



YOU DON'T SAY...

"That was supposed to be a backstop if the revenue wasn't there."

Sen. Bob Rucho, R-Mecklenburg, on a Senate budget provision that would eliminate a \$17.6 million allocation intended to offset urban communities' losses from a shift last year in how sales tax revenues are distributed. Rucho said expanded sales taxes brought higher-than-expected revenue to local governments.

THE NEWS & OBSERVER, 6/01/16

News Summary

Budget Progress

Budget Documents: [Committee Substitute for HB-1030](#) | [Money Report](#) | [HB-1030 Bill History](#)

The state Senate's proposed budget adjustments cleared several hurdles Wednesday despite being heavier on teacher pay raises and policy changes to taxes and the environment than the House plan approved two weeks ago. The \$22.2 billion spending plan is the same amount the House envisions for the new fiscal year beginning July 1. It was approved by three committees with little debate and few amendments on the way to floor votes Thursday and early Friday. The Senate's passage would give the two chambers four weeks to work out their differences and send a budget to Gov. Pat McCrory's desk. Teachers would see average pay raises of 6.5 percent in the Senate plan -- which would add up to about \$120 million more than the 4.1 percent average increases proposed in the House budget -- according to legislative documents. Neither plan would give permanent pay raises to the most veteran teachers, although the House also would give some bonuses. McCrory's budget proposal envisioned average teacher pay raises of 5 percent.

Senators also would spend more on pilot programs to reward teachers for superior performance, including \$10 million for third-grade reading teachers whose students make the most progress in standardized testing in each local district and statewide. "We were using the same numbers that the House was using and we just prioritized the teacher pay raises in a different way than either the governor or the House did," said

Senate leader Phil Berger, R-Rockingham. The Senate also parks another \$584 million in the state's rainy day reserve fund, increasing the fund to \$1.7 billion. The House earmarked another \$300 million. The House spends roughly \$150 million more than the Senate in program funding not related to salaries and benefits across the five major categories in state government.(Gary D. Robertson, THE ASSOCIATED PRESS. 6/01/16).

Budget Taxes

Budget Documents: [Committee Substitute for HB-1030](#) | [Money Report](#) | [HB-1030 Bill History](#)

Just months after adding sales tax to car repairs and other services, the state Senate wants to again change what services are taxed -- a move that's expected to add up to \$80 million in revenue. Senate leaders say the proposed tax change would address confusion about what services require a sales tax. Under the legislation that took effect in March, whether a service is taxed largely depends on whether the firm performing the service is also selling materials. That means a service -- unclogging a toilet, for example -- is subject to sales tax with a company whose business is mostly sales but exempt if a customer hires someone who only does the service. The goal was to help businesses that hadn't previously collected sales taxes, but some complained of an unfair system. Under the Senate budget provision, sales tax would apply to repair, maintenance and installation services regardless of what type of business is involved. The Senate is scheduled to vote on the full budget bill Thursday; the House budget does not include a similar provision. "We're treating every business the same, which is what our intention was last year," said Bob Rucho, R-Mecklenburg, Senate Finance committee chairman.

A variety of services would remain exempt from sales tax under the bill, including landscaping services, cleaning and janitorial services, paving and sidewalk services, and towing. But with more businesses charging sales tax, legislative estimates show the Senate plan would bring in \$35 million in additional revenue in the fiscal year beginning in July and \$78 million the following year. The revenue would partially offset the cost of the Senate's income tax cut proposal, which would raise the standard deduction by up to \$2,000 by 2017. That means a married couple would owe no income taxes on their first \$17,500 in income. The tax cut would cost the state \$145 million in the coming fiscal year and \$205 million the following year. Alexandra Sirota of the liberal N.C. Budget and Tax Center said the "tax swap" is an unfavorable trade for some. The additional sales tax expansion, she said, is "going to affect the people who spend more of their income on goods and services, and that's primarily low- and middle-income folks."

The Senate budget also eliminates a \$17.6 million allocation for local governments. That money was intended to offset urban communities' losses from a shift last year in how sales tax revenues are distributed. The revenue shift provided more sales tax money to rural counties whose residents often go elsewhere for shopping. But legislators included a provision to make sure urban counties didn't lose revenue by adding more money to the mix. Rucho said the \$17.6 million allocation is no longer needed because the expanded sales tax brought higher-than-expected revenue to local governments. No data was provided showing how the \$17.6 million cut would affect

individual counties and cities. A final tax change included in the Senate budget involves corporate income taxes for service-oriented companies that do business in multiple states. The "market based sourcing" plan would base companies' tax burden on the income they receive from customers in North Carolina -- instead of their employment and capital investments in the state. Some companies would benefit from the change and others could pay more. The change would cost the state \$10 million per year when fully implemented. "It will incentivize the service businesses and the high-tech businesses to come to North Carolina because there is a significant advantage to being here," Rucho said. (Colin Campbell, THE NEWS & OBSERVER, 6/01/16).

Broadcasters' Taxes

The Motion Picture Association of America continues to fight against a provision in the Senate budget that would significantly increase television and film broadcasters' taxes in North Carolina, saying the costs would be passed on to customers through cable operators and satellite television providers. Senate Republicans aren't backing down, claiming broadcasters have paid taxes in North Carolina through a "special tax loophole" for long enough. The proposed Senate budget includes language changing the way corporate income taxes are calculated for companies that provide TV programming, such as The Walt Disney Co, NBCUniversal, Warner Bros. Entertainment, CBS, Viacom and FOX.

