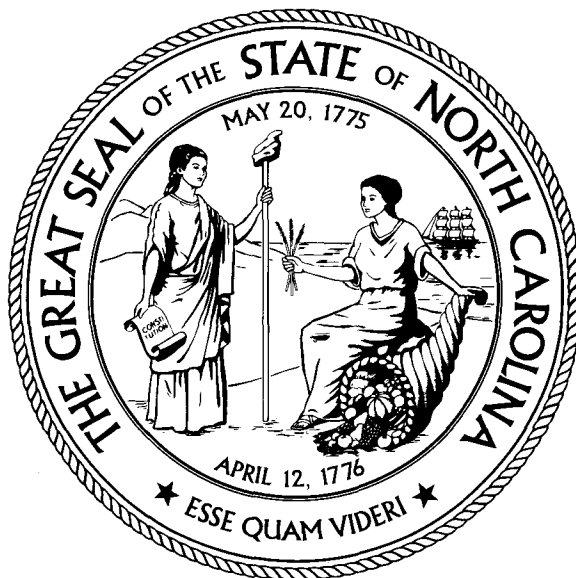


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LEGISLATIVE RESEARCH COMMISSION ACTIVITIES

1995-96 BIENNIUM



SUMMARIES

REPORT TO THE
1997 GENERAL ASSEMBLY
OF NORTH CAROLINA
1997 SESSION

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January 15, 1997

TO THE MEMBERS OF THE 1997 GENERAL ASSEMBLY:

The Legislative Research Commission directed its staff to prepare a report outlining the work of its committees during the 1995-96 biennium. This report contains a brief summary of each committee's progress and describes the number of committee meetings, subjects studied, findings and recommendations.

These summaries were prepared by the staff to the individual committees to provide brief overviews of the committees' work. These summaries do not modify nor should they be considered as modifying the Commission's report. The individual report by the Legislative Research Commission is authoritative. Copies of the Legislative Research Commission's reports may be obtained from the Legislative Library, Room 2126, State Legislative Building, Raleigh, North Carolina 27611. [Telephone: (919) 733-7778].

Sincerely,

Terrence D. Sullivan
Director of Research
Legislative Services Office



TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	2
LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP	3
STATUTES	4
TABLE OF AUTHORIZED LEGISLATIVE RESEARCH COMMISSION STUDIES	8
1995-96 TABLE OF STUDIES.....	17
PART I. SUMMARIES OF LRC STUDY COMMITTEES.....	21
I. BUDGET AND REVENUE GROUPING.....	21
II. CIVIL AND CRIMINAL LAW GROUPING	27
III. EDUCATION AND ENERGY CONSERVATION GROUPING.....	32
IV. ELECTION LAWS REFORM	36
V. ENVIRONMENT GROUPING.....	40
VI. FAMILY AND JUVENILE LAW GROUPING.....	44
VII. INSURANCE LAWS AND FINANCIAL INSTITUTIONS GROUPING.....	48
VIII. LABOR AND PERSONNEL GROUPING	54
IX. PROPERTY ISSUES GROUPING.....	58
X. REGULATION GROUPING.....	62
XI. STATE GOVERNMENT REORGANIZATION AND PRIVATIZATION COMMITTEE.....	66
XII. EXECUTIVE BUDGET ACT REVISION COMMITTEE.....	68
XIII. EMPLOYMENT SECURITY LAW.....	70
PART II. SUMMARIES OF REFERRALS TO AGENCIES AND EXISTING STUDY COMMISSIONS.....	72

LEGISLATIVE RESEARCH COMMISSION

INTRODUCTION

The North Carolina Legislative Research Commission is an interim study organization of the General Assembly. Authorized by North Carolina General Statutes §120-30.10 through 120-30.18, the Commission undertakes studies by direction of resolutions from the preceding legislative session or by direction of the Commission Chairmen. The Commission, under G.S. 120-30.17(9) referred some studies authorized to be conducted by the Commission to other State agencies and existing study commissions. The indication of each study's disposition begins on page 21.

