

# ALERTS

## North Carolina Legislative Report - November 15, 2013

November 9-15, 2013

The General Assembly has officially completed its business for the 2013 long session. The 2014 short session will begin on Wednesday, May 14, 2014. The MVA Public Affairs Legislative Report on North Carolina will be distributed bi-weekly to keep you up to date on the latest legislative issues facing the state during the interim.

### *Committee Meetings*

#### **Joint Legislative Commission on Energy Policy**

On November 5th, the Joint Legislative Commission on Energy Policy met in Raleigh. Representative Mike Hager (R-Burke, Rutherford) presided over the meeting. The first portion of the meeting focused on the modernization of oil and gas statutes. Ben Norris, Counsel for the American Petroleum Institute, and James Rankin, an attorney with Perkins and Trotter, gave presentations on options for modernizing the state's oil and gas statutes. Theodore Feitshans, an Extension Associate Professor with the Department of Agricultural and Resource Economics at NC State University gave a presentation on issues associated with ancient mineral rights.

Following that discussion, representatives from Blu and Clean energy Fuels gave presentations on how compressed natural gas (CNG) and liquefied natural gas (LNG) can be used for transportation purposes.

Finally, Ken Valentine, Vice President of Business Development and Technology Services for Piedmont Natural Gas, and George Ratchford, Vice President of Gas Operations for PSNC, gave presentations on current natural gas utilities and services in North Carolina.

#### **Administrative Procedure Oversight Committee**

The Joint Legislative Administrative Procedure Oversight Committee met on Tuesday, November 5. The meeting began with an overview of the rulemaking process. Next, staff to the Committee provided an update on legislative actions affecting administrative procedures during the 2013 Regular Session. The highlight of the meeting was a presentation given to the Committee by Molly Masich, the Codifier of Rules. Ms. Masich described the process that agencies will follow in reviewing all existing rules as required by legislation enacted during 2013. Ms. Masich anticipates that the initial review will proceed over a five-year period with approximately 5,000 of the 23,000 rules reviewed annually. The Rules Division of the Office of Administrative Hearings has been working closely with the various agencies and licensing boards to develop a schedule. In particular, the Division has worked with the three agencies with the most rules - the Department of Health and Human Services (which has about 5,500 rules), the Department of Environment and Natural Resources (which

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has about 2,500 rules), and the Department of Agriculture and Consumer Services.

**Workforce Development System Reform Oversight Committee**

The Joint Legislative Workforce Development System Reform Oversight Committee met on Tuesday, November 5. The meeting focused on an overview of current State and local efforts with respect to workforce development. Several presentations highlighted how the State has begun to streamline the process of providing workforce development services - for example, by reducing the number of State agencies involved in providing services. Representatives of local workforce development boards gave presentations highlighting some of the successes and challenges of these boards in diverse areas of the State.

**Revenue Laws Study Committee**

The Revenue Laws Study Committee met on Tuesday, November 12. The Committee took up three items. First, staff presented a draft bill containing clarifying changes related to 2013 tax reform efforts. The intent of the bill was to address issues that have arisen with respect to some of the changes enacted this past session. Items included in the draft legislation deal with the sales tax on meal plans, newspapers, service contracts and admissions; the repeal of income tax credits related to land conservation and property tax paid on farm machinery; the personal income tax deduction for mortgage interest expense and real property taxes; and the income tax deduction for certain equipment purchases. The changes with respect to sales tax on admissions were recommended by a subcommittee of the Committee. Staff provided a report on the application of the sales tax to tangible personal property used in performance contracts. Performance contracts involve the permanent installation or attachment of tangible personal property to real estate. Finally, staff also provided a report on State revenue distributions to local governments and the history of those distributions.

**Emergency Management Oversight Committee**

The Joint Legislative Emergency Management Oversight Committee held its first meeting on Thursday, November 14. The Committee heard presentations from the Division of Emergency Management with the Department of Public Safety, the North Carolina National Guard, and the State Highway Patrol on the different responsibilities of each of those agencies with respect to preparing for and responding to emergencies locally, regionally, Statewide, and nationally. The meeting concluded with a tour of the facilities at the Joint Force Headquarters, which houses both the North Carolina National Guard and the Division of Emergency Management.

**Justice and Public Safety Oversight Committee**

The Joint Legislative Oversight Committee on Justice and Public Safety met on Thursday, November 14. The first part of the meeting focused on issues related to alcohol regulation and included presentations from the Division of Alcohol Law Enforcement and the Alcoholic Beverage Control Commission. Particular areas of concern addressed in both presentations were the prevention of underage drinking and the regulation of private clubs within the State. Next the Committee heard a presentation on the use of technology to facilitate communications between inmates and their attorneys. The technology allows for secure, encrypted remote communication between inmates and counsel. It allows counsel to effectively share evidence (such as surveillance video or video taken from dashboard cameras) with inmates, which may encourage plea

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bargains in some cases. It also may improve efficiency as lawyers are not required to travel to detention centers and submit to security procedures, thus saving time and allowing attorneys to focus more on legal representation. Finally, the committee heard reports on the use of motor vehicles by the Department of Public Safety. The report focused on issues faced by probation and parole officers. Vehicles used by these officers are managed by the State's Motor Fleet Division within in the Department of Administration. The Department of Public Safety has argued that these vehicles should be treated more like law enforcement vehicles which are not managed by the Motor Fleet Division because of special needs associated with these vehicles (for example, the installation of cages, firearm or ammunition boxes, and specialized computer or telecommunications equipment).