The change, according to General Assembly estimates, could increase taxes for those companies from a combined \$3 million annually today to \$36 million when the changes take effect. Vans Stevenson, MPAA senior vice president of state government affairs, questioned in a phone interview why broadcasters are being singled out for "pretty dramatic" tax hikes in an era when Republicans are cutting taxes for most businesses. "Ultimately, the consumer pays the freight," he said.

Sen. Bob Rucho, R-Mecklenburg, who is pushing for the change, said the suggestion that it is inconsistent with Republican tax strategy is "just foolish." "They got themselves a special tax loophole, and we've been known to close loopholes, and we're closing this loophole," he said. Rucho referred to a Department of Revenue interpretation of tax law governing broadcasters made in the final days of Gov. Beverly Perdue's administration in 2012. Under that ruling, the broadcasting companies made roughly \$1.2 billion in profits in North Carolina in 2014, yet paid \$3 million in taxes, a fraction of 1 percent, Rucho said. "What they're trying to do is defend an indefensible position," he said. "They cut themselves a hell of a deal and the fact of the matter is that they're trying to preserve it."

Stevenson countered that the MPAA sought tax advice from the Revenue Department in 2012. It simply interpreted existing tax law and applied it to broadcasters. "It's not special treatment. ...This is not something that was done overnight or was a sweetheart deal," he said. "It was an interpretation of the law." Rucho said Senate Finance officials haven't been able to find any other industry treated like the broadcasters. The full Senate is expected to consider its budget Thursday and Friday before beginning negotiations with the House on a compromise plan. The broadcasters' provision is not in the House's proposed spending plan, so it will be an item of contention between the chambers. (Patrick Gannon, THE INSIDER, 6/02/16).

Budget Comparisons

Budget Documents: [Committee Substitute for HB-1030](#) | [Money Report](#) | [HB-1030 Bill History](#)

A look at a some of the differences in House and Senate budget positions:

- **Senate proposal on teacher pay:** Raises that would bring the average salary from \$47,783 to \$54,224 over two years.
- **House proposal on teacher pay:** Raises that would bring the average salary to \$50,000 over two years.
- **Senate on state employee pay:** Merit raises averaging 1 percent and performance-based bonuses averaging an additional 1 percent.
- **House on state employee pay:** Across-the-board 2 percent raises.
- **Senate on state retirees:** No cost-of-living increases.
- **House on state retirees:** 1.6 percent increases.
- **Senate income tax cut:** Raise standard deduction to \$17,500 for married taxpayers filing jointly, phased in over two years.
- **House income tax cut:** Same standard deduction, phased in over four years.
- **Senate on rainy-day fund:** Add \$583 million to the savings fund.
- **House on rainy-day fund:** Add \$300 million.
- **Senate on ferries:** Keep toll structure.
- **House on ferries:** Eliminate all tolls.
- **Senate on tuition:** Lower it to \$1,000 per year at certain schools.
- **House on tuition:** Keep existing structure.

(THE NEWS & OBSERVER, 6/01/16).

Medicaid Reforms

Hours before submitting its official waiver request to the federal government, the state on Wednesday unveiled its finalized Medicaid overhaul proposal to lawmakers, with key provisions including privatizing the majority of services. Rick Brajer, Health and Human Services secretary, explained to the House Health Committee that the reforms would shift the system from fee-for-service to private, managed care, thereby expanding patient options, saving money and improving care. Later on Wednesday at the Executive Mansion, Gov. Pat McCrory signed the waiver, which by state law had to be submitted to the federal Centers for Medicare and Medicaid Services by June 1. McCrory reiterated that Medicaid reform had been an administration priority, criticized the program for mismanagement and claimed that after years of funding shortfalls -- totaling \$2 billion under the previous administration -- DHHS had brought in Medicaid under budget for three years running. In North Carolina, the Medicaid system covers about 1.9 million people and nearly 80,000 health care providers. Privatization has been a goal for Republican lawmakers and reforms have been contentious ever since the state, in 2013, opted out of expanding Medicaid under the Affordable Care Act. During the committee hearing, Sen. Louis Pate, R-Wayne, told DHHS officials: "There was a lot of misgiving and doubt as to whether the department could push and shove us along to this place (reform), but they have done it." Brajer explained the waiver included input from 12 public hearings across the state earlier this spring, which he called "a beautiful example of democracy and process." The waiver request will take

roughly 18 months for federal regulators to review. Opponents said they are wary of privatization and also charged that the waiver does nothing to address the nearly 500,000 uninsured North Carolinians in the so-called "Medicaid coverage gap," who make too much money for Medicaid but too little to qualify for ACA tax credits.(Dan Boylan, THE INSIDER, 6/2/16).

Background Checks

The Senate on Wednesday unanimously passed a measure aimed at trying to ensure dangerous criminals don't end up teaching in North Carolina schools. The chamber's final vote is expected Thursday before going to the House. Sponsored by Sen. Chad Barefoot, R-Wake, Senate Bill 867 authorizes the State Board of Education to require applicants for teacher licenses and license renewals to get background checks in state and national databases. It also requires local boards of education and charter school boards of directors to check school applicants' backgrounds against the same databases. The bill would allow the State Board of Education to charge applicants for licenses a fee of up to the cost of providing the background check, about \$50. Local school boards also could charge job applicants that fee.(Patrick Gannon, THE INSIDER, 6/02/16).

