



Office of the Speaker  
North Carolina House of Representatives  
Raleigh, NC 27601-1096

September 1, 2011

Representative Tim Moore  
Chairman  
Legislative Research Commission  
North Carolina House of Representatives  
16 W. Jones Street, Room 1326  
Raleigh, NC 27601-1096

Dear Representative Moore:

As you prepare your agenda for the Legislative Research Commission (the "Commission"), pursuant to G.S. 120-30.17, I hereby authorize the Commission to appoint subcommittees to study the following matters during the interim. House appointees to each study committee are also identified. Please restrict each study committee to a maximum of four meetings unless additional meetings are pre-approved by my office.

Studies Approved in Conjunction with the Senate:

- **North Carolina Alcoholic Beverage Control System** – Study the following aspects of the current State and local alcoholic beverage control (ABC) in North Carolina:
  - (1) Whether the involvement in the distribution and sale of spirituous liquor is a core government function of State and local government.
  - (2) The privatization and divestiture of the ABC system, including potential recurring and nonrecurring revenue from the divestiture of the ABC system's current assets.
  - (3) A comparison of the North Carolina ABC system with other similarly-situated states that have recently privatized or studied the privatization of their ABC systems, including the states of Ohio and Virginia.
  - (4) The impact that privatizing the wholesale and retail components of the distribution of spirituous liquor would have on:
    - a. State and local revenues used for providing core services;

- b. Mental health and substance abuse services;
  - c. Underage drinking;
  - d. Consumer access to spirituous liquor in both urban and rural areas; and
  - e. Product availability.
- (5) The potential for phasing out of local governments from the operation of the retail distribution of spirituous liquor.
- (6) An analysis of local ABC Boards and local governments that may benefit from divestiture of the ABC system.
- (7) A comparison of the current excise taxes and bailment fees applied to spirituous liquor in North Carolina versus other states.

**Chair: Boles (Hunt)**

**Members: Starnes, H. Warren, McLawhorn (Meredith, Jenkins, East)**

- **Efficiencies in State Government** – Study additional uses of analytics to increase efficiencies across all areas of State government, including performance management; waste, fraud, and abuse; outcome management; and outsourcing.

**Chair: Blackwell (Hise)**

**Members: Crawford, Hager, Avila (Brock, Atwater, Soucek)**

- **In Home and Community Based Mental Health Services for Youth** – Study the development and implementation of a demonstration program for mental health providers providing in home and community based services to youth up to age 20 under the State Medicaid program, the purpose of which is to establish reimbursement and regulatory flexibility for providers that demonstrate beneficial outcomes for Medicaid recipients served.

**Chair: Hollo (Hartsell)**

**Members: Hurley, Burr, Insko, Brisson (Nesbitt, Allran, Tucker, Bingham)**

- **Retitling of Manufactured Homes Removed from Property** – Study ways to clarify the retitling of a manufactured home that is removed from real property after the original title has been cancelled.

**Chair: T. Moore (Goolsby)**

**Members: Gillespie, Hilton, Mobley, Saine (Rabon, Harrington, Daniel, Walters)**

- **Property Insurance Rate Making** – Study the adequacy of citizen input in property insurance rate making and the manner in which property insurance rates are proposed, reviewed, approved, and appealed. Specifically, the subcommittee may study the following:

- (1) The feasibility and advisability of replacing the North Carolina Rate Bureau with a market based rate-setting system or with a regulatory commission similar to the North Carolina Utilities Commission.
- (2) The adequacy under current law of legislative oversight of the Rate Bureau, the North Carolina Joint Underwriting Association, and the North Carolina Insurance Underwriting Association.
- (3) The adequacy under current law of Commissioner of Insurance duties pertaining to protection of policyholders and the public against the adverse effects of excessive, inadequate, or unfairly discriminatory rates.

(4) Whether North Carolina citizens and policyholders should be given a voice in rate appeals under G.S. 58-2-80 through creation of a board or office independent of the Commissioner with standing to advocate on behalf of citizens and policyholders.

(5) The adequacy of the review process afforded by G.S. 58-36-1(2) to persons affected by a rate or loss costs made by the Rate Bureau.

(6) Whether information provided to the public by the Commissioner and the Rate Bureau is adequate to allow reasoned review by interested citizens of the assumptions, modeling, and processes used in setting rates.

**Chair: Dockham (Brown)**

**Members: McElraft, Iler, Wray, Jordan (Apodaca, Meredith, Hise, White)**

- **Municipal Power Agency Relief** – Study potential options to provide relief to customers of the joint municipal power agencies from high electric rates, including:

(1) The feasibility of refinancing or restructuring the debt of the power agencies.

