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Subject: REP. RODNEY W. MOORE'S CAPITAL REPORT - June 17, 2013

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For Immediate Release

June 17, 2013

REP. RODNEY W. MOORE'S CAPITAL REPORT

As the June 30 deadline quickly approaches, the NC House has given final approval to its budget plan. The Republican majority voted 77-40 to adopt the proposal written mostly by its leaders. The passed budget followed nearly 11 hours of debate and votes on more than 25 amendments, which in the end made very few changes to the measure. The final vote on the full budget comes three weeks after the Republican-controlled Senate approved its proposal, which spends almost exactly the same amount as the House, or nearly \$20.6 billion. It now heads back to the Senate for negotiations.

This budget makes it painfully clear that House Republicans have the wrong priorities. By passing this budget, they have revealed that their number one priority remains giving tax breaks to the wealthiest corporations and individuals - all at the expense of working families.

Make no mistake: this budget hurts middle class families. It slashes proven job creation programs even in the face of North Carolina's high unemployment rate. It cuts education and schools -- the real engine of our future and long term job creation -- for the third year in a row. Instead of working to retain educators for our children, Republicans denied teachers a much needed pay raise. The budget also increases costs and reduces access to health care for North Carolina's most vulnerable citizens.

House Democrats believe this will cause the middle class to shoulder most of the burden of tax increases as they continue recovering from the recession. Presenting an unbalanced budget that benefits only one

class is no benefit at all. Our state deserves better. North Carolinians deserve to have a government whose main priority is to create jobs, and not favoring the needs of the wealthy.

Listed below are some highlighted areas that will be affected by this budget:

No pay raises for teachers and also eliminates raises for educators who have advanced degrees

Diverts \$50 million away from public schools and invests it into education vouchers for private and religious schools

Eliminates teacher assistants in elementary schools

Slashes community college funding by nearly \$25 million

No expansion of Medicaid services provided to middle class families

Changes the eligibility requirements of Pre-K classrooms and affects at-risk students from receiving a proper early childhood education

Completely defunds minority and community economic development initiatives with proven track records of job creation

Places modest funds (\$13 million over two years) into the Clean Water Management Trust Fund, as opposed to the \$100 million investment in clean water that were previously made

In bipartisan support, the budget does set aside \$10 million for the living victims of North Carolina's Eugenics Board program. Each survivor will receive \$50,000 in compensation for undergoing involuntary surgeries that left them unable to reproduce through the state-sponsored program from 1929 through the mid-1970s. These individuals are more than deserving of this compensation. The government failed to protect its citizens and illegally stripped away their basic human rights without their consent. Although there is no amount of money that can compensate for the years of suffering these survivors have endured, it is morally important to correct this injustice. The past cannot be rewritten, but it's time for our state to accept responsibility for its mistakes and ensure that justice finally prevails.

On Monday evening, final approval was given to the tax reform package. Again, Republicans decided to make the decision to give tax breaks to the wealthy – resulting in a \$302 million loss to North Carolina. House Democrats attempted to run three amendments that would restore the state Earned Income Tax Credit and lower the electricity sales tax, but all were denied. We believe this bill is not tax reform, but rather a tax shift to the middle class. The Senate has unveiled its own competing tax reform proposal, but lawmakers will need to consent on the basic outlines of a tax plan in order to pass the state budget.

The House also approved redrawing the Wake County school board. This move will change how voters decide to choose leaders over the state's largest school system. We are opposed to this redrawing as these changes will confuse voters by implementing another redistricting within a decade, and also places politics about the education of children.

House Democrats commemorate the 238th birthday of the United States Army! On June 14, 1775, this military branch was established to defend our nation and we greatly appreciate their brave sacrifice and dedication in protecting this country.

[HB 600: House passes tax plan](#)

There is widespread agreement that North Carolina needs to rework its badly antiquated tax code, first drafted in the 1930s and only tinkered with ever since. However, different groups differ on how best to accomplish that reform. But proponents of the measure, which lowers income taxes in favor of applying sales tax to more services, say that it will help spark economic growth.

[SB 402: State spending plan enters final phase](#)

The state budget is headed back to the Senate for negotiations after winning its final House vote Thursday, 77-40. House Republican budget-writers say their \$20.6 billion plan fully funds Medicaid, adds 5,000 pre-kindergarten seats and includes compensation for survivors of the state's eugenics program. Democratic critics say the plan underfunds vital programs in education, health and economic development in order to pay for a tax break that will disproportionately benefit the wealthiest people in the state.

