headlights. (S493)  
Bioptic Lenses for Drivers License Tests. (S568)  
Allow DOT to set Max. Speed of 75 MPH. (S709)  
ID Card for Homebound Persons. (S712)

643 LOB

1:00 PM

### **Finance (Senate)**

Tax Reform presentations by Brent Lane, Ben Russo, Roby Sawyer, and Mike Walden.

544 LOB

1:00 PM

### **Agriculture (House)**



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Landowners/Lessees May Trap Coyotes. (S376)  
Wildlife Resources Comm. Penalty Changes. (S636)  
NC Farm Act of 2013. (S638)

643 LOB

### Wed, June 12, 2013

8:30 AM

#### **Finance (House)**

544 LOB

10:00 AM

#### **Judiciary Subcommittee A (House)**

Young Offenders Rehabilitation Act. (H725)  
Guaranteed Asset Protection Waivers. (S358)  
WC/Cancellation Procedure Changes. (S614)

1228/1327 LB

11:00 AM

#### **Health Care -- CORRECTED (Senate)**

Medicaid County of Residence. (H867)  
Expand Pharmacists' Immunizing Authority. (H832)  
Chiropractic Assistant Certification/Fee.-AB (H371)

544 LOB