Gerrymandering Costs

Government watchdog groups from different ends of the political spectrum gathered at the General Assembly on Wednesday to blast the gerrymandering they fear will drop voter turnout during next week's special congressional election, in addition to costing North Carolina taxpayers millions of dollars. "Clearly, we must fully fund our elections," Bob Phillips, executive director of Common Cause NC, wrote in a statement. "But this special election is only necessary because the legislature engaged in unconstitutional racial gerrymandering -- and the taxpayers of North Carolina are left holding the bill." A panel of federal judges in February ruled that legislators unlawfully gerrymandered North Carolina's congressional voting map along racial lines. The districts were ordered to be redrawn, which delayed primary voting and triggered a special congressional election on Tuesday -- which will cost an estimated \$9.5 million, according to Common Cause. Mitch Kokai, a John Locke Foundation senior political analyst, said both Republicans and Democrats have been guilty of gerrymandering when in power, resulting in a cycle of costly court battles. Jane Pinsky, NC Coalition for Lobbying and Government Reform director, urged lawmakers to adopt an independent redistricting process. Pinsky noted that House Bill 92, introduced last year with bipartisan sponsors, is modeled after a nonpartisan redistricting system successfully used for more than 30 years in Iowa.(Dan Boylan, THE INSIDER, 6/2/16).

Math Debate

Changes to high school math the State Board of Education is poised to approve put the board on a collision course with legislators who want schools to go back to teaching the subject the way they did four years ago. The state board is set to vote Thursday on changes to three core high school math courses. The changes are meant to clarify and reorder topics but do not go as far as unraveling integrated math courses that teach

algebra, geometry and statistics in combination each year over three years. A Senate committee considered a bill Wednesday that would require the state to return to teaching Algebra I, Geometry, and Algebra II in high school, rather than the sequence of integrated math courses Math I, Math II, and Math III. The committee did not vote on the bill, but Sen. Jerry Tillman, R-Randolph, a co-chairman of the education committee, said it was "a very clear signal" to the state education board "that we don't need to progress down that path any further."

A subcommittee of a state commission reviewing the controversial Common Core standards wanted the state to move back to the old high school math sequence, but the full commission rejected that recommendation. Rockingham County Superintendent Rodney Shotwell, an adviser to the state board, said legislators' desire to return to the old sequence was based on the "comfort level of what people had when they were growing up." The state board moved ahead with its review of the proposed math changes and a detailed implementation plan the state Department of Public Instruction prepared. The revised courses would begin next fall. The bill won't change the state board's plan, said Chairman Bill Cobey. "I don't know why it would impact our vote," he said in an interview. "We'll move forward." But during the meeting, Vice Chairman A.L. Collins acknowledged that the bill, if it becomes law, would "have a tremendous adverse impact to what you're doing." The proposed legislation would have the state switch back to the traditional sequence in 2017. It would also require the education board to work with the State Board of Community Colleges to come up with new math standards to be implemented in fall 2018. A committee vote will come next week, Tillman said. Tillman said the legislature would take up changes to elementary and middle school math next year. (Lynn Bonner, THE NEWS & OBSERVER, 6/01/16).

McCrory Video

Resources: [YouTube: 'North Carolina Cannot Afford Roy Cooper'](#)

Gov. Pat McCrory's campaign committee released a Web ad Wednesday touting recent economic news, including job-creation numbers, Site Selection Magazine's ranking as the top state for business climate and a reduction in unemployment among veterans. Then, it shows McCrory calling Democratic gubernatorial candidate Roy Cooper a "very liberal, full-time politician." "North Carolina cannot afford Roy Cooper," he says. McCrory, a Republican, and Cooper, a Democrat, are locked in a close race for governor in November. (THE INSIDER, 6/02/16).

Toll Contract

Some North Carolina lawmakers are supporting efforts to cancel a much-criticized agreement with a private developer to build toll lanes along Interstate 77 north of Charlotte. The House Transportation and Appropriations committees on Wednesday moved to the chamber floor the proposal to pull out of a 50-year contract the state has signed with Cintra. The panels acted despite warnings from Transportation Secretary Nick Tennyson that canceling could cost millions of dollars in fees and would leave the area without any clear solutions for its traffic problems. Both committees, however, accepted the bill "without prejudice," as opposed to favorably. "Without prejudice" is a

seldom-used procedural action that often reflects the lack of strong support for a measure while at the same time keeping the bill alive.

Representatives from Mecklenburg County said they want improvement for the congested I-77 area, but they are concerned about the specific agreement that would create 26 miles of toll lanes between Charlotte and Cornelius. "At no point have we stood up and said we are opposed to the concept of managed lanes. We have said we are opposed to what we believe is an inherently flawed contract. They are materially different things," said Rep. Charles Jeter, R-Mecklenburg, one of the bill's sponsors. Jeter said the road won't be able to handle heavy trucks and some local businesses along the highway would suffer. He also said the tolls will cost drivers, primarily residents from Mecklenburg County, an estimated \$10 billion dollars throughout the entirety of the 50-year contract. Rep. John Bradford, R-Mecklenburg, said the traffic problem only lasts about 13 of the proposed 26 miles, and suggested starting with wider lanes in that stretch.

But Tennyson told the committee that canceling the contract could result in penalty fees of up to \$250 million, limiting funding for completion of infrastructure projects in the region and throughout the state. Tennyson said the contract allows the state to build a \$640 million dollar project for about 20 percent of that cost and ensures maintenance of the roads for the next 50 years. Board Chair of the North Carolina Department of Transportation Ned Curran said withdrawing from the agreement could cause other potential contractors to shy away from working with the state. "This project has had a chilling effect on their interest in doing business with the state of North Carolina," Curran said. Gov. Pat McCrory has previously said that the toll project should proceed because of decisions made by elected leaders in the past decade, but has also blamed poor infrastructure planning from the past 25 years for having to create the toll lanes in the first place. (Anna Gronewold, THE ASSOCIATED PRESS, 6/01/16).