(2) The feasibility of selling assets of the municipalities or the power agencies to lower electric rates or the total amount of debt.

**Chair: Collins (Newton)**

**Members: Brawley, Owens, Dixon, Stam (Brock, Rucho, Meredith, Mansfield)**

- **Marine Fisheries** – Study issues relating to marine fisheries. Specifically, the subcommittee may study the following:

(1) The potential impact to both the State's fisheries resources and the State's economy related to the designation of Red Drum (*Sciaenops ocellatus*), Spotted Sea Trout (*Cynoscion nebulosus*), and Striped Bass (*Morone saxatilis*) as coastal game fish.

(2) Changes to the appointment process and qualification for membership on the North Carolina Marine Fisheries Commission.

(3) Creation of a hook and line commercial fishery.

(4) Elimination of the trawl boat fishery in North Carolina.

(5) Entering into reciprocal agreements with other jurisdictions with regard to the conservation of marine and estuarine resources; and regulating placement of nets and other sports or commercial fishing apparatus in coastal fishing waters with regard to navigational and recreational safety as well as from a conservation standpoint.

(6) Entering into agreements regarding the delegation of law enforcement powers from the National Marine Fisheries Service over matters within the jurisdiction of the Service.

(7) Potential modification of the Fisheries Reform Act of 1997.

(8) Whether Marine Fisheries should be a division of the Coastal Resources Commission or the Wildlife Resources Commission.

(8) Other findings that promote the allocation of the State's resources to the optimum use.

**Chair: McCormick (Brown)**

**Members: Ingle, Samuelson, McComas, Spear, Holloway, McElraft (Preston, White, Goolsby, Rabon, Tucker, East)**

- **Automobile Insurance Modernization** – (a) Study issues relating to the method and manner of establishing automobile insurance rates in North Carolina, to ensure consumers are receiving the fullest possible benefit from marketplace competition among insurers on pricing, product,

and coverage options. The study may include, but is not limited to, review of the insurance regulatory systems in other states; model laws and recommendations of the National Association of Insurance Commissioners and the National Conference of Insurance Legislators, the North Carolina Rate Bureau, the North Carolina Reinsurance Facility, and the Safe Driver Incentive Program; current and proposed restrictions and regulations on automobile insurance pricing, underwriting, and related issues; the method and effectiveness of assuring voluntary and involuntary automobile insurance markets; and the effect of modernizing the automobile insurance regulatory system upon the revenues, expenses, and operations of the Department of Insurance and the State of North Carolina; and the use of electronic verification systems by law enforcement agencies and officers to electronically identify motor vehicles operating on the public streets and public vehicular areas without financial responsibility as required pursuant to G.S. 20-309.

(b) Study issues related to enforcement and administration of safety and emissions inspection requirements set forth G.S. 20-183.2, et seq. The study may include, but is not limited to, review of current penalties assessed against motor vehicle owners, safety inspection station licensees and emission inspection licensees; review of new technologies available to increase the efficiency and effectiveness of the Department of Motor Vehicles' enforcement of inspection requirements; and review of the appeals processes governing the issuance, suspension and revocation of any of safety and/or emissions licenses issued by the Division and any fines assessed thereby.

**Chair: Steen (Apodaca)**

**Members: H. Warren, Burr, Hamilton (Rucho, Kinnaird, Gunn)**

- **Pretrial Release** – Study methods for achieving increased efficiencies and outcomes in the pretrial release process and procedures.

**Chair: Daughtry (Rucho)**

**Members: Guice, Spear, Stevens (Goolsby, Brown, D. Berger)**

- **Mechanics Liens on Real Property** - Study issues related to mechanic's liens on real property in North Carolina, including ways to address "hidden" liens in real estate transactions, and any other issues the subcommittee deems relevant to the study.

**Chair: Stevens (Brunstetter)**

**Members: Stam, Blackwell, Faison (Goolsby, Harrington, Stein)**

- **Transition to Federal and Local Funding for Local Mass Transit** – Study issues related to the utilization of federal and local funding sources for local mass transit projects and the elimination of State funding for such projects.

**Chair: Avila (Rucho)**

**Members: Brawley, R. Moore, T. Moore, Murry (Rabon, Harrington, Jenkins, Hunt)**

- **Consolidation of Elections, Ethics and Lobbyist Registration Functions** – Study transfer of the authority, powers, duties and functions, records, personnel, property and budgets of the State

Ethics Commission and the lobbying registration and lobbying enforcement authority, functions and budget of the Secretary of State to a new State Board of Elections and Ethics Enforcement.