[SB 325: House OKs redraw of Wake school board seats](#)

Wake County is one Senate vote away from its second round of school board redistricting in just three years. House lawmakers voted along party lines Monday night to approve Senate Bill 325, a Republican-penned proposal that would redraw the county's school board seats. The new maps would consolidate the current nine districts into seven, turning the last two seats into regional districts, one representing Raleigh and the center of the county, and the other representing the outer ring of the county.

Effort to revoke Dorothea Dix lease leaves Raleigh's first payment unknown

The General Assembly's efforts to revoke Raleigh's lease on the Dorothea Dix property is putting a question mark in the city's budget for next year. The original lease – which Republican legislators want to scrap – is simple from Raleigh's perspective: pay the state \$500,000 a year to build a park on the 325-acre property. But the city will initially pay less because state offices remain on the site for the foreseeable future.

<http://www.newsobserver.com/2013/06/10/2953561/effort-to-revoke-dorothea-dix.html#storylink=cpy>

Senate's new tax plan avoids expanding tax on services

Senate President Pro Tem Phil Berger on Tuesday unveiled a new plan to rewrite the state's tax code that walked back from the Senate's earlier proposal to add a state sales tax to food and expand the sales tax to numerous services. Berger said this latest version would be a break for most taxpayers, move North Carolina forward economically and avoid some of the concerns that have been raised about earlier proposals.

<http://www.charlotteobserver.com/2013/06/12/4100803/senates-new-tax-plan-avoids-expanding.html#storylink=cpy>

[SB 515](#): Jordan Lake Rules repeal slows in N.C. House

The repeal of clean water rules expected to require major upgrades to city water systems, as well as new costs for builders, has slowed in the state House of Representatives. The state Senate voted earlier this month to repeal the Jordan Lake Rules, and then take a year to study new rules. That would ease pending regulations for some cities and developers, including those in Greensboro and Burlington, in an effort to improve water quality in the Triangle.

Gun bill would end North Carolina pistol purchase permits

The Senate Judiciary Committee added new language to a House bill expanding gun rights Tuesday morning to include doing away with North Carolina's current system of pistol purchase permits. Under current law, North Carolinians must get a permit from their local sheriff's office to buy a pistol. The restriction does not apply to rifles and shotguns. The Senate addition to House Bill 937 would require a concealed weapons permit or a background check to buy a pistol - but no permit from a sheriff's office. Records of concealed-carry permits issued and weapons sales would not be open to the public.

<http://abclocal.go.com/wtvd/story?section=news/local&id=9134985>

Bill targeting green building projects overhauled

Legislation that would have precluded the use of LEED certification for state-funded buildings was rewritten in the Senate Tuesday morning to permit such green building projects only if they cut long-term energy costs and permit North Carolina building materials in construction. LEED, or Leadership in Energy and Environmental Design, was developed by the U.S. Green Building Council to encourage builders to use energy-efficient designs and materials. Certifications under LEED are based on a points system.

<http://www.wral.com/bill-targeting-green-building-projects-overhauled/12539618/>

Consumer advocates call on McCrory to veto installment loan bill

At a time of historically low interest rates, state lawmakers gave final approval to legislation that ramps up the cost of consumer finance loans. Meanwhile, consumer advocates are calling on Governor McCrory — who once made his opposition to predatory “payday” loans a major plank in a mayoral reelection campaign in Charlotte — to veto the legislation.

<http://pulse.ncpolicywatch.org/2013/06/11/consumer-advocates-call-on-mccrory-to-veto-installment-loan-bill/#sthash.fDTusaDX.dpuf>

Rucho resigns committee post; Berger isn't having it

Sen. Bob Rucho, a Republican from Mecklenburg County who was the chief architect of the Senate's original tax plan, has resigned as co-chairman of the Senate Finance Committee. Rucho's resignation came just days after Senate President Pro Tem Phil Berger unveiled a new tax plan that walked back several provisions in Rucho's plan, including a proposal to add a state sales tax to food and prescription medicine, and expand the sales tax to numerous services.