The Commission is chaired by the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The chairmen appoint five members from their respective houses. By tradition, the Commission has produced its studies working through committees responsible to Commission members and made up of other members of the General Assembly assisted by advisory members from outside the General Assembly.

1995-96

LEGISLATIVE RESEARCH COMMISSION

MEMBERSHIP

President Pro Tempore

Sen. Marc Basnight, Cochair
2007 State Legislative Building
Raleigh, NC 27601-1096
(919) 733-6854

President Pro Tempore's Appointments

Sen. Frank W. Ballance, Jr.
PO Box 616
Warrenton, NC 27589
(919) 257-3955

Sen. R.L. "Bob" Martin
PO Box 387
Bethel, NC 27812
(704) 825-4361

Sen. Henry McKoy
5300 Applegate Court
Raleigh, NC 27609
(919) 787-2927

Sen. J.K. Sherron, Jr.
4021 Barrett Drive
Raleigh, NC 27609
(919) 781-8721

Sen. Ed N. Warren
227 Country Club Drive
Greenville, NC 27834
(919) 756-2671

Staff:

Mr. Terrence D. Sullivan
Research Division
(919) 733-2578

Speaker

Rep. Harold J. Brubaker, Cochair
138 Scarboro Street
Asheboro, NC 27203
(910) 629-5128

Speaker's Appointments

Rep. Jerry C. Dockham
PO Box 265
Denton, NC 27239
(704) 869-3804

Rep. Larry Linney
PO Box 7628
Asheville, NC 28802
(704) 254-7949

Rep. Edd Nye
403 Woodland Drive
Elizabethtown, NC 28337
(910) 862-2420

Rep. Gregory J. Thompson
PO Box 574
Spruce Pine, NC 28777
(704) 765-1992

Rep. Constance K. Wilson
726 Lansdowne Road
Charlotte, NC 28270
(704) 364-2311

Clerk:

Ms. DeAnne Mangum
(919) 733-2578

ARTICLE 6B
LEGISLATIVE RESEARCH COMMISSION

§ 120-30.10. Creation; appointment of members; members ex officio.

(a) There is hereby created a Legislative Research Commission to consist of five Senators to be appointed by the President pro tempore of the Senate and five Representatives to be appointed by the Speaker of the House. The President pro tempore of the Senate and the Speaker of the House shall be ex officio members of the Legislative Research Commission. Provided, that when the President of the Senate has been elected by the Senate from its own membership, then the President of the Senate shall make the appointments of the Senate members of the Legislative Research Commission, shall serve ex officio as a member of the Commission and shall perform the duties otherwise vested in the President pro tempore by G.S. 120-30.13 and 120-30.14.

(b) The cochairmen of the Legislative Research Commission may appoint additional members of the General Assembly to work with the regular members of the Research Commission on study committees. The terms of the additional study committee members shall be limited by the same provisions as apply to regular commission members, and they may be further limited by the appointing authorities.

(c) The cochairmen of the Legislative Research Commission may appoint persons who are not members of the General Assembly to advisory subcommittees. The terms of advisory subcommittee members shall be limited by the same provisions as apply to regular Commission members, and they may be further limited by the appointing authorities.

§ 120-30.11. Time of appointments; terms of office.

Appointments to the Legislative Research Commission shall be made not earlier than the close of each regular session of the General Assembly held in the odd-numbered year nor later than 15 days subsequent to the close. The term of office shall begin on the day of appointment, and shall end on January 15 of the next odd-numbered year. No moneys appropriated to the Legislative Research Commission may be expended for meetings of the Commission, its committees or subcommittees held after January 15 of the next odd-numbered year and before the appointment of the next Legislative Research Commission.

§120-30.12. Vacancies.

Vacancies in the appointive membership of the Legislative Research Commission occurring during a term shall be filled for the unexpired term by appointment by the officer who made the original appointment. Vacancies in the ex officio membership shall be filled for the unexpired term by election by the remaining members of the Commission. Every vacancy shall be filled by a member of the same house as that of the person causing the vacancy.