Tuition Bill

Historically black universities will be dropped from a legislative plan to slash tuition to \$500 a semester, said Republican Sen. Tom Apodaca, the sponsor of a bill that would have affected several UNC campuses. His comment came as opposition mounted to the low-tuition plan. Several hundred alumni rallied outside the legislature Wednesday, saying the legislation threatens the economic viability of three black campuses: Elizabeth City State, Fayetteville State and Winston-Salem State universities. The protesters expressed skepticism about the bill's language that promised that the state would cover lost tuition revenue up to \$70 million in 2018-19. Apodaca, a Hendersonville Republican, said he would put forth an amendment that would remove the three historically black campuses but keep UNC Pembroke and Western Carolina in the tuition-reduction proposal. Asked whether the outcry on behalf of historically black colleges and universities was behind his decision, Apodaca said, "If you can't give away \$70 million, then I'm not going to try to."

Senate Bill 873 has generated controversy from the start, but it moved forward in Senate committees last week as Apodaca, a Western Carolina graduate, removed language that called for UNC officials to consider renaming campuses. This week, the bill was folded into the Senate budget proposal. Alumni groups organized. At a packed

news conference and an afternoon rally Wednesday, supporters of the state's historically black colleges and universities said the measure could harm schools that for more than a century have been a key part of African-American heritage and success in North Carolina. Patti Sanders-Smith, of the Winston-Salem State alumni association, said that on the surface, the legislation attempts to make a college education more affordable. "However, to many, it is seen as yet another attack on historically black colleges and universities," Sanders-Smith said. Republican co-sponsors of the plan say it would boost enrollment at smaller campuses and provide a low-cost alternative at the five named campuses. "Far from cheapening education ... what it does is it creates an opportunity for more people to have the benefit of a college education," Senate Leader Phil Berger said Tuesday. A low price tag could lure more students to campuses that have seen flat or declining enrollment because of changes in financial aid and increased minimum admissions requirements. Often cited is Elizabeth City State, which has seen its student population plummet more than 50 percent in five years. (Jane Stancill & Colin Campbell, THE NEWS & OBSERVER, 6/01/16).

Tax Letters

Hundreds of North Carolina taxpayers are fretting over letters they received in error stating they missed the annual Tax Day deadline to file requests for extensions on their taxes. Rollin Groseclose, a certified public accountant at Johnson Price Sprinkle PA in Asheville, said he mailed paperwork for an extension on his own taxes on the April 18 filing deadline. A letter Groseclose received May 18, though, gave him 30 days to submit his return along with payment of the applicable tax, penalties and interest. By then he had already heard that similar letters were going out to some of his clients. The N.C. Department of Revenue sent out an estimated 7,600 letters in May denying extension requests on the basis of missing the April 18 deadline. The department now estimates a bit more than a third of those letters were sent erroneously. Trevor Johnson, a spokesman for the Revenue Department, said the issue stemmed from a delay in receiving 25 trays of mail from the U.S. Postal Service. The mail arrived well after April 18, he said. A Postal Service spokesman said the agency is looking into the matter. Groseclose is involved with the N.C. Association of Certified Public Accountants. When he discovered the problem was widespread, he worked with the group to try to solve it. (Bryan Anderson, THE NEWS & OBSERVER, 6/01/16).

Records Suit

At the request of the McCrory administration, the North Carolina appeals court has temporarily delayed testimony from top state communication officials in a media lawsuit over access to public records. A coalition including WRAL News parent Capitol Broadcasting Co., The News & Observer and advocacy groups such as the Southern Environmental Law Center sued the administration last summer over claims state agencies "regularly and repeatedly" violated the state's public records law since Gov. Pat McCrory took office in 2013. The Governor's Office has dismissed the lawsuit as frivolous and has maintained the administration is a "champion of transparency." After earlier rulings allowing the case to proceed, Superior Court Judge John Craig this week denied a motion by McCrory's attorneys to delay the depositions of four top public

information officers at the Governor's Office and other state agencies. That included the sworn testimony of McCrory Communications Director Josh Ellis, scheduled for Thursday morning. But shortly after Craig's ruling Wednesday, administration attorneys moved quickly to delay the depositions again, this time with the Court of Appeals. Until the appeals court rules on that motion, state staffers won't have to show up for deposition. Attorneys for McCrory and his cabinet agencies have argued the court should dismiss the suit because agencies have already produced records in the cases the coalition cited.(Tyler Dukes, WRAL NEWS, 6/01/16).

Business Taxation

The major-party candidates for North Carolina governor called Wednesday for changes to newly expanded sales taxes, which add to the cost of car repairs and other blue-collar services but don't hit white-collar work such as accounting and legal advice. Republican Gov. Pat McCrory and Democratic Attorney General Roy Cooper spoke separately to about 100 small business owners who were in Raleigh to lobby the General Assembly for help for mom-and-pop companies. Both touched on the new sales taxes, a sore point for the state chapter of the National Federation of Independent Business. Businesses that perform repair, maintenance, and installation services became subject to collecting sales tax three months ago. Now they're required to collect sales tax from each customer, account for the money and turn it over to the state. These services include reupholstering furniture, patching tires, mending clothes, troubleshooting computer software, repairing cell phones, tinting vehicle windows and tuning up autos, lawnmowers and chain saws.

