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Capital News Update

A weekly collection of news briefs covering hot topics in the state legislature and public policy arena. These news items do not necessarily reflect the North Carolina Chamber's priorities, but will feature news about the Chamber's advocacy efforts when timely.

Chamber Hosts Annual Government Affairs Conference – Legislators “Think Jobs!”

Legislative leaders made their commitment to job creation to the 300-plus business leaders during the North Carolina Chamber's Government Affairs Conference on Feb. 1. Wearing his Chamber “Think Jobs!” wristband, House Speaker Thom Tillis (R-Mecklenburg) said the House will focus on priorities that will improve the state's overall business climate.

“Non-value-added regulations are going to be eliminated,” Tillis said, noting one priority. Chamber VP of Governmental Affairs John McAlister told business leaders to watch for legislation on regulations in the coming days – bills that will address when and how agencies can adopt rules and how to measure the cost of compliance versus perceived benefits.

In addition to regulations, Senate President Pro Tem Phil Berger (R-Rockingham) recognized that the state's tax structure must be addressed, though it will follow “right-sizing” state government. Berger confirmed his support for the expiration of temporary taxes, set to sunset in June, stating that taxes cannot be raised if North Carolina wants to remain competitive. The new legislative leaders also said reform in the state's legal climate will be addressed.

See videos and read a complete summary of the [GA Conference here](#).

NC Legislators Propose Cuts to Current Budget to Save Money for Next Year

This week at the General Assembly it was clear that the celebrations were over and legislators were ready to dig in to the state's pressing issues. In particular, Republican Senate leaders focused on a proposal to provide Gov. Perdue with greater authority to cut the state budget by at least \$400 million, although they are hoping to secure up to \$800 million in savings in the current fiscal year. While the Perdue administration and Republican legislators have been in agreement that providing the governor with greater financial flexibility would be beneficial, there are differences of opinion on where that flexibility should be applied.

The current plan, outlined in [S13](#), proposes redirecting funds from the following sources:

- \$400 million withheld from various state agencies
- \$237 million from a year-end credit balance
- \$142.4 million of unspent state reserves

- \$67.6 million from tobacco settlement proceeds entering the Golden Leaf Trust Fund
- \$5.2 million from the One North Carolina Fund, controlled directly by the governor
- \$3 million from Jobs Development Investment Grants programs

The proposal would also grant Gov. Perdue’s request to have the ability to require all state agencies to decrease spending by 5 percent for the next five months. A Perdue spokeswoman said that agencies can make it through the rest of this budget year without laying off additional state employees. However, the next budget year may bring pay cuts for state workers, require layoffs and bring into question health insurance premiums. Senate President Pro Tempore, Phil Berger (R-Rockingham), stated that “No one should be under the illusion we won’t see these kinds of things.”

Health Care Controversy

On Wednesday, North Carolina moved one step closer to joining 26 other states who have dissented against the federal health care law’s individual mandate. After debating for more than three hours, lawmakers in the House voted 66-50 to approve legislation ([H2](#)) that would protect North Carolinians from being forced to purchase health care in 2014, or else face financial penalties. The bill would also direct Attorney General Roy Cooper to file a lawsuit against the federal government that would challenge the constitutional merit of the law. This measure championed by Republicans is one of their first efforts after having achieved a majority; however, even if the bill is approved by the Senate, its fate is still not certain. Gov. Perdue holds the power to veto the legislation, which would then require 60 percent of both the House and the Senate to vote in favor of the bill to override her decision. The legislation will now move to the Senate, where a similar bill was filed on Wednesday.

Perdue on Gambling

There is speculation that part of the governor’s decision to refuse to support privatizing state liquor sales may be due to her intentions to include provisions that regulate the video gambling industry in her soon-to-be released budget. Despite the state’s efforts to get rid of video poker, the industry is still operating and financially profitable. At a time when North Carolina is facing a budget gap, video gambling may offer a lucrative solution. If Perdue decides to advocate for the legalization of video gambling, it is likely that she will find bi-partisan support. House Speaker Thom Tillis (R-Mecklenburg) said, “To be intellectually honest, when we say everything is on the table dealing with the budget crisis, we’ve got to be willing to look at things we’re not positively disposed to in our gut right out of the gate.”

Contact Our Government Affairs Team

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North Carolina Chamber Competitiveness Update

Bill/Resolution Number	Description	Status	Chamber Position	Priority Issue
SJR17: Joint Regulatory Reform Committee	Creates Joint Regulatory Reform Committee to focus on private-sector job creation by lifting the undue burden imposed by outdated,	Passed Senate Rules and Operations Headed to Full Senate	Support	Regulatory Reform

	unnecessary, and vague rules			
S22: APA Rules: Increasing Costs Prohibition	Sets limits/parameters on how state agencies adopt new regulations	Senate Committee on Agriculture/Environment/Natural Resources	Support	Regulatory Reform
S33: Medical Liability Reform	Makes changes to the state's medical liability system including limits on non-economic damages and periodic payments of future economic damages	Senate Judiciary I	Support	Legal Reform