



Bulletin #04-02

Thursday, May 13, 2004

BILL DEADLINES PROMPT FLURRY OF EARLY ACTIVITY

Deadlines for introduction of legislation, set by last year's adjournment resolution, have prompted a rush of activity during the first week of the session. To be eligible for consideration in the short session, new proposals must be submitted to the Bill Drafting Office according to a series of deadlines from May 12 (Study Committee recommendations) to May 20 (budget bills). **Local bills must be to Bill Drafting by May 19 and filed for introduction by May 26.**

GOVERNOR'S BUDGET PROPOSES MODEST CHANGES

Gov. Mike Easley presented his budget adjustments for the second year of the biennium on the General Assembly's opening day. The governor noted that the state's 2003-04 revenue collections exceeded projections for the first time in his gubernatorial tenure. The governor's \$15.9 billion budget includes \$704 million in new spending, a 5.5 percent increase over 2003-04. In addition to \$198 million in revenues over anticipated revenues during the current year (growth at 4.9 percent compared to 3.5 percent anticipated and budgeted), the increased spending includes \$100 million in reversions, and spending cuts of \$348 million.

Major expenditures within the governor's budget adjustments include \$105 million for the state's Rainy Day Fund and just over \$252 million for salary increases for teachers and state employees and cost-of-living increases for state retirees. The proposed salary increases for teachers, state employees and community college faculty vary in form and percentage, but all begin with a 2 percent increase.

Of great importance to county and school officials is a proposal to divert half of the funds scheduled to go into the Public School Capital (ADM) Fund, to the General Fund. This could represent a \$31.6 million loss to counties for school construction, renovation and repair.

Expansion items of interest include:

- \$8.5 million for the Mental Health Trust Fund
- \$5 million to provide 100 additional school nurses, to move toward the national standard, 1:750 students
- \$12 million increase in the child care subsidy to maintain current service levels
- \$5 million for Child Protection Services, to support the Multiple Response System
- \$9 million to fund Health Choice enrollment increases
- \$1.1 million for methamphetamine lab clean-up
- \$104.2 million to fully fund enrollment increases in public schools, community colleges and universities
- \$50.5 million to reduce class size in third grade from 1:22 to 1:18

- \$108 million for ABC teacher incentives
- \$20 million, emergency appropriations for the One North Carolina Fund (see [H1352](#), below)

The governor's budget also includes a number of adjustments in state and county Medicaid expenditures. County savings could total almost \$14 million.

BILLS OF INTEREST

CORRECTIONS AND LAW ENFORCEMENT

Introductions

[S1054](#) “To provide that the unlawful distribution of methamphetamine that proximately results in the death of a person is second degree murder, to make it an aggravating factor to manufacture methamphetamine in a location that endangers a child, to increase the criminal penalty for the unlawful manufacture of methamphetamine, and to increase the criminal penalty for the possession of precursor substances for methamphetamine, as recommended by the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.” Sen. Walter Dalton (Rutherford). This bill would amend a series of criminal statutes to strengthen laws related to production and distribution of methamphetamines, as described in the bill's title. It has been referred to the Senate Judiciary Committee #2.

GENERAL GOVERNMENT

Introductions

[S1056](#) “To require local governments to pay monetary compensation for removal of lawfully erected off-premises outdoor advertising signs and to authorize local governments to enter into relocation and reconstruction agreements with owners of nonconforming off-premises outdoor advertising signs.” Sen. Walter Dalton (Rutherford). This bill would prohibit the use of “amortization” as a method of compensating owners of signs when the signs no longer conform to requirements of local ordinances. Monetary compensation would be paid unless the owner voluntarily agrees to a “phase out,” the advertising is determined to be a public nuisance, or the sign can be relocated by mutual agreement. Compensation would be based on factors generally applicable to valuation of personal property, construction costs, purchase price of rights to erect and maintain the advertising, the income derived from the advertising, the sales price of similar property and the listed value of the property. The bill provides that, unless agreed to by the local government, the amount of monetary compensation could “not exceed five times the average amount of the annual gross revenue associated with the advertising, less any placement or agency fees, over the preceding five years.” The bill was referred to the Senate Commerce Committee.

HUMAN RESOURCES

Introductions

[H1368](#) “To appropriate funds for grants-in-aid to community health centers, public health departments, free clinics, and other health care facilities to increase access to health care to indigent clients and to provide an effective alternative to more costly health care, as recommended by the House Select Committee on the rising cost of health care.” Rep. Thomas Wright (New Hanover). This bill would appropriate \$8 million to the Department of Health and Human Services “as grants-in-aid to

community health centers, public health departments, free clinics, and other health care facilities that provide access for indigent clients to more cost-effective health care services.” The bill was referred to the House Rules Committee.

PLANNING, DEVELOPMENT AND LAND USE Introductions

[H1352](#) “To provide emergency funding for the One North Carolina Fund and the new and expanding industry training program.” Rep. Bill Owens (Pasquotank). This bill would appropriate \$20 million to the One North Carolina Industrial Recruitment Competitive Fund and \$4.1 to the Community College System office “for new and expanding industry training.” The bill was referred to the House Rules Committee.

[H1382](#) “To authorize the Department of Transportation to receive funds from local governments to advance the construction schedule of tip projects.” Rep. Nelson Cole (Rockingham). This bill would authorize the Department of Transportation “to enter into agreements with municipalities, counties, governmental entities, or nonprofit corporations to receive funds for the purpose of advancing the construction schedule of a project identified in the Transportation Improvement Program. If these funds are subject to repayment by the Department, prior to receipt of funds, reimbursement of all funds received by the Department shall be shown in the existing Transportation Improvement Program and shall be reimbursed within seven years of receipt.” The bill was referred to the House Rules Committee.

PUBLIC EDUCATION Introductions

[H1351](#) “Giving counties the authority to allow the operation of a lottery in that county, to provide for state regulation of locally approved lottery operations, and to distribute to each county and the cities located in the county twenty-five percent of the net proceeds of lottery operations to the counties for school construction.” Rep. Bill Owens (Pasquotank). This bill would provide for local referenda on lotteries at the request of county commissioners. If approved by 25 or more counties, lotteries would be operated by a State Commission. Of proceeds, 50 percent would be allocated for prizes, 25 percent to counties for school construction (based on counties’ proportion of total lottery sales) and 25 percent appropriated by the General Assembly to enhance educational programs. The bill has been referred to the House Rules Committee.

[S1031](#) “To modify the formula for allocating Small School System Supplemental

[H1361](#) Funding.” Sen. Bob Carpenter (Macon), Rep. Trudi Walend (Transylvania). Each of these identical bills would raise from 3,175 to 4,000 the threshold in the number of students below which a school system qualifies for supplemental funding as a small school system. **S1031** bill has been referred to the Senate Appropriations Committee; **H1361** has been referred to the House Rules Committee.

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Note: Legislative bill numbers link to the most recent version of the bill that has action on it on the floor. Subcommittee and other amendments are not included.