Small-business owners object to being pressed into service as tax collectors, NFIB state director Gregg Thompson said. A survey of the group's members last year found more than eight of 10 opposed expanding North Carolina's sales tax to include business and professional services. A former Republican legislator himself, Thompson said he knows lawmakers were aiming to offset corporate and personal income tax cuts with the more sales taxes. But taxing only blue-collar work and not the services provided for and used by wealthier people is unfair, he said. "Tax none or all," Thompson told The Associated Press. "It's just not fair to make the smaller business owner, who has the most difficult time, become a tax collector for the state and not those who have accounting firms." McCrory said he wants some modest changes to the expanded sales tax, which he opposed but signed into law anyway as part of last year's budget package. But he said he doesn't yet know what changes to make, and declined to comment on whether it's fair to tax blue-collar work while exempting white-collar services. "I think we just need to make some modifications to correct any potential small deficiencies that were in past reforms," McCrory said. Cooper also didn't suggest what changes he would make, but acknowledged that the services tax has been confusing for small businesses. "That has hit every day working people very hard," he said.(Emery P. Dalesio, THE ASSOCIATED PRESS, 6/01/16).

Banking Commissioner

The state banking commissioner has been confirmed for the post for another three years. The Senate gave unanimous approval Wednesday to Gov. Pat McCrory's

reappointment of Ray Grace, who has worked in the banking office for more than 40 years in several roles. He has been in the commissioner's job since 2012. The House already confirmed Grace last month. Grace's new term lasts through March 2019. Grace is a New York native and Vietnam War veteran.(THE ASSOCIATED PRESS, 6/01/16).

SC Border

The South Carolina House passed a bill clarifying South Carolina's border with North Carolina after two decades of work to use technology to measure it to the centimeter. The House initially appeared to kill the bill Wednesday after an amendment passed allowing a \$5,000 tax credit for people affected by the change. But members changed their mind after the credit was removed. The Carolinas have been using GPS technology to trace instructions given by the King of England when the states were just colonies. That extra clarity left 16 people who thought they lived in South Carolina with property in North Carolina, and three families changing to South Carolina addresses. South Carolina is offering help with utilities and schools. North Carolina's bill passed the Senate and is in the House.(THE ASSOCIATED PRESS, 6/01/16).

Teacher Survey

North Carolina public schools have released the results of its latest Teacher Working Conditions Survey. The survey is given every two years and asks teachers, principals and other school staff to share their thoughts on various topics, including school leadership, student conduct and facilities and resources. Nearly 102,000 North Carolina educators, or about 86 percent, responded to the voluntary online survey, which is anonymous. About 89 percent of educators responded to the last survey in 2014.

Among the findings:

- Teachers have declining confidence in how accurately state tests are gauging students' understanding of the material. This year, 43 percent of teachers surveyed said they agree or strongly agree that state tests accurately assess students' understanding. That's down from 44.5 percent in 2014.
- Teachers cited principals and other leaders at their school as the most important factor when deciding whether they want to keep teaching at their current school.
- Teachers cited use of time and instructional practices and support as the second most important factors in whether they stay at their school.
- About 65 percent of teachers say an effort has been made to minimize the amount of routine paperwork they have to do, compared with 57 percent in 2014.

(Kelly Hinchcliffe, WRAL NEWS, 6/01/16).

Asheville Teachers

Teachers for Buncombe County Schools may not get the immediate \$3.3 million pay increase that local education officials had wanted. Instead, classroom instructors and other certified personnel for the region's biggest school system may see a salary bump phased in over two or three years, County Manager Wanda Greene said Tuesday. School officials made the request to the Board of Commissioners at a regular public

meeting, telling the elected county officials more local money was needed to supplement teachers' base state salary. The Buncombe system has 2,078 teachers and other licensed employees and an estimated 600 assistants. There are 1,462 county employees. "It would be a very big hit in one year, but I think we can come up with some plans that give you some options for some phase ins," Greene told commissioners. "Then we can do planning over the next two or three years." Much may depend on a piece of state legislation, Senate Bill 888. If passed, the bill would shift the way special sales tax money is distributed between Buncombe's two school systems and free up more of the county's general fund for things such as teacher salaries, Greene said.(Joel Burgess, ASHEVILLE CITIZEN-TIMES, 6/01/16).

Observer Building

The Charlotte Observer's former building has inched a step closer to demolition, with permits issued to tear down the structures at Stonewall and South Tryon streets. As the Observer reported last month, the site's new owners had requested permits to demolish the site. Mecklenburg County records show the permits were issued last week. The permits indicate the project will have a total cost of \$4.2 million. D.H. Griffin Wrecking Co. will demolish the building. The bulk of the cost -- \$3.5 million -- will go to tearing down the Observer building itself, at 600 S. Tryon St. The remainder will go to tearing down the second portion of the Observer site, between Church and Mint Streets, adjacent to Bank of America Stadium. A company affiliated with Charlotte development firm Lincoln Harris and New York-based investment bank Goldman Sachs bought the former Observer site from the pension fund of Sacramento-based McClatchy, the Observer's parent company, for \$34.1 million. That transaction closed last month. The Observer has relocated to new offices two blocks away, at Stonewall and South Caldwell streets, in the NASCAR Plaza office tower. Lincoln Harris hasn't said what it intends to build on the 9.4-acre site, but preliminary plans filed with the city indicate the site will be a major mixed-use development.(Ely Portillo, THE CHARLOTTE OBSERVER, 6/01/16).

Nags Head

The town of Nags Head has scheduled a public hearing on its plans to close a road that's now owned more by the Atlantic Ocean than the town. The public hearing about plans to close Seagull Drive will be held Thursday. Nags Head has spent thousands of dollars over the last decade on what once was a paved two-lane road about 500 feet long with a row of high-end houses on each side. But the surf destroyed the asphalt a long time ago. The road now is just a narrow, sandy path. One homeowner on the west side is protesting the closure. Homeowner Lucas Munn says abandoning the road to the elements will degrade the area.(THE VIRGINIAN-PILOT, 6/01/16).

