Friday, April 24, 2015

Crossover is the deadline established by House and Senate Rules by which a House bill must be received by the Senate, and a Senate bill must be received by the House, in order to remain eligible for action for the rest of the biennium. Bills not subject to Crossover are those that contain a fee, tax or appropriation, or a constitutional amendment, local bill or a bill recommended to the 2016 session by a study committee. Thursday, April 30th is crossover so the volume of work on Jones Street is huge, the atmosphere is chaotic, and the very clever people are getting things done under the radar. Here are the highlights/lowlights:

Abortion Bill

HB 465– 72 Hours Informed Consent by Person or Phone – passed the House along party lines on Thursday and now goes to the Senate. The bill extends the
waiting period for an abortion in NC from 24 hours to 72 hours and contains a new provision that requires doctors who perform abortions during weeks 19 and 20 to send ultrasounds, measurements, and other information to the NC Department of HHS so the state can ensure no abortions are being performed after 20 weeks.

House Republicans took a different political approach with this bill by having only female primary sponsors on the bill and agreeing that no male caucus members would debate the bill on the floor. It was a robust debate of women legislators. The party-line vote included the Speaker, who historically doesn’t cast a vote except in close votes, on memorializing resolutions, and on major tax and budget issues. Also of note was the “no” vote of Rep. Tine (Dare County) who was elected as a Democrat, dropped his party affiliation just before the session convened, and has been caucusing with Republicans this session. We expect this bill to sail through the Senate.

**Economic Development**

The Senate Finance Committee began discussing HB 117 this week. Sen. Rucho suggested that the committee will develop a new plan from parts of the three bills below. This is the first Senate movement on Economic Development this session.

HB 117– *NC Competes* – is the first plan passed by the House and supported by Governor McCrory. It:
· doubles JDIG money to $45 million
· extends the sales tax refund for aviation fuel
· enacts a sales tax exemption for datacenters

SB 526– *Job Creation and Tax Relief Act of 2015* – is the first plan introduced by the Senate. It:
· proposes a move to a “single sales factor” where a company would be taxed only on what they sell in-state
· refunds taxes for companies investing at least $1 billion and hiring 2,500 workers
· reduces the corporate income tax rate from 5% to 4% over the next two years
· reduces the individual income tax rate from 5.75% to 5.5% over the next two years
· retools JDIG to benefit rural counties

SB 338– *Economic Development/Tax Modifications* – is the second plan introduced by the Senate. It:
· proposes a move to a “single sales factor”
· refunds taxes for companies investing at least $1 billion and hiring 2,500 workers
· reduces the corporate income tax rate from 5% to 3%
· retools JDIG to benefit rural counties

**Failed Legislation**
It’s rare for a bill to fail on a vote and there has been a flurry of them recently. Typically a bill sponsor or committee chair will pull a bill if the votes don’t appear to be there. This session we’ve seen some bills go down and we’re wondering if vote counting is a lost art.

HB 344– **Gubernatorial Team Ticket** – **failed** on the House floor this week. It is the proposed constitutional amendment that we told you about last week that, if approved by voters, would require candidates for governor and lieutenant governor to run together on one ticket. It received 60 votes with 58 against it, but fell short of the necessary three-fifths votes needed to get on the ballot. Although bill sponsors argued that it’s important to have a lieutenant governor from the same party as the governor in case something were to happen to the governor, the “if it ain’t broke don’t fix it” argument won out in the end. So, don’t worry, you can still split the top of your ticket.

HB 128– **Referendum for Certain Local Debt** – **failed** in committee this week. It would have allowed residents to force a referendum on proposed spending by local governments for projects costing $5 million or more. Rep. Speciale argued that the bill would protect citizens and give them more of a voice in preventing local tax increases. Rep. Ross reminded the committee that citizens elect their local officials as he made a motion for an **unfavorable report**. The motion passed easily killing the bill.

HB 761– **Charter School Capital Funds** – **failed** on a motion for a favorable report. It would have allowed for county money for capital needs for schools be shared with charter schools to help with construction and renovation needs, the purchase of property, furniture or equipment for charter schools. The committee chairman ruled the motion to approve failed on a voice vote. After counting hands, the motion failed 12-7.

**Health Insurance Mandates**

The NC Chamber and the National Federation of Independent Businesses (NFIB) has made opposing health insurance mandates, which can be costly for businesses, one of their top priorities. There are a number of bills moving this session that impact health insurance:

HB 306– **NC Cancer Treatment Fairness** – requires health insurers to offer coverage for oral chemotherapy drugs that is at least as good as coverage for IV chemo. The bill sponsor argued in the House Insurance Committee that some chemo drugs are only available in oral form. The bill received strong support in committee, then passed the House floor by a vote of 104-10. The bill has been sent to the Senate where it died last session. No indication whether the Senate will take up the bill.

SB 676– **Autism Health Insurance Coverage** passed the Senate Insurance Committee and will be on the Senate floor next week where it is expected to pass. This bill mandates that health insurance cover treatment therapies for autism. Some advocates believe the bill still needs some tweaks.

HB 528– **Chiropractor Co-Pay Parity** is scheduled for consideration by the House
Insurance Committee next week. It would require that an insurance plan treat a chiropractic visit the same as a general practitioner visit for purposes of co-pay. The bill does not set the amount of the co-pay so some argue it is not an insurance mandate.

**LegalZoom**

HB 436– *Unauthorized Practice of Law Changes* – passed the House on Monday by a vote of 115-4 and has been sent to the Senate. This bill would allow legal service websites such as LegalZoom to continue offering products in North Carolina only if they meet certain criteria but they will not be allowed to offer legal advice or legal documents based upon questions and answers with a consumer, which are both considered the practice of law and can only be performed by a licensed attorney. Legislators say this version of the bill has the support of the NC Bar.

**SEPA**

HB 795– *Amend State Environmental Policy Act* passed committee and is on Monday's House Calendar. The bill puts thresholds into law in order to trigger to the need for a SEPA document by requiring the expenditure of public funds or disturbing of public lands to be “substantial” which they define with a dollar trigger of $20 million and disturbed publicly-owned land area threshold of 20 acres. A SEPA document is a comprehensive, time-intensive and costly study of the potential adverse environmental impacts from the projects using public funds or public lands for development, ie a public wastewater plant. Sierra Club and other conservation groups strongly oppose the change. The state Department of Environment and Natural Resources has not taken a formal position on the bill.