If for any reason the office of President pro tempore of the Senate becomes vacant, the five Senate members of the Legislative Research Commission shall elect one of their own number to perform and exercise the duties imposed and powers granted pursuant to this Article, and such Senator so elected shall serve until the Senate shall elect a President pro tempore. If for any reason the office of Speaker of the House of Representatives becomes vacant, the five members of the House of Representatives of the Legislative Research Commission shall elect one of their own number to perform and exercise the duties imposed and powers granted pursuant to this Article, and such member of the House of Representatives so elected shall serve until the House of Representatives shall elect a Speaker.

§120-30.13. Cochairmen; rules of procedure; quorum.

The President pro tempore of the Senate and the Speaker of the House shall serve as cochairmen of the Legislative Research Commission. The Commission shall adopt rules of procedure governing its meetings. Eight members, including ex officio members, shall constitute a quorum of the Commission.

§120-30.14. Meetings.

The first meeting of the Legislative Research Commission shall be held at the call of the President Pro Tempore of the Senate in the State Legislative Building or in another building designated by the Legislative Services Commission. Thereafter the Commission shall meet at the call of the chairmen. Every member of the preceding General Assembly has the right to attend all sessions of the Commission, and to present his views at the meeting on any subject under consideration.

§120-30.15. Repealed by Session Laws 1969, c. 1184, s. 8.

§120-30.16. Cooperation with Commission.

The Legislative Research Commission may call upon any department, agency, institution, or officer of the State or of any political subdivision thereof for such facilities and data as may be available, and these departments, agencies, institutions, and officers shall cooperate with the Commission and its committees to the fullest possible extent.

§120-30.17. Powers and duties.

The Legislative Research Commission has the following powers and duties:

- (1) Pursuant to the direction of the General Assembly or either house thereof, or of the chairmen, to make or cause to be made such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner.
- (2) To report to the General Assembly the results of the studies made. The reports may be accompanied by the recommendations of the Commission and bills suggested to effectuate the recommendations.
- (3), (4) Repealed by Session Laws 1969, c. 1184, s. 8.
- (5), (6) Repealed by Session Laws 1981, c. 688, s. 2.
- (7) To obtain information and data from all State officers, agents, agencies and departments, while in discharge of its duty, pursuant to the provisions of G.S. 120-19 as if it were a committee of the General Assembly.
- (8) To call witnesses and compel testimony relevant to any matter properly before the Commission or any of its committees. The provisions of G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Commission and its committees as if each were a joint committee of the General Assembly. In addition to the other signatures required for the issuance of a subpoena under this subsection, the subpoena shall also be signed by the members of the Commission or of its committee who vote for the issuance of the subpoena.
- (9) For studies authorized to be made by the Legislative Research Commission, to request another State agency, board, commission or committee to conduct the study if the Legislative Research Commission determines that the other body is a more appropriate vehicle with which to conduct the study. If the other body agrees, and no legislation specifically provides otherwise, that body shall conduct the study as if the original authorization had assigned the study

to that body and shall report to the General Assembly at the same time other studies to be conducted by the Legislative Research Commission are to be reported. The other agency shall conduct the transferred study within the funds already assigned to it.

§120-30.18. Facilities; compensation of members; payments from appropriations.

The facilities of the State Legislative Building, and any other State office building used by the General Assembly, shall be available to the Commission for its work. Members of the General Assembly serving on the Legislative Research Commission or its study committees shall be reimbursed for travel and subsistence expenses at the rates set out in G.S. 120-3.1. Advisory subcommittee members shall be reimbursed and compensated at the rates set out in G.S. 138-5 (public members) and G.S. 138-6 (State officials or employees). All expenses of the Commission shall be paid from funds appropriated for the Commission.

1995 - 1996

TABLE OF AUTHORIZED LEGISLATIVE RESEARCH COMMISSION STUDIES

The following is a list of the topics which were funded by the Legislative Research Commission to be studied and topics referred to another agency or commission for study pursuant to G.S. 120-30.17(9). Except where otherwise indicated, the original bill or resolution which outlines the scope of the particular study is incorporated by reference in House Bill 898, Chapter 542 of the 1995 Session Laws. Footnotes indicate which studies were referred to another agency or commission to be conducted.

