



LEGISLATIVE REPORT

NORTH CAROLINA BURGLAR AND FIRE ALARM ASSOCIATION

JUNE 8, 2006

INTRODUCTION

The pace of the General Assembly continues to speed along as the House reviews the Senate budget provisions. Both Chambers seem determined to move forward and finish the budget by the end of the fiscal year on June 30, 2006. Of course, besides the budget, there is other business including committee meetings discussing legislative ethics, criminal laws, environmental issues, and local bills to name just a few.

There was an interesting development this week when the House introduced their own legislation to ban video poker, but included a provision that would phase-in the ban and would give the video poker machine owners one year to move the machines out of state. This gradual approach was supported by Speaker Jim Black, the Legislator who has single-handedly fought for the video poker industry. The Bill was quickly approved by the House and Senate and has been signed into law by the Governor.

Another issue that continues to be discussed among Legislators is the funding provided to counties from lottery funds. There was a provision in the original lottery Bill that would have prohibited supplanting (which means that the lottery money could only be used as additional money for education and could not replace existing funding). That provision was removed from the final lottery bill, and there are allegations and concerns that the lottery money will, in fact, be used to supplant existing funding for education.

BILLS OF INTEREST

HOUSE BILL 2319, Increase State Fire Protection Grant Funds, would provide \$1 million to the State Fire Protection Grant Fund to provide additional compensation to local fire districts and provide local fire protection to state-owned buildings. **Introduced by Representatives Insko and Hackney and referred to the House Appropriations Committee.**

HOUSE BILL 2384, Cap Variable Rate of the Gasoline Excise Tax, would cap the tax rate for the sale of gasoline. This cap is also provided in the Senate budget and has been included in several other bills; however, this bill would also require that the Attorney General investigate price gouging complaints. **Introduced by Representative Gibson and referred to the House Finance Committee.**

HOUSE BILL 2387, ASU Fire Protection Funds, would provide \$1.2 million for fire protection at Appalachian State University. **Introduced by Representative Harrell and referred to the House Appropriations Committee.**

HOUSE BILL 2495, Deduction for S Corporation Income, would create a new subsection in the tax



law that would provide that before computing the taxable income attributable to the State, an S Corporation may subtract \$25,000. **Introduced by Representative Holloway and referred to the House Finance Committee.**

HOUSE BILL 2631, County Vehicle Tax for Public Transportation, would allow counties to levy a tax on vehicles that are located within the county to support public transportation. **Introduced by Representative Saunders and referred to the House Finance Committee.**

HOUSE BILL 2718, Small Business Tax Exemption, would provide a small business income tax exemption of \$50,000 for C Corporations. **Introduced by Representatives Holloway and Folwell and referred to the House Finance Committee.**

HOUSE BILL 2771, Compliance Dismissals/Partial Court Costs, would authorize a district attorney to voluntarily dismiss a court case involving certain minor traffic offenses if the person charged provides proof of compliance and pays \$50 for court costs. The provision is limited to violations arising from vehicular accidents where a citation is issued, as well as regulations related to: operator's licenses; revoked licenses (not related to alcohol); registration; notice to DMV of an address change; expired license; unsafe tires; inspections; driving without a registration card; license restrictions; commercial drivers license; allowing an unlicensed person to drive; rear view mirrors; safety equipment; child restraints and motorcycle and moped helmets. **Introduced by Representative McGee and referred to the House Rules Committee.**

HOUSE BILL 2846, Private Protective Services/Alarm Systems Funds, would provide \$136,000 to the Private Protective Services Board and \$64,000 to the Alarm Systems Licensing Board for the Boards' respective recovery funds. **Introduced by Representative Haire and referred to the House Appropriations Committee.**

SENATE BILL 1965, Healthy North Carolina, would require every insurer that offers individual health benefit plans, group benefit plans, or both, and is one of the top fifteen health benefit plan insurers in the state, to offer group health insurance to small employers and individuals. A small Employer would be defined as an employer with no more than twenty-five eligible employees, with 30% earning wages of \$12.00 per hour or less, and 75% of the employees participating in the program. The employer would be required to pay at least 50% of the premium under the program. The bill would provide a variety of changes to insurance regulations for small businesses. **Introduced by Senator Kerr and referred to the Senate Appropriations Committee.**

SENATE BILL 1980, Income Tax Rebate, would require the Department of Revenue to pay a one-time income tax rebate to each individual who filed an income tax return and paid income tax in 2005. The rebate would be \$100 for each taxpayer, \$200 for a married couple filing a joint return,

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plus \$25.00 for each dependent the taxpayer claimed as an exemption. **Introduced by Senator P. Berger and referred to the Senate Finance Committee.**

SENATE BILL 2021, Conform Personal Exemption And Standard Deduction To IRC, would conform North Carolina state tax law to the federal law by increasing personal exemptions and standard deductions. **Introduced by Senator Webster and referred to the Senate Finance Committee.**

SENATE BILL 2036, Strengthen Elevator Safety Law/Funds, would increase the members on the State Board of Examiners of Electrical Contractors from 7 to 9 and would establish requirements and rules for persons performing work as an elevator mechanic or elevator contractor. The Elevator Safety Board would be created to provide for inspection of private residence elevators and licensing. **Introduced by Senator Rand and referred to the Senate Rules Committee.**

SENATE PROPOSED BUDGET 2006

We summarized the Governor's proposed budget in a previous legislative report and the Senate budget, which was approved last week, was substantially similar to the budget proposed by the Governor. The Senate budget proposal would reduce the State sales tax from 4.5% to 4.25%, effective January 1, 2007, and further reduce the tax to 4% effective July 1, 2007. The Senate budget would also lower the current 8.25% income tax rate for high income individuals to 8%, then to 7.5% in January 1, 2008. The Senate budget would also cap the State's gasoline tax at the current rate of 29.9 cents per gallon. The Senate budget also included increasing the State minimum wage from \$5.15 to \$6.15 per hour and would provide State employees with a 5% raise, with teachers reaching 8% and university and community college faculty receiving 6%. The Senate budget proposes spending \$105 million on mental health issues, which was an increase from the Governor's budget of \$89 million. In addition, the Senate budget did not include funding for the State's public health lab and the Office of the Chief Medical Examiner or \$151 million for a medical and mental health center at Central Prison. The Senate budget did include funding for a new state mental hospital in the eastern region and a new state mental hospital in the western division. The Senate budget provided \$20 million for an emergency response fund, down from \$50 million proposed in the Governor's budget. In addition, the Senate budget provided sixteen new District Court Judges, rather than the seven provided in the House budget. There are few other differences between the Senate budget and the Governor's budget, except for levels of funding and departmental differences.

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We expect the House budget to be released and approved next week. The House and Senate will then have approximately two weeks to resolve any differences between their versions. When the final budget is approved, we will provide a complete summary.

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