House Bills Filed

Wednesday, June 1, 2016

[HB 1145](#) (Jones) DISAPPROVE DENTAL EXAMINERS RULE

Senate Bills Filed

Wednesday, June 1, 2016

No bills filed.

What Happened in the House

Wednesday, June 1, 2016

Calendared pursuant to House Rule 36(b)

[HB 954](#) (Jeter) TERMINATE AGREEMENT FOR TOLLING OF I-77

[HB 1080](#) (Bryan) ACHIEVEMENT SCHOOL DISTRICT

House concurred in Senate committee substitute

[HB 632](#) (Saine) STUDENT ONLINE PROTECTION ACT

Ordered Enrolled

[HB 632](#) (Saine) STUDENT ONLINE PROTECTION ACT

Passed 2nd Reading

[HB 984](#) (Howard) TRANSFER OF DAVIE COUNTY CORRECTIONAL CENTER

[HB 1137](#) (Ross, S.) TREASURER'S 2016 INVESTMENT ADMIN. CHANGES.-AB

Passed 3rd Reading

[HB 984](#) (Howard) TRANSFER OF DAVIE COUNTY CORRECTIONAL CENTER

[HB 1137](#) (Ross, S.) TREASURER'S 2016 INVESTMENT ADMIN. CHANGES.-AB

Placed On Calendar For 06/02/2016

[HB 954](#) (Jeter) TERMINATE AGREEMENT FOR TOLLING OF I-77

[HB 959](#) (Iler) DOT PROPOSED LEGISLATIVE CHANGES

[HB 1080](#) (Bryan) ACHIEVEMENT SCHOOL DISTRICT

Ratified

[HB 357](#) (Stam) CHEMICAL ANALYSIS REPORTS/DISTRICT COURT

Re-referred To House Committee On Appropriations

[HB 954](#) (Jeter) TERMINATE AGREEMENT FOR TOLLING OF I-77

Re-referred To House Committee On Education - K-12

[HB 1080](#) (Bryan) ACHIEVEMENT SCHOOL DISTRICT

Re-referred To House Committee On Rules, Calendar, and Operations of the House

[SB 160](#) (Lee) ENHANCE SAFETY & COMMERCE FOR PORTS/INLETS

Regular Message Received From Senate

[SB 805](#) (Hartsell) FIDUCIARY ACCESS TO DIGITAL ASSETS

Withdrawn From Com

[SB 160](#) (Lee) ENHANCE SAFETY & COMMERCE FOR PORTS/INLETS

Withdrawn from the Calendar

[HB 959](#) (Iler) DOT PROPOSED LEGISLATIVE CHANGES

[HB 1080](#) (Bryan) ACHIEVEMENT SCHOOL DISTRICT

What Happened in the Senate

Wednesday, June 1, 2016

Committee Amendment Adopted A2

[HB 1030](#) (Dollar) 2016 APPROPRIATIONS ACT

Committee Amendment Adopted A3

[HB 1030](#) (Dollar) 2016 APPROPRIATIONS ACT

Committee Amendment Adopted A1

[HB 1030](#) (Dollar) 2016 APPROPRIATIONS ACT

Committee substitute adopted

[HB 1030](#) (Dollar) 2016 APPROPRIATIONS ACT

Conference committee appointed

[SB 838](#) (Hise) MEDICAID TRANSFORMATION MODIFICATIONS

Ordered Enrolled

[HB 469](#) (Iler) SUNSET BEACH/PARKING METER PROCEEDS

[HB 1018](#) (Lewis) CONFIRM COMMISSIONER OF BANKS

Passed 1st Reading

[SB 890](#) (Smith) ELECTIONS EVERY FOUR YEARS/TOWN OF MARIETTA

Passed 2nd Reading

[HB 469](#) (Iler) SUNSET BEACH/PARKING METER PROCEEDS

[HB 1018](#) (Lewis) CONFIRM COMMISSIONER OF BANKS

[SB 727](#) (Tillman) MOORE COUNTY LOCAL SALES TAX USE
RESTRICTION

[SB 733](#) (Smith) TOWN OF PROCTORVILLE/SEWER FEE COLLECTIONS

[SB 852](#) (Hise) TOWN OF BAKERSVILLE/TOWN OF CLYDE/DEANNEX

[SB 867](#) (Barefoot) PROTECT STUDENTS IN SCHOOLS

[SB 874](#) (Rabin) SANFORD/HARNETT OT

[SB 875](#) (Rabon) TOWN OF SUNSET BEACH/DEANNEXATION

Passed 3rd Reading

[HB 469](#) (Iler) SUNSET BEACH/PARKING METER PROCEEDS

[HB 1018](#) (Lewis) CONFIRM COMMISSIONER OF BANKS

[SB 733](#) (Smith) TOWN OF PROCTORVILLE/SEWER FEE COLLECTIONS

Placed On Calendar For 06/08/2016

[HB 817](#) (Turner, R.) ENACT UNIFORM LAW ON ADULT GUARDIANSHIP

Ratified

[SB 71](#) (Lee) COMM'N APPOINTMENT MODIFICATIONS

Re-referred To Senate Committee On Finance

[HB 1030](#) (Dollar) 2016 APPROPRIATIONS ACT

Re-referred To Senate Committee On Pensions & Retirement and Aging

[HB 1030](#) (Dollar) 2016 APPROPRIATIONS ACT

Referred To Senate Committee On Rules and Operations of the Senate

[SB 890](#) (Smith) ELECTIONS EVERY FOUR YEARS/TOWN OF MARIETTA
Regular Message Sent To House
[SB 805](#) (Hartsell) FIDUCIARY ACCESS TO DIGITAL ASSETS
[SB 805](#) (Hartsell) FIDUCIARY ACCESS TO DIGITAL ASSETS
Withdrawn from the Calendar
[HB 817](#) (Turner, R.) ENACT UNIFORM LAW ON ADULT GUARDIANSHIP

What Happened in House Committees

Wednesday, June 1, 2016

All House Committees

Reported as committee substitute without prejudice

[HB 954](#) (Jeter) TERMINATE AGREEMENT FOR TOLLING OF I-77

[HB 954](#) (Jeter) TERMINATE AGREEMENT FOR TOLLING OF I-77

Reported favorably by committee substitute

[HB 1080](#) (Bryan) ACHIEVEMENT SCHOOL DISTRICT

What Happened in Senate Committees

Wednesday, June 1, 2016

All Senate Committees

Reported favorably by committee Com Sub with Unengrossed Amend

[HB 1030](#) (Dollar) 2016 APPROPRIATIONS ACT

Reported favorably by committee as amended , Unengrossed

[HB 1030](#) (Dollar) 2016 APPROPRIATIONS ACT

Reported favorably by committee substitute

[HB 1030](#) (Dollar) 2016 APPROPRIATIONS ACT

House Calendar

Thursday, June 2, 2016

House Convenes at 10:00 a.m.

PUBLIC BILLS -- THIRD READING -- NON -- ROLL CALL

[HB 959](#) (Iler) DOT PROPOSED LEGISLATIVE CHANGES

PUBLIC BILLS -- SECOND AND THIRD READINGS

[HB 954](#) (Jeter) TERMINATE AGREEMENT FOR TOLLING OF I-77

[HB 1080](#) (Bryan) ACHIEVEMENT SCHOOL DISTRICT

Senate Calendar

Thursday, June 2, 2016

Senate Convenes at 10:00 a.m.

Local Bills -- Third Reading -- Roll Call

SB 727 (Tillman) MOORE COUNTY LOCAL SALES TAX USE
RESTRICTION
SB 852 (Hise) TOWN OF BAKERSVILLE/TOWN OF CLYDE/DEANNEX
SB 874 (Rabin) SANFORD/HARNETT OT
SB 875 (Rabon) TOWN OF SUNSET BEACH/DEANNEXATION
PUBLIC BILLS -- SECOND READING -- ROLL CALL
HB 1030 (Dollar) 2016 APPROPRIATIONS ACT
PUBLIC BILLS -- SECOND READING
SB 867 (Barefoot) PROTECT STUDENTS IN SCHOOLS

House Committee Meetings

Thursday, June 2

15 Minutes After Session

House Committee On Rules, Calendar, and Operations of the
House, 1228/1327 LB

HB 734 (Graham, C.) STUDY/AMERICAN INDIAN
HERITAGE CTR

SB 160 (Lee) ENHANCE SAFETY & COMMERCE
FOR PORTS/INLETS

SB 575 (Tucker) NC/SC ORIGINAL BOUNDARY
CONFIRMATION

SB 600 (Meredith) STUDY/AUTONOMOUS
VEHICLES.-AB

SB 661 (Newton) PRIVATE LABS MUST COMPLY
WITH CODIS

8:30 a.m.

House Committee on Finance, Subcommittee on
Deannexation/Annexation, 544 LOB

HB 1017 (Burr) NORWOOD

DEANNEXATIONS/ANNEXATION

9:00 a.m.

House Committee on Local Government, 643 LOB

HB 1009 (Adcock) WAKE CTY TOWNS DONATE
RETIRED SERVICE ANIMALS

HB 1035 (McNeill) LGC/TRAINING FOR LOCAL GOV'T
FINANCE OFFICERS

HB 1045 (Speciale) NEW BERN CHARTER/REVISED
& CONSOLIDATED

HB 1126 (Martin) RED LIGHT CAMERAS/CITY OF
GREENVILLE

HB 1131 (West) TOWN OF ANDREWS/ETJ
AUTHORITY

HB 1132 (Blackwell) GLEN ALPINE DEANNEXATION

HB 1143 (Torbett) SPENCER MOUNTAIN CHARTER

Senate Committee Meetings

Thursday, June 2

15 Minutes After Session

Senate Committee On State and Local Government, 423 LOB

[HB 1037](#) (Saine) LINCOLN TON AIRPORT

AUTHORITY/CONTRACT LENGTH

[SB 795](#) (Davis, J.) CLAY COUNTY COURTHOUSE

[SB 848](#) (Barringer) CARY CHARTER AMENDMENTS

[SB 849](#) (Barringer) WAKE CTY TOWNS DONATE

RETIRED SERVICE ANIMALS

[SB 876](#) (Smith) TOWN OF FAIRMONT/UTILITY BILL

COLLECTIONS

[SB 881](#) (Tucker) UNION COUNTY SCHOOL FUNDING

[SB 883](#) (Smith) CHADBOURN CHARTER/TOWN

APPOINTMENTS

Tuesday, June 7

12:00 P.M.

Senate Committee On State and Local Government,

1027/1128 LB

[HB 1037](#) (Saine) LINCOLN TON AIRPORT

AUTHORITY/CONTRACT LENGTH

[SB 795](#) (Davis, J.) CLAY COUNTY COURTHOUSE

[SB 876](#) (Smith) TOWN OF FAIRMONT/UTILITY BILL

COLLECTIONS

[SB 881](#) (Tucker) UNION COUNTY SCHOOL FUNDING

[SB 883](#) (Smith) CHADBOURN CHARTER/TOWN

APPOINTMENTS

Other Legislative Studies and Meetings

Items in **Bold** are new listings.

LB: Legislative Building

LOB: Legislative Office Building.

