



NORTH CAROLINA BURGLAR AND FIRE ALARM ASSOCIATION

LEGISLATIVE REPORT

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INTRODUCTION

What a whirlwind legislative session in 2006. With a cloud hanging over legislators' heads because of scandals involving Speaker Black as well as scandals on a national level, legislators moved cautiously throughout the session. In this environment, the House and Senate passed groundbreaking legislative campaign and lobbying reforms. At least 9 different pieces of legislation were approved that will modify the rules for legislators and lobbyists and will change the financial disclosures required for legislators as well as for those who sit on boards and commissions throughout the state.

The majority of the work done during the short session was modifying the budget. With \$2 billion of surplus money to spend, legislators had plenty of reasons to brag about their success. The budget provides increased funding for many agencies and programs, but the big winners were state employees, the court system, mental health reform, and education. Legislators also set aside money in the rainy day fund and provided reserve money for renovations and repair. Unlike previous years, the budget did not include much "pork spending" and very few special provisions that make substantive changes in the law were included.

A staggering number of new bills were filed during the 2005-2006 session and in the short session alone almost 2,000 bills were filed for review. Many of those bills were not approved; however, the volume of bills led to a very busy and hectic session for all legislators, staff, and lobbyists. Important policy issues were resolved this session, including increasing the minimum wage, revising DWI laws, updating and revising sexual predator laws, providing for a new private water well program, and phasing out video poker. Along with the completion of the budget (almost on time), it was a very productive session.

We have included a summary of legislation that was enacted into law that is of interest to your association as well as a summary of the 2006 Budget. The information includes the short title of the bill (which is sometimes misleading), a short summary of the bill, and the effective date of the legislation. The Governor has signed all approved bills into law except Senate Bill 542, which was vetoed regarding state employees that we will discuss below.



The upcoming elections in November will have a huge impact on how the Legislature will look for the next session. With a number of retirements and losses in the primaries, there will be many new faces and possible new leadership at least on the House side. It is unclear what will happen in the House and whether the Republicans will be able to take control of that chamber. The 2007-2008 session begins less than 5 months away on January 24, 2007.

If you would like a copy of any of the legislation introduced or considered by this year's General Assembly, you may receive one copy of as many bills as you are interested in, free of charge, by calling the General Assembly's Printed Bills office at 919/733-5648. They will need to know if it is a House bill or Senate bill and the bill number. (For example, Senate Bill 8). Copies are also available on the General Assembly's World Wide Web site: <http://www.ncleg.net>.

LEGISLATION ENACTED

HOUSE BILL 267, 8-Year Drivers License/Internet Drivers License Renewal. Provides that a provisional license issued for a person under the age of eighteen (18) expires on the person's 21st birthday. A license issued to those eighteen years of age or older will expire after eight (8) years. For those 54 years old or older, the license will expire after five (5) years. The law also requires the Division of Motor Vehicles to issue a temporary driving certificate to an applicant which will be valid for twenty (20) days prior to the issuance of a permanent driver's license which will be sent by First Class Mail to the address provided. **Effective: January 1, 2007 for the valid term of a driver's license and July 1, 2008 for the provisions regarding temporary driving certificates.**

HOUSE BILL 818, Workers' Compensation/Drivers' Status. Modifies the current status of drivers as employees or independent contractors of trucks, tractors, or truck tractors under the Workers' Compensation Act by providing that if a principal contractor, intermediate contractor, or subcontractor is licensed by the U.S. Department of Transportation and is operating the vehicle pursuant to that license, that they will not be liable as an employer for payment of compensation upon the injury or death of the independent contractor. **Effective: June 27, 2006.**

HOUSE BILL 1048, Governor's DWI Task Force Recommendations. This new law makes a variety of changes to the DWI laws including considering a .04 alcohol concentration as impairment for a person driving a commercial vehicle. The results of a chemical analysis will be deemed sufficient evidence to prove a person's alcohol concentration or controlled substance level. **Effective: December 1, 2006.**



HOUSE BILL 1231, Prohibit Extreme Pricing Practices. Provides protection to consumers from excessive pricing during a state of disaster or abnormal market disruption. Previously, there were protections in the law only when there was a state emergency declared by the governor. This law expands those protections and applies to all parties in the chain of distribution including manufacturers, suppliers, wholesalers, distributors, or retail sellers of goods or services. **Effective: August 15, 2006.**

HOUSE BILL 1248, Amend Identity Theft Protection Act of 2005. Requires state and local governments that experience security breaches of identifying information to comply with notification requirements enacted last year for private companies. The new law also clarifies that identifying information is not a public record; however, the presence of identifying information in the public record does not change the nature of the public record. The agency will continue to provide the public records with the identifying information removed or redacted. **Effective: October 1, 2006.**

HOUSE BILL 1723, The Studies Act of 2006. This law is the annual studies bill that authorizes the Legislative Research Commission or other committees and task forces to study a variety of issues from bills that were not approved during the session and other issues of interest to the legislature. The following is a list of studies that are authorized to be conducted and the committee or commission that will undertake the study. A majority of these provisions will not be studied since the next session begins January 24, 2007. The following are studies that have been authorized by the Legislature that are of interest to your association.