### **Joint Legislative Economic Development & Global Engagement Oversight Committee**

The oversight committee met Thursday, November 7 to hear updates from the Department of Commerce as well as review North Carolinas competitive outlook. Commerce Secretary Sharon Decker and Assistant Secretary Dr. Patricia Mitchell each gave brief updates regarding the department as well as the Rural Economic Development Division. Governor McCrory's senior advisor Tony Almeida gave a quick update regarding the Commerce Department's continued strategic planning of the reorganization effort.

### **Environmental Review Commission**

The Environmental Review Commission met Wednesday, November 13. The commission heard from UNC-Chapel Hill academics regarding models for establishing, operating and financing of organizations that provide water and sewer services in North Carolina. The commission also heard from DENR division director Tracy Davis regarding the state's stormwater programs, including the annual report on the implementation of water runoff rules and programs.

DENR Assistant Secretary of the Environment Mitch Gillespie, Mining and Energy Commission (MEC) Chairman James Womack, MEC Vice-Chair Dr. Ray Covington and other MEC staff spoke at length about the activity of DENR related to development of a modern regulatory program for the management of oil and gas exploration and development activities in the state, including the use of fracking for that purpose. Other fracking topics discussed were the activity of the MEC concerning the rule development process for the management of oil and gas exploration, the state's current laws on the issue of integration/compulsory pooling of citizen's land for fracking, levels and sources of state funding for management of oil and gas exploration, local government regulations on exploration, and finally, the development of a coordinated permitting program for oil and gas exploration. The commission will not meet in December.

### **Joint Legislative Oversight Committee on Information Technology**

The Joint Legislative Oversight Committee on Information Technology held its second meeting of the interim on Thursday, November 7. The committee heard from staff and the state's Chief Information Officer Chris Estes on IT funding and strategic planning. Estes highlighted his agencies efforts to streamline and improve the efficiency of IT in state government and ran through a list of current projects. Following the meeting, members and staff toured they recently opened Innovation Center that is designed to showcase the latest technologies and allow the state to test-drive products. The committee will hold its next meeting on December 2.

**Joint Legislative Oversight Committee on Education**

The Joint Legislative Oversight Committee on Education held its first meeting of the interim on Tuesday, November 5. In addition to a committee overview by staff, members heard reports on various programs and licensure changes. Among the topics discussed were the North Carolina Center for the Advancement of Teaching, the Advanced Placement program and Career and Technical Education. The committee will continue its work when it meets again on December 3.

***In the News***

Wilmington Star News: Film industry incentives take center stage at Cucalorus panel

News & Observer: NC lawmakers consider ending sales tax break for State Fair, other events

News & Observer: NC Senate race is now a dead heat, Democratic poll shows

DENR: N.C. Department of Environment and Natural Resources announces new Office of Land and Water Stewardship

Charlotte Observer: Republicans announce for legislature

News & Observer: Basnight's successor will try to return to office

WRAL: New hospital transparency rules show charges vary widely

Winston-Salem Journal: Local broadcaster Bill Flynn announces run for U.S. Senate

Charlotte Observer: Off to the races?

AP: US Rep. Coble announces he won't seek re-election

WRAL: Wos: Medicaid reform to be tailored for NC

Charlotte Observer: Charlotte airport panel questions its own existence

Charlotte Observer: Cannon outlines vision for first term

News & Observer: Morning Memo: The N.C. House Republican Caucus announced it hired a new political director

AP: NC appeals court weighs Duke Energy merger deal

Charlotte Observer: Suicide mission? Tea partiers target Republican

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Fayetteville Observer: Nat Robertson wins narrow victory in Fayetteville's mayor race; Val Applewhite not conceding

News & Observer: Teachers' events protest education funds; McCrory says there are 'legitimate gripes'

News & Observer: Political strategist, former state GOP chairman Jack Hawke dies

WRAL: MetLife to fill most Cary jobs locally

Winston-Salem Journal: Auditor finds deficiency in state biotechnology center

AP: Meyer formally joins North Carolina House

News & Record: Guilford sending tablets back

### *Calendar*

#### Mon, November 18, 2013

10:00 AM

Unintentional Death Committee

1027/1128 LB

#### Tue, November 19, 2013

10:00 AM

Joint Legislative Oversight Committee on Health and Human Services

643 LOB

1:00 PM

North Carolina General Statutes Commission, General Statutes Commission's Trusts Drafting Committee

UNC School of Law, Room 4051

#### Wed, November 20, 2013

1:00 PM

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Joint Legislative Program Evaluation Oversight Committee

544 LOB

Thu, November 21, 2013

10:00 AM

House Committee on Judicial Efficiency and Effective Administration of Justice (LRC)(2013)

544 LOB

Mon, December 02, 2013

9:00 AM

Joint Legislative Oversight Committee on Information Technology

544 LOB

Tue, December 03, 2013

10:00 AM

Joint Legislative Education Oversight Committee

643 LOB

Mon, December 09, 2013

10:00 AM

Intentional Death Prevention Committee

1027/1128 LB

10:00 AM

Joint Legislative Committee on Local Government

643 LOB

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### Mon, January 06, 2014

10:00 AM

Perinatal Health Committee

1027/1128 LB

### Wed, January 15, 2014

9:30 AM

Environmental Review Commission

643 LOB

9:30 AM

Environmental Review Commission

643 LOB

### Mon, February 03, 2014

10:00 AM

Child Fatality Task Force

1027/1128 LB

### Mon, February 10, 2014

10:00 AM

Perinatal Health Committee

1027/1128 LB

### Mon, February 24, 2014

10:00 AM

Intentional Death Health Committee

1027/1128 LB