<http://www.newsobserver.com/2013/06/13/2961106/rucho-resigns-as-co-chairman-of.html#storylink=cpy>

Private school vouchers at center of House budget debate

House lawmakers pushed forward their \$20.6 billion budget after more than seven hours of debate Wednesday that was punctuated by a back-and-forth on private-school vouchers where the House speaker took the unusual step of participating. The House approved the budget in a 77-41 vote and will take a final vote on its proposal Thursday. Republicans praised the budget for its pragmatism, while Democrats said it hurts the middle class and does nothing to reduce unemployment.

<http://www.newsobserver.com/2013/06/12/2959542/private-school-vouchers-at-center.html##storylink=cpy>

ON THE FLOOR

S 9 Utilities/Design/Survey Location Services.

- 06/13/2013 Ratified

S 76 Domestic Energy Jobs Act.

- 06/12/2013 Senate Failed Concur In House Committee Substitute

S 402 Appropriations Act of 2013.

- 06/13/2013 House Passed 3rd Reading, Ordered Engrossed, Senate Received To Concur House Committee Substitute, Senate Placed On Calendar For 06/17/2013

S 571 Authorize Various Special Plates.

- 06/13/2013 House Received From Senate

S 634 Increase Penalties/Utilities Theft.

- 6/12/2013 Signed by Governor

H 390 State IT Governance Changes.-AB

- 06/13/2013 House Placed On Calendar For 06/17/2013

H 480 Environmental Permitting Reform.

- 6/12/2013 Signed by Governor

H 817 Strategic Transportation Investments.

- 06/13/2013 Senate Passed 2nd Reading

[H 892](#) No Fiscal Note for Rule Repeal.

- 6/14/2013 Presented To Governor

[H 998](#) Tax Simplification and Reduction Act.

06/13/2013 Senate Passed 2nd Reading, Placed On Calendar For 06/18/2013

COMMITTEE MEETINGS

Senate Agriculture/Environment/Natural Resources Committee

The Senate Agriculture/Environment/Natural Resources Committee met on Tuesday and passed six bills out of committee. [H 548](#), Marine Fisheries Rulebook Production, seeks to modify the means of providing access to rules of the Division of Marine Fisheries. [H 614](#), NC Agriculture and Forestry Act, seeks to provide that agricultural and forestry operations are not nuisances under certain circumstances. It also seeks to provide for the award of costs and attorneys' fees to a prevailing defendant. [H 686](#), NC Seafood Park/Name Change, would rename the NC Seafood Industrial Park Authority to reflect its broader mission and to make other modifications to the authority's enabling legislation. H 686 has been re-referred to the Senate Judiciary I Committee. [H 936](#), Wildlife Poacher Reward Fund, seeks to establish a Wildlife Poacher Reward Fund to pay rewards to persons who give information to law

enforcement authorities that result in the arrest and conviction of persons who commit serious wildlife violations. It also seeks to authorize the use of compensation paid to the Wildlife Resources Commission as conditions of offenders' probation as assets of the fund. H 936 has been re-referred to the Senate Finance Committee. [H 396](#), Enact

Private Well Water Education Act, seeks to enact the Private Well Water Education Act at the request of DENR. [H 628](#), Protect/Promote Locally Sourced Bldg. Materials, seeks to require net savings in association with major facility construction and renovation projects. It also seeks to protect the use of North Carolina products in major facility construction and renovation projects under the Sustainable Energy-Efficient Buildings program. During committee debate, Senator Tucker (R-Union) offered an amendment that would allow localities and the state to pursue LEED certification if the local or state agency can show that it would save money over the first 10 years in operating costs or construction.

Senate Education Committee

The Senate Education Committee met Wednesday to take up two House bills. [H 57](#), Child Nutrition Program Solvency and Support, prohibits local school administrative units from assessing indirect costs to child nutrition programs unless the program has a minimum of one month's operating balance. In addition, it directs the NC Procurement Alliance to promote optimal pricing for child nutrition program food and supplies. [H 868](#), Residential School Changes, repeals unnecessary statutes, makes clarifying statute changes and clarifies operation and oversight of certain residential schools formerly governed by the Department of Health and Human Services. Schools affected by this legislation include the Governor Morehead School for the Blind, the Eastern NC School for the Deaf and the NC School for the Deaf. Both bills received favorable reports in committee have been calendared for June 17.