**Chair: Lewis (Brock)**

**Members: Stam, T. Moore, Martin, Howard (Rucho, Brunstetter, Nesbitt, Gunn)**

Studies Approved for the House:

**1. Third Party Sale of Electricity (HB 906 – Samuelson, Avila)**

The Legislative Research Commission shall study the feasibility and the desirability of authorizing sales of electricity by any third party that owns or operates the equipment of a renewable energy facility with two megawatts or less capacity when the renewable energy facility is located on a customer's property. This study shall focus on the obstacles that currently prevent these third-party sales of electricity from renewable energy resources and the possible solutions that address these obstacles. One major obstacle the Commission shall consider is whether the third party that owns or operates the equipment of a renewable energy facility is subject to being regulated as a public utility under Chapter 62 of the General Statutes unless legislation is enacted to exclude the third-party owner or operator of the on-site generating equipment from such regulation. In its study, the Commission may consider all of the following issues:

- (1) Whether these third-party sales of electricity have the potential to substantially assist North Carolina in gaining greater energy security and energy independence through the use of indigenous resources available within the State.
- (2) Whether these third-party sales of electricity have the potential to sufficiently address on-peak demand loads to result in lowering costs for utility customers and avoiding the need to build additional generating facilities.
- (3) Whether the development of renewable energy in the State through third-party sales of electricity is likely to encourage private investment in new small scale generating facilities, thereby creating new property tax bases and creating new energy-related jobs throughout the State.
- (4) Whether these third-party sales of electricity would promote the development of renewable energy in North Carolina by allowing competition in markets that heretofore have been closed to competition and served exclusively by an energy supplier assigned to serve such market.
- (5) Any other issue the Commission considers relevant to its study.

**Chair: Samuelson**

**Members: Avila, Goodman, Hager, Steen**

**2. Metropolitan Sewerage/Water System (HB 925 – Moffitt)**

The Legislative Research Commission shall study whether requiring large cities that have a municipal water system and that are located entirely within a Metropolitan Sewerage District to convey that water system to the district will improve the efficiency of providing public services.

The Commission shall specifically examine House Bill 925, First Edition, 2011 Regular Session, and the following issues:

- (1) Financial stability of the current independent systems on a historic basis and the anticipated financial stability of a combined system.
- (2) Cost-benefit analysis of a combined system, including a review of assets and liabilities; personnel needs; equipment and infrastructure replacement schedules; facilities leased and owned; and fee schedules.
- (3) Debt obligation.
- (4) Taxpayer investments in the systems.
- (5) Audit of current financials.
- (6) Comparative analysis of the current system to existing public and private systems.
- (7) Conservation and water efficiency practices.
- (8) Best management practices.
- (9) The disposition of property in Article 12 of Chapter 160A of the General Statutes as it relates to a conveyance of a water system.
- (10) The transfer of permits when a water system is conveyed.
- (11) Any local acts applicable to the city or metropolitan sewerage district.
- (12) Other items the Commission deems relevant to the study.

**Chair: Moffitt**

**Members: McGrady, Brawley, Murry, Brisson**

**3. Make Manufacture While Using Stolen IT an Unfair Act (HB 672 – Steen, T. Moore, Wilkins)**

**Chair: T. Moore**

**Members: Starnes, Mills, Avila, Pridgen**

**4. Orderly and Expeditious Removal by Landlord of Personal Property of Deceased (HB 493 – Howard)**

The Committee may recommend changes to the General Statutes to provide for the orderly and expeditious removal by a landlord of the personal property of a deceased tenant where the heirs are not readily identifiable or available to take possession of that personal property.

**Chair: Howard**

**Members: T. Moore, Blust, Hastings, Stevens**

**5. Incapacity to Proceed (HJR 612 – Randleman, Hurley)**

The Legislative Research Commission may study the adequacy of the involuntary commitment process for a criminal defendant who lacks the capacity to proceed to trial. In its study, the Commission may consider the impact of current law on the limited resources of local law enforcement, hospitals, mental health facilities, and the State's court system while balancing the rights of the accused, victims, and the safety and the general welfare of the public. The Commission may also consider options for determining whether a defendant is likely to attain the capacity to proceed to trial in the foreseeable future and at what point in the process that determination should be made. The Commission shall evaluate the statutory option of taking

dismissals in these types of cases for defendants who are charged with nonviolent crimes and for defendants who are charged with violent crimes, how often that option is used, and at what point and under what circumstances that option should be used. In addition, the Commission may consider all of the following: issues related to transportation, including the frequency, distance, and cost associated with the required psychiatric evaluations; duration of involuntary commitment for defendants found incapable of proceeding to trial pursuant to Article 56 of Chapter 15A of the General Statutes and involuntarily committed pursuant to Part 7 of Article 5 of Chapter 122C of the General Statutes; and any other issues the Commission considers relevant to this topic.