The Legislative Research Commission may study the impact of state and local government regulations on the cost of housing and may recommend ways to reduce or eliminate conflicting, duplicative, outdated, or unnecessary regulations, including the consolidation or elimination of governmental agencies and programs.

The Legislative Study Commission on State Construction Inspections will study the following: (1) the scope and nature of each type of inspection of private and public construction projects performed or required by state agencies; (2) the extent to which state inspections overlap with inspections performed by local governments; (3) the total cost of the state's inspection of public and private construction projects; (4) whether the inspections can be combined to save the costs of administration and to limit any hardships on public and private entities engaged in construction projects; (5) whether any inspections should be modified in scope or eliminated; (6) the level of training of the various inspectors in the state agencies; and (7) whether changes in the process to review plans submitted to and approved by the Commissioner of Insurance and the Department of Administration could enhance cost savings and promote completion of projects.



The Study Commission on State Boards, Commissions, and Councils is created to examine the organization, powers, duties, functions, and funding of State boards, commissions, and councils. The Commission will specifically consider the following: (1) whether the boards, commissions, and councils should be eliminated or consolidated with one or more other boards, commissions, and councils; (2) whether the number of members serving on boards, commissions, and councils or the manner in which members are selected should be altered; (3) whether the number and frequency of meetings of boards, commissions, and councils should be altered; (4) the cost of supporting each board, commission, and council, including salaries, per diem, travel, clerical and administrative support, and other expenses; and (5) the productivity and effectiveness of the boards, commissions, and councils.

HOUSE BILL 1843, State Government Ethics Act - 1. This legislation is a comprehensive re-write regarding state government ethics and lobbying laws. The new law establishes ethical standards for state public officers, state employees, and appointees to non-advisory state boards and commissions. The new law also requires public disclosure of economic interests by persons serving in the executive, legislative, and judicial branches and for anyone serving on boards and commissions throughout the state. **Effective: The majority of the Act is effective January 1, 2007.**

HOUSE BILL 1891, Simplify Fire Tax Rate/Other Tax Changes. This law reorganizes and modifies the gross premiums tax on insurance for fire and lightning coverage. A portion of these funds are provided to volunteer fire departments through a competitive grant process. **Effective: The primary provisions of the law are effective for taxable years beginning on or after January 1, 2006.**

HOUSE BILL 1987, Health Plans/Changes to Basic and Standard. This law allows small employer health insurance plans to be more diverse and to include high deductible options. This new law was recommended by the House Select Committee on Health Care in an attempt to provide greater diversity in small employer insurance coverage and to encourage more small employers to provide insurance coverage for their employees. The theory is that the variety in coverages and the increased competition should allow plans at a lower cost. **Effective: July 23, 2006.**

HOUSE BILL 2174, Raise Minimum Wage. Raises the minimum wage from \$5.15 to \$6.15 per hour. **Effective: January 1, 2007.**

HOUSE BILL 2885, Employment Security Commission/Employers' Protest Filing Period. Reduces the time frame from 15 days to 10 days that an employer has to protest the paying of an unemployment claim. A copy of the notice of the filing will be sent to the employer by facsimile transmission if a fax number is on file. In addition, the employer will receive written notice of their appeal rights and any forms that are required to allow the employer to protest the claim along with

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information on how to appeal a decision. **Effective: October 1, 2006.**

SENATE BILL 264, Pro Tem Appointments Bill - 2. This legislation appoints persons to various public offices upon the recommendation of the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

- Valoree Eikinas of Wake County and Deborah Simpson of Cumberland County are appointed to the North Carolina Code Officials Qualification Board for terms expiring on June 30, 2010.
- Terry Turner of New Hanover County and John Kirkland of Craven County are appointed to the State Building Commission for terms expiring on June 30, 2009.
- Guy J. Phillips of Jackson County and Darrell Furr of Stanly County are appointed to the Alarm Systems Licensing Board for terms expiring on June 30, 2009.
- The Honorable John B. Lewis, Jr. of Pitt County, Mary Beach Shuping of Burke County, and Judson A. Welborn of Wake County are appointed to the Rules Review Commission for terms expiring on June 30, 2008 except for Mr. Welborn whose term will expire on June 30, 2007, to fill the unexpired term of Dana Simpson.

Effective: July 27, 2006.

SENATE BILL 542, Access to State Facilities would have allowed associations to have access to state facilities if the association has 40,000 members and a majority of them are current state employees. This legislation was requested by the State Employees Association of North Carolina and was approved by the Legislature on July 27, 2006. **Governor Easley vetoed the legislation on August 19, 2006** and stated that it discriminated against other associations who were not as large as the State Employees Association. The Governor also signed an executive order that would allow associations access to state facilities which he thought would resolve the situation. The State Employees Association is not calling for a vote to overturn the veto and legislators have decided not to return to Raleigh to challenge the veto. **This bill has not been enacted into law.**

SENATE BILL 700, Flag/Pledge of Allegiance in Schools. Directs local Boards of Education, charter schools, the North Carolina School of the Arts, and the North Carolina School of Science and Math to require the display of the United States and North Carolina flags and to require the recitation of the Pledge of Allegiance on a daily basis. **Effective: July 19, 2006.**



SENATE BILL 774, Seat Belt Use Enhancements. Requires seat belts to be used by every passenger or driver of a motor vehicle including commercial motor vehicles. The failure of a rear seat occupant to wear a seat belt is subject to a penalty of \$10; however, no court costs will be assessed and the failure of a rear seat occupant to wear a seat belt will not be justification for law enforcement to stop a vehicle. Law enforcement agencies may only issue warnings for violations of this Act from December 1, 2006 to June 30, 2007 and then beginning on July 1, 2007, law enforcement may begin issuing citations or taking other enforcement actions. **Effective: December 1, 2006.**

SENTE BILL 1289, Cell Phone Use by Drivers Under 18 Prohibited. Prohibits the use of mobile phones or other phone-based technology, including cameras, electronic mail, music, the internet or games by a teen driver who is less than 18 years of age and holds a provisional license while driving a motor vehicle. The teen driver may use a mobile phone for the purposes of communicating with an emergency response operator, a hospital, a physician's office, a health clinic, an ambulance service, a fire department, a law enforcement agency or the operator's parent, legal guardian, or spouse. The penalty is a \$25 fine; however, no driver's license points, insurance surcharges or court costs will be assessed as part of the violation. **Effective: December 1, 2006.**

SENATE BILL1295, Junk Faxes. Prohibits persons or businesses from sending unsolicited facsimiles if either the sender or the recipient is located in North Carolina. The prohibition does not apply when an established business relationship exists between the sender and recipient; however, all faxes must include identifying information of the sender and a toll free number for sending a "do not send" request. Professional and trade associations that are tax exempt, nonprofit organizations are exempt as long as the facsimile is not primarily for the purpose of advertising or the member has not requested that the association stop sending facsimiles. There are substantial fines from \$500 to \$5,000 for violations of the act. **Effective: September 1, 2006.**

SENATE BILL 1485, Occupational Licensing Board Reports. Requires occupational licensing boards to annually report additional information to the State, the Attorney General, and the Joint Legislative Administrative Procedure Oversight Committee. Each board will now be required to file a financial report, the substance of any anticipated request to the General Assembly to amend statutes, and the substance of any anticipated changes in the rules. **Effective: July 1, 2006.**

2006 BUDGET

For the first time in many years the State had a \$2 billion surplus to spend during the short session instead of the usual shortfall which requires cutting the budget. Many of the spending provisions that the legislators agreed to were for programs or agency needs that have been cut or

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requests for funding that have been put aside for many years. The budget provides a 5.5% increase for state employees and gives teachers an 8% pay raise. The state gas tax will be capped at 29.9 cents per gallon and counties had their Medicaid costs frozen at last year's levels. The Mental Health system received over \$80 million for community mental health programs and funding to begin building new mental hospitals. Education received funding for literacy coaches for poor school districts, additional funding for disadvantaged students, and funding for enrollment increases. Small businesses will receive a \$250 tax credit if they provide health insurance for employees making less than \$40,000.

The interesting thing about this year's budget was the lack of "pork" provisions that are usually included and a lack of substantive policy provisions. The House was determined this year to keep out any substantive provisions, including the landfill moratorium and the minimum wage increase. Although these provisions were approved in separate legislation, in years past, they would have been added to the budget bill to avoid debate or discussion. Although both chambers were very pleased with the budget and were proud of the provisions for education and mental health, there were some complaints that the spending was too high (a 10% increase over last year) and that spending was continuing to grow at an unbridled pace. The process will begin all over again with next year's session when the Governor will propose his 2-year budget for 2007-2008.

State Historic Sites. The budget provides over \$285,000 for the installation and maintenance of fire and/or burglar alarm systems throughout the State and to provide enhanced security at Fort Fisher, the North Carolina Transportation Museum, and other historic sites.

Small Business Health Insurance Tax Credit. The budget includes a provision that provides small businesses with a tax credit if the employer provides health benefits of at least 50% of the premiums for healthcare coverage and if the total wages for the employee are not over \$40,000. The tax credit could be up to \$250 but could not exceed the cost of providing healthcare for the employee. The tax credit is effective beginning January 1, 2007.

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