Senate Commerce Committee

The Senate Commerce Committee met on Tuesday, June 11 and heard two bills. [H 120](#), Building Codes: Local Consistency/Exempt Cable, would prohibit counties and cities from enacting ordinances that would allow more frequent inspections of one- or two-family homes than that required under the building code, would limit updates to the building code with respect to one- or two-family homes to once every six years, and would exempt cable television equipment installation from building code requirements. The committee approved H 120 and the bill has since been ratified. The committee heard discussion on [H 201](#), Reinstate 2009 Energy Conservation Codes, but took no action with respect to the bill. That bill would repeal the 2012 State Building Code Energy Conservation Code and replace it with provisions identical to the 2009 State Building Code Energy Conservation Code.

House Commerce Committee

The Subcommittee on Military and Agriculture of the House Commerce Committee met on Wednesday, June 12 and approved one bill. [H 525](#), Amend Real Estate Appraisers' Laws/Fees, would increase the educational requirements to become a real estate appraiser, allow the electronic payment of fees, require an appraisal management company to post a surety bond, and require criminal background checks in order to obtain certain licenses. That bill has been re-referred to the House Finance Committee.

House Finance Committee

On Wednesday, June 12, the House Finance Committee met and approved several bills. The largest item on the agenda was [S 402](#), Appropriations Act of 2013. The budget bill was in the Finance Committee for discussion of the various fees included in the bill. The bill was approved by the committee and has now been approved by the full House. Four other bills were also approved on Wednesday. [H 493](#), Robbinsville Occupancy Tax, and [S 177](#), Hookerton/Maysville Satellite Annexations, are local bills and were easily approved. [S 25](#), Hunting & Fishing/Active Duty Military, provides that members of the Armed Forces serving on active duty outside of North Carolina shall be treated as residents of the state for purposes of obtaining certain hunting and fishing licenses. This has the impact of reducing fees for those licenses. [H 951](#), Eliminate Designation for Political Party, would eliminate the space on the individual income tax return where a taxpayer may devote \$1 of tax to a specific political party.

House Appropriations Committee

The House Appropriations Committee held a meeting Tuesday to take up the chamber's spending plan for the next two years. The meeting spanned nine hours with dozens of amendments and drawing lengthy debate from both sides of the aisle. The chairs of each subcommittee presented their portions of the budget and explained significant changes and priorities. After subcommittee presentations, members were given the opportunity to offer amendments. Drawing the most discussion were amendments to eliminate the funding for the payments to eugenics victims and private school vouchers for low-income students. The bill was passed out of committee by a voice vote and sent to the House floor for further debate.

Tax Reform

Tax reform efforts kicked into high gear this week at the General Assembly. On Monday, the House gave final approval to the 3rd Edition of [H 998](#), Tax Simplification and Reduction Act. On Tuesday, the Senate Finance Committee began hearings on the same bill. At 1 p.m. on Tuesday, the Senate Finance Committee heard from a panel of North Carolina experts on academic opinion related to tax policy, tax reform, and economic development. At 4 p.m. that same day, the Senate Finance Committee had before it a proposed committee substitute (PCS) for H 998 for discussion purposes only. That PCS was vastly different than the 3rd Edition of the bill that had passed the night before. On Wednesday, the Senate Finance Committee had a slightly different version of the PCS before it. Two amendments were approved in committee before the bill was approved and sent to the full Senate. On Thursday, the 4th Edition of H 998 was debated for over two hours by the Senate. One amendment was offered, but it was not approved. The Senate approved the bill on second reading by a vote of 30-17, largely along party lines. The 4th Edition of H 998 is scheduled for final approval in the Senate on Tuesday, June 18. Should H 998 be approved in the Senate, the bill will return to the House for approval. Key provisions of the two versions of the bill are as follows:

Third Edition (final approval by the House on Monday, June 10)

- Reduction of personal income tax rate to 5.9%. Rates currently range from 6% to 7.75%
- An increase in the standard deduction amount coupled with elimination of personal exemptions for personal income tax.
- 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%.