**Chair: Randleman**

**Members: Burr, Hurley, McGuirt, Faircloth**

**6. Life Cycle Cost Analysis (Murry)**

The Commission may study the implementation of revised policies on life cycle cost analysis including material cost indexing, open bidding for alternate pavement designs for all TIP projects that exceed \$500,000 in pavement costs, and the 30 year design periods and 45 year analysis periods based upon actual historic schedules and costs.

**Chair: Torbett**

**Members: Murry, Killian, Hilton, Iler, Mills**

**7. Feasibility of Requiring Certain Reports to Be Filed Electronically (HB 346- Randleman)**

The Commission may study the feasibility and applicability of requiring electronic filing of all reports required to be filed with the State Board of Elections under G.S. 163-278.9, regardless of the amount.

**Chair: Lewis**

**Members: Randleman, Blust, Jones, Ross**

**8. Criminal Record Expunctions (HJR 760- Rules)**

The Legislative Research Commission may study whether current law strikes an appropriate balance between an employer's need for access to accurate criminal history information about potential employees and the need for a person who committed a relatively minor offense in the distant past to obtain employment in spite of the person's criminal history. If the Legislative Research Commission finds that it may be possible to achieve a better balance between these interests, then the Legislative Research Commission may further consider what type of expunction procedure may be developed and implemented that addresses the interests and concerns of employers, but also affords some appropriate relief to persons with a relatively minor past criminal conviction. In its study, the Commission may consider all of the following:

- (1) The effect of a person's criminal record with regard to a person's ability to obtain employment.
- (2) The reasons that an employer may need to know about a potential employee's criminal record.

(3) What types of criminal records may or may not be relevant with regard to 24 certain types of employment.

(4) What criminal offenses, if any, it may be reasonable to allow to be expunged from a person's record, the time period or other criteria that should be used to determine whether it is appropriate to allow the expunction, and whether the offense should be completely erased from the criminal record so that the person has no criminal record, or retained but limit the accessibility of the record only for certain purposes.

(5) Any other issues the Commission considers relevant to this topic.

**Chair: Daughtry**

**Members: Blust, T. Moore, Stevens, Glazier**

**9. Contracting for Maintenance Services at Prison Facilities (HB 335- Guice, Horn, Burr, Daughtry)**

The Commission may study the potential benefits and costs of contracting for maintenance services at prison facilities and report its findings to the 2013 Session of the General Assembly.

**Chair: Guice**

**Members: Burr, Horn, Daughtry, Spear**

**10. Designating Director of AOC as Custodian of Court Records (HB 859- Boles)**

The Legislative Research Commission may study the issue of making the Director of the Administrative Office of the Courts a custodian of court records for public records purposes and making court records public records and available to third parties upon request and payment of the reproduction costs. As a part of its study, the Commission shall review the issues raised by the first edition of House Bill 859, 2011 Regular Session.

**Chair: Boles**

**Members: Stevens, Blust, Spear, Randleman**

**11. Drivers Education Requirements (Boles)**

The Legislative Research Commission shall study the desirability of requiring all drivers to complete an approved driver education course before being issued a North Carolina drivers license. The study shall also consider how the requirement would apply to a person moving into this State with a valid driver's license issued by another state.

**Chair: Boles**

**Members: Jackson, Blust, McCormick, Carney**

**12. Automatic Renewal Credit Card Contracts (Starnes)**

The Commission may study automatic renewal provisions in contracts that provide credit card or other payment system processing for merchants. The Commission is authorized to review current practices in the formation of these contracts, determine whether the current practices should be amended by law, and examine any other issue the Commission deems relevant to this study.



**Chair: Starnes**

**Members: McGee, Stone, Moffitt, Steen**

I will look forward to reviewing the Commission's report regarding the study results, as well as any recommended legislation, prior to convening of the 2012 short session. Please let me know if my staff or I may be of assistance.

Thank you for your service.

Sincerely,

A handwritten signature in black ink, appearing to read "Thom Tillis". The signature is fluid and cursive, with a large initial "T" and a long, sweeping underline.

Thom Tillis