Unless otherwise indicated, each Committee may report to the 1996 Session of the 1995 General Assembly or the 1997 General Assembly, or may make an interim report to the 1996 Session of the 1995 General Assembly and a final report to the 1997 General Assembly.

<u>Study</u>	<u>Sponsor</u>	<u>Authorization</u>	<u>Staff</u>	<u>Page</u>
Affordable Housing, Alternatives for Providing Permanent Dedicated Sources of Revenue for ¹⁵	Sen Rand Sen Gulley Sen Jordan Rep Shaw	SB 46, SL95-17 of Second Extra Session 1996 SB 10 HB 59		
Atlantic States Marine Fisheries Compact Withdrawal	Rep Preston	HB 948	EvansStanton	40
Block Grant Awards by the Small Cities Community Block Grand Program ¹⁵	Sen Rand Sen Winner Rep Easterling	SB 46, SL95-17 of Second Extra Session 1996 SB 1287 HB 1365		
Cape Fear River Basin ²	Rep Shaw		Givens	74
Child Day Care Provider ³		HB 230	Carter	75
Chiropractic Care ⁵	Sen Odom	SJR 228	J Jones	77

<u>Study</u>	<u>Sponsor</u>	<u>Authorization</u>	<u>Staff</u>	<u>Page</u>
Consumer Protection Issues:			Watson	29
Consumer Protection	Sen Jordan Rep Thompson	SB 59 HB 196		
Rental Property Rights	Sen Perdue	SB 861		
<u>Craven County Board of Education v. Boyles, Impact of the Supreme Court' Decision on Civil Penalties, Forfeitures, and Fines Collected by State Agencies</u> ¹⁸	Sen Rand Sen Gulley	SB 46, SL95-17 Powell of Second Extra Session 1996		83
Criminal Laws, Procedures, and Sentencing	Rep Neely Sen Odom Sen Balance		E Johnson	27
DEHNR Reorganization ¹⁶	Sen Rand	SB 46, SL95-17 of Second Extra Session 1996		
Domiciliary Care and Nursing Homes ¹	Rep Clary	HB 686 HB 745	Young	72
Downtown Revitalization	Sen Sherron Rep Brawley		Avrette	63
Education and Placement in Training Schools Run by DHR's Division of Youth Services ¹⁵	Sen Rand	SB 46, SL95-17 of Second Extra Session 1996		
Education Issues:			R Johnson	32
Ability Grouping and Tracking of Students	Sen W Martin Rep Cunningham	SB 1005 HB 1051		
Choice in Education, including Tuition Tax Credits	Rep Wood Shubert/Linney/ K. Miller	HB 954		

<u>Study</u>	<u>Sponsor</u>	<u>Authorization</u>	<u>Staff</u>	<u>Page</u>
Community College Edu. Improvement Issues (State grants and loans for tuition and fees)	Rep Warner	HB 42		
School Building Disposition	Sen Jordan/ Edwards Rep Wainwright	SB 60 HB 78		
Teacher Tenure, Perform- ance Evaluation, and Incentives	Rep Arnold	HB 210		
Election Laws Reform	Sen Plexico Rep Cansler Rep Miner	SB 981 HB 922 HB 858	Gilkeson	36
Emergency Medical Services ⁵	Sen Speed	SJR 1045	J Jones	76
Employment Security Law ¹⁴	Sen Kerr Rep C Wilson	SB 2, SL95-1 of First Extra Session 1996 HB 2	Gilkeson	70
Employment Security Issues ¹⁷	Sen Rand Sen Cochrane Sen Gulley	SB 46, SL95-17 of Second Extra Session 1996		
Energy Conservation	Sen Edwards Rep Brawley	SJR 461 HJR 275	Levenbook	33
Escheats and Abandoned Property, Implementation and Enforcement of Chapter 116B ¹⁵	Rep Holmes	HB 53, SL-95 of Second Extra Session 1996		
Executive Budget Act Rev.	Rep Morgan/ Holmes/Gray		E Johnson	68