More Information: <http://ncleg.net/LegislativeCalendar/>

Friday, June 3

- 10 a.m. | The North Carolina General Statutes Commission, Room 1027/1128 of Legislative Building, 16 West Jones St., Raleigh.

N.C. Government Meetings and Hearings

Items in **BOLD** are new listings.

Monday, June 6

- 10 a.m. | The state Landscape Contractors' Licensing Board holds public hearing on proposed rule changes, 3901 Barrett Drive, Suite 202, Raleigh.
- 12:45 p.m. | The NC State Hearing Aid Dealers and Fitters Board holds public hearing on proposed rule changes, Paragon Bank, Training Room, 3535 Glenwood Ave, Raleigh.

Tuesday, June 7

- 9 a.m. | The N.C. Council of State meets, Commission Room 5034, 5th floor of the Administration Building, 116 W. Jones St., Raleigh.
- **12 p.m. | The Board of Trustees of the UNC Center for Public Television's Advancement, Finance, and Long-Range Planning Committees meet, 10 T. W. Alexander Dr., Research Triangle Park.**
- **1:30 p.m. | The Board of Trustees of the UNC Center for Public Television meets, Joseph and Kathleen Bryan Communications Center, 10 T. W. Alexander Dr., Research Triangle Park.**

Thursday, June 9

- 11 a.m. | The Audit Committee of The North Carolina Partnership for Children, Inc. meets via conference call. Contact: Yvonne Huntley, [919-821-9573](tel:919-821-9573).

Tuesday, June 14

- 9 a.m. | The N.C. Building Code Council holds public hearing on proposed rule changes, NCSU McKimmon Center, 1101 Gorman St., Raleigh.

Thursday, June 16

- 10 a.m. | The Rules Review Commission meets, Rules Review Commission room, Office of Administrative Hearings, 1711 New Hope Church Road, Raleigh.

Tuesday, June 21

- 10 a.m. | The North Carolina Partnership for Children, Inc. Board of Directors meet, 1100 Wake Forest Road, Raleigh.

Thursday, June 23

- 11 a.m. | The Rural Infrastructure Authority of the Dept. of Commerce meets, N.C. Commerce Board Room, 4th floor at 301 N. Wilmington St., Raleigh.

Friday, July 1

- 3 p.m. | The state Dept. of Revenue's Property Tax Commission holds public hearing on proposed rule changes, North Carolina Department of Revenue Building, Room 135, 501 N. Wilmington St., Raleigh.

Thursday, July 14

- 10 a.m. | The North Carolina Medical Board holds public hearing on proposed rule changes, C Medical Board, 1203 Front St., Raleigh.

Thursday, July 21

- 10 a.m. | The Rules Review Commission meets, Rules Review Commission room, Office of Administrative Hearings, 1711 New Hope Church Road, Raleigh.

Wednesday, Aug. 10

- 10:30 a.m. | The Criminal Justice Education and Training Standards Commission of the DOJ holds public hearing on proposed rule changes, Wake Technical Community College, 321 Chapanoke Road, Raleigh.

Wednesday, Aug. 17

- 9 a.m. | The State Banking Commission meets, Hearing Room, Office of the Commissioner of Banks, 316 W. Edenton St., Raleigh.

Thursday, Aug. 18

- 10 a.m. | The Rules Review Commission meets, Rules Review Commission room, Office of Administrative Hearings, 1711 New Hope Church Road, Raleigh.
- 11 a.m. | The Rural Infrastructure Authority of the Dept. of Commerce meets, N.C. Commerce Board Room, 4th floor at 301 N. Wilmington St., Raleigh.

Thursday, Sept. 15

- 10 a.m. | The Rules Review Commission meets, Rules Review Commission room, Office of Administrative Hearings, 1711 New Hope Church Road, Raleigh.

Thursday, Oct. 20

- 10 a.m. | The Rules Review Commission meets, Rules Review Commission room, Office of Administrative Hearings, 1711 New Hope Church Road, Raleigh.
- 11 a.m. | The Rural Infrastructure Authority of the Dept. of Commerce meets, N.C. Commerce Board Room, 4th floor at 301 N. Wilmington St., Raleigh.

Wednesday, Nov. 2

- 9 a.m. | The State Banking Commission meets, Hearing Room, Office of the Commissioner of Banks, 316 W. Edenton St., Raleigh.

Thursday, Nov. 17

- 10 a.m. | The Rules Review Commission meets, Rules Review Commission room, Office of Administrative Hearings, 1711 New Hope Church Road, Raleigh.

Thursday, Dec. 15

- 10 a.m. | The Rules Review Commission meets, Rules Review Commission room, Office of Administrative Hearings, 1711 New Hope Church Road, Raleigh.
- 11 a.m. | The Rural Infrastructure Authority of the Dept. of Commerce meets, N.C. Commerce Board Room, 4th floor at 301 N. Wilmington St., Raleigh.

Wednesday, Jan. 25

- 9 a.m. | The State Banking Commission meets, Hearing Room, Office of the Commissioner of Banks, 316 W. Edenton St., Raleigh.

N.C. Utilities Commission Hearing Schedule

Dobbs Building

430 North Salisbury Street

Raleigh, North Carolina

More Information: <http://www.ncuc.commerce.state.nc.us/activities/activit.htm>

Sunday, June 5

- Staff Conference.

Monday, June 6

- Staff Conference.

Tuesday, June 7

- 9:30 a.m. | E-7 Sub 1104 - Application of Duke Energy Carolinas, Dobbs - Commission Hearing Room, 2nd floor, Room 2115.
- 10 a.m. | E-7 Sub 1106 - Application for Approval of Duke Energy Carolinas, LLC's REPS Compliance Report and Cost Recovery Rider, Dobbs - Commission Hear