Fourth Edition (preliminary approval by the Senate on Thursday, June 13)

- Reduction of personal income tax rate to 5.4% in 2014, and 5.25% thereafter. Rates currently range from 6% to 7.75%
- The elimination of most deductions, exemptions, and credits for personal income taxes.
- Creation of a zero-tax bracket exempting the first \$15,000 of income from taxation for a married

- couple filing a joint return (this is functionally equivalent to a standard deduction).
- Reduction and elimination of the corporate income tax over 4 years.
- Reduction and elimination of the corporate franchise tax over 4 years.
- Elimination of current State and local business privilege taxes.
- Creation of a new State business privilege tax imposed at a flat rate of \$5,000 annually for C corporations and \$750 annually for other limited liability entities.
- Extension of the sales and use tax to movies and entertainment.
- 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%.
- Elimination of some sales tax exemptions and the sales tax holidays.
- Phased-in cap on sales and use tax refunds allowed to nonprofit entities.
- Elimination of the current local sales and use tax on food with an option for counties to reimpose the tax.
- Elimination of the estate tax.
- Elimination of the earmarking of the State portion of proceeds from the deed stamp tax and the scrap tire disposal tax.

Elimination of the discount allowed to payers of the cigarette and other tobacco products excise taxes.

LEGISLATIVE CALENDAR

Mon, June 17, 2013

IMMEDIATELY **Rules, Calendar, and Operations of the** Around Rep. Tim Moore's Chamber desk
AFTER SESSION -- **CORRECTED(House)**

4:00 PM **Joint Legislative Program Evaluation** 544 LOB
Oversight Committee

7:00 PM **Session Convenes (House)** House

7:00 PM **Session Convenes (Senate)** Senate

Tue, June 18, 2013

10:00 AM **Judiciary I -- CORRECTED (Senate)** 1027/1128 LB

Modify Medicaid Subrogation Statute.
([H982](#))

10:00 AM **Judiciary II (Senate)** 1124/1224 LB

Reward Amt/Arrest of Fugitive From
Justice. ([H137](#))
Criminal Contempt/Bail Procedure.
([H450](#))
Allison's Law/Use of GPS Tracking
Device/DVPO. ([H477](#))
Foster Care Children's Bill of Rights.
([H510](#))

10:00 AM **Education (House)** 643 LOB

Ed. Services for Children in PRTFs.
([H831](#))
Clarify Education Reporting
Requirements. ([S168](#))
Modify Duties/Advisory Council on Indian
Educ. ([S231](#))
Back to Basics. ([S243](#))
Amend Report Date/NC Pre-K Funding
Pilot. ([S557](#))

11:00 AM **Commerce (Senate)**

1027/1128 LB

Amend State Contract Review Laws.
([H56](#))
Reinstate 2009 Energy Conservation
Codes. ([H201](#))
Omnibus State IT Governance Changes.
([H700](#))

12:00 PM **State and Local Government --
CORRECTED (Senate)**

1124/1224 LB

Public Contracts/Project Labor. ([H110](#))
City of Lowell / Regulate Utility Vehicles.
([H140](#))
Cornelius/Extend Use of Design-Build.
([H195](#))
Rutherford Airport Authority. ([H290](#))
Authority to Remove Abandoned Vessels.
([H294](#))
Chapel Hill/Economic Development
Projects. ([H305](#))
Rutherford County Condemnation
Consent. ([H326](#))
Buncombe Cty Sales Tax Use Expansion.
([H334](#))
2 County Commissioners May Serve/AB
Tech. Bd. ([H354](#))
Camden Local Stormwater Fees. ([H404](#))
Beaufort/Right-of-Way Safety. ([H408](#))
Buncombe Culture & Rec. Authority.
([H418](#))
Lee County Elections. ([H490](#))
Wilmington Charter/Civil Service
Commission. ([H544](#))
Middlesex/Extend Mayor's Term to Four
Years. ([H427](#))

12:00 PM **Transportation (House)**

643 LOB

Motor Vehicle Safety Inspector Law
Change. ([S717](#))

Change. ([S377](#))
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](#))

1:00 PM **Agriculture (House)**

643 LOB

Landowners/Lessees May Trap Coyotes.
([S376](#))
Wildlife Resources Comm. Penalty
Changes. ([S636](#))
NC Farm Act of 2013. ([S638](#))
Bd. of Agriculture Modifications. ([S639](#))

Wed, June 19, 2013

10:00 AM **Judiciary (House)**

1228/1327 LB

Game Nights/Nonprofit Fundraisers.
([H809](#))

12:00 PM **Public Utilities and Energy (House)**

643 LOB

Please remember that you can listen to each day's session, committee meetings and press conferences on the General Assembly's website at www.ncleg.net. Once on the site, select "Audio," and then make your selection – House Chamber, Senate Chamber, Appropriations Committee Room or Press Conference Room.