<u>Study</u>	<u>Sponsor</u>	<u>Authorization</u>	<u>Staff</u>	<u>Page</u>
Financial Institutions Issues:			Reagan	51
Bad Check Fees	Sen Ballance	SB 876		
Consolidation of Regulatory Agencies of Financial Institutions	Rep Tallent	HB 839		
Fire Alarm Installers ⁶	Rep Capps		L Jones	77
Forester Licensing ⁶	Rep Weatherly		L Jones	77
Global Affairs, Role of NC in ¹⁵	Sen Rand Sen Plexico	SB 46, SL95-17 of Second Extra Session 1996 SB 1471		
Grandparent Visitation Rights	Sen Forrester/ Kerr/Carpenter Rep Mitchell	SB 841 HJR 872	Marshbanks	44
Guardian Ad Litem Program ¹¹			Watson	45
Illegitimacy ⁹	Sen Basnight		C Johnson	81
Insurance Issues:			Barnes	48
Coastal Insurance Availability and Affordability	Sen Soles/ Parnell	SJR 881		
Long-term Care Insurance	Sen. Parnell Rep Edwards	SB 102 HB 98		
Statewide Flexible Benefits Program and Third-Party Administrator Contracts		Exec Order 66		

<u>Study</u>	<u>Sponsor</u>	<u>Authorization</u>	<u>Staff</u>	<u>Page</u>
Juvenile and Family Law ⁴	Sen Cooper/ Allran/Winner Rep Hensley/ Rogers/Russell Rep Hackney	SJR 381 HJR 251 HJR 274	Carter	75
Liability for County Departments of Social Services' Negligence ¹⁵	Sen Rand Sen W. Martin Rep Gardner	SB 46, SL95-17 of Second Extra Session 1996		
Licensing Boards ¹⁵	Sen Rand Sen Little	SB 46, SL95-17 of Second Extra Session 1996		
Lien Laws:			Rose	58
Lien Laws	Sen Hartsell/ Soles/Cooper	SB 434		
Mold Lien Act	Rep McMahan	HB 617		
Medicaid Subrogation ¹⁵	Rep Holmes	HB 53, SL95-18 of Second Extra Session 1996		
Minimum Wage, Increasing NC's ¹⁵	Sen Rand Sen Gulley	SB 46, SL95-17 of Second Extra Session 1996		
Occupational and Professional Regulation ⁶			L Jones	77
Personnel Issues:			Timmons	54
State and Federal Retirees	Sen Rand/Perdue Warren/Edwards Rep Grady/ Morgan/Gray			
State Personnel Issues, inc. Needed Revisions to the State Personnel Act	Rep Morgan			

<u>Study</u>	<u>Sponsor</u>	<u>Authorization</u>	<u>Staff</u>	<u>Page</u>
Property Issues:			Perry	59
Annexation Laws	Rep Pulley Rep Sherrill	HB 660 HB 539		
Condemnation by Govern- ment Entities, including the Condemnation Process, Fair Market Value for Property, Payment of Condemnees' Attorneys' Fees and Court Costs, and Related Matters	Rep Allred			
Extraterritorial Juris- diction Representation	Rep Ellis	HJR 73		
Property Rights	Rep Nichols	HB 597		
Property Tax Refunds ¹⁵	Sen Rand Sen Dannelly	SB 46, SL95-17 of Second Extra Session 1996 SB 1019		
Psychology Practice Act ⁶	Rep Lemmond	HB 451	L Jones	77
Public Cooperation with the Nonprofit Sector ¹⁵	Sen Rand Rep McMahan	SB 46, SL95-17 of Second Extra Session 1996 HJR 1167		
Qualified Environmental Professionals ⁶	Rep Wood	HB 880	L Jones	77
Revenue and Tax Issues:			Harris	21
Diesel Fuel Pmt Method	Sen Hoyle Rep Barