



LEGISLATIVE REPORT

NORTH CAROLINA BURGLAR AND FIRE ALARM ASSOCIATION

MAY 17, 2006

INTRODUCTION

The 2006 Session of the North Carolina General Assembly began on Tuesday, May 9, 2006 at Noon. The Governor released his budget earlier that morning and both the House and the Senate quickly set up meetings to review the Governor's proposal. Appropriations committees heard from the various agencies and departments about the Governor's budget proposal and made additional requests for funding. The Senate released a calendar to its members which details a schedule that will have their budget approved before the Memorial Day Holiday. Of course, it is a little easier preparing the budget when there is a surplus of money. Because of increased revenue for the state there is a surplus of almost \$2 billion dollars. (Yes, that's **\$2 billion**) Legislative leaders are quick to point out; however, that many budget items have been underfunded while the state has gone through difficult financial times. The Governor's budget provides increased funding for education, public safety, mental health and also provides substantial pay raises for state employees and teachers. We have provided a short review of the Governor's budget and the items that are of interest to your Association.

Besides the budget, another issue that will be discussed thoroughly during the short session is ethics reform. A House Committee that met over the break between sessions developed ten separate bills that will deal with executive branch lobbying, lobbyist reform, treasurer training and a variety of other issues regarding campaign finance. All of these bills are going through the House Judiciary I Committee and we expect the House to pass a version of each of these bills in the next several weeks.

There are several other issues that have received a lot of attention and a multitude of bills were filed by different legislators on these topics. Several legislators filed bills to either reduce the sales tax, change the sales tax or reduce it earlier than 2007. In addition, a variety of bills have been filed to cap the gas tax, which has received a great deal of publicity this year as gas prices have increased dramatically and hurt many businesses and individuals. And, finally there are a variety of bills regarding how to distribute the funds from the Lottery. Many counties were upset with the funding formula which seemed to shortchange their districts. Legislators from those counties have filed bills to review the formula and to revise it to spread the funds more equally throughout the state.

Although there are limitations on the kinds of bills that legislators may file during the short session, over 330 bills were filed in the first three days. Many of these bills were appropriation bills that requested money and will eventually be rolled into the budget. Most of the other bills were developed from study committees and select committees that met between sessions and the bills are a result of recommendations and proposals that were approved by the committees. The other reason



for so many bills is that the bill filing deadlines are approaching quickly both in the House and the Senate. All study bills must be filed by May 17th, all local bills and retirement bills must be filed by May 24th, and budget bill items must be filed by May 25th.

BILLS OF INTEREST

HOUSE BILL 1838, Raise State Minimum Wage, would raise the state minimum wage from \$5.15 per hour to \$6.15 per hour. Many bills have been filed to increase the minimum wage at varying amounts; however, we anticipate that this will be the bill that moves forward. **Introduced by Representative Adams and referred to the House Rules Committee.**

HOUSE BILL 1891, Clarify Additional Gross Premiums Tax, would clarify the application of the additional gross premiums tax on fire and lightning coverage and charge the additional tax to all policies that provide fire and lightning coverage. **Introduced by Representatives Wainwright, Luebke, Church and Hill and referred to the House Finance Committee.**

HOUSE BILL 1898, S Corporation Income Tax Adjustments, would make an individual's pro rata share of income from an S Corporation subject only to the individual income tax adjustments, rather than to both individual and corporate income tax adjustments. The change would be effective for the 2006 tax year. **Introduced by Representative Wilkins and referred to the House Finance Committee.**

HOUSE BILL 1906, Home Heating Fuel Tax Exemption, would exempt fuel and natural gas sold to persons for residential purposes from the sales and use tax. **Introduced by Representative Frye and referred to the House Finance Committee.**

HOUSE BILL 1925, North Carolina/Virginia Interstate Toll Roll Compact, would establish the Virginia/North Carolina Interstate Toll Road Compact. The Compact would impose and collect tolls for the use of I-95, share the proceeds from the tolls and coordinate efforts to establish welcome centers, rest areas, and other facilities for travelers. The tolls established could not exceed \$5.00 for a two-axle vehicle. **Introduced by Representative Owens and referred to the House Rules Committee.**

SENATE BILL 1289, Cell Phone Use by Drivers Under 18 Prohibited, would prohibit the use of a mobile phone for those who are less than 18 years of age and who hold a provisional license. The prohibition would be effective even if the mobile phone was hands-free. The prohibition would not apply in specific emergency situations and would not allow the seizure or forfeiture of the telephone

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equipment. A violation would be an infraction but would not include fines, insurance points, or drivers license points. **The bill would also prohibit local governments from passing any ordinance that regulates the use of mobile telephones while operating motor vehicles. Introduced by Senator Bingham and referred to the Judiciary II Committee.**

SENATE BILL 1295, Junk Faxes, would prohibit persons or businesses from sending unsolicited facsimiles if either the sender or the recipient is located in North Carolina; however, the prohibition would not apply when an established business relationship between the sender and recipient exists. All faxes must include identifying information of the sender and a toll-free number for sending a “do not send” request. Professional or trade associations that are tax-exempt nonprofit organizations would be exempt. **Introduced by Senator Dorsett and referred to the Senate Rules Committee.**

GOVERNOR’S 2006 BUDGET PROPOSAL

The second year of the session is meant primarily to make any necessary adjustments in the budget. In the past several years there has been less money than anticipated and the second year of the session has been used to cut programs and funding to make up for the lack of revenue. This year there has been a surprising jump in revenue so that there is a surplus of almost \$2 billion dollars. The Governor through his agencies makes a proposal for the budget to the General Assembly. This year the Senate will then go first and propose their own version of the budget using some of the Governor’s proposal, but usually making substantial changes. Once the Senate approves its version of the budget, the House will review and make its proposal. Once the House approves its version, the House and Senate appoint members to a committee to work out the differences. When a final version of the budget is worked out by the committee, both the House and the Senate must approve an identical version of the budget and the same must be signed by the Governor.

Governor Easley has made a variety of recommendations including a proposal to increase the State’s minimum wage from \$5.15 to \$6.00 per hour, reduce the state sales tax by one quarter percent (.25%) and cap the gas tax rate at the current level. The Governor’s budget also includes increased funding for education, mental health services, the court system, law enforcement and emergency and natural disaster preparedness. We have provided specific recommendations from the Governor’s budget that are relevant to your Association.

State Historic Sites. The Governor’s budget would provide for the installation and maintenance of fire and/or intrusion alarm systems throughout the State and to provide enhanced security at Fort Fisher and the North Carolina Transportation Museum.

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Commercial Vehicles. The Governor's proposed budget provides over \$3.2 million to the Department of Crime Control and Public Safety to increase their ability to enforce commercial vehicle regulations.

State Employees. The Governor's proposed budget includes a request for an 8% increase in teachers salaries and a 4% increase for all other state employees. In addition, the retirement system cost of living adjustment would be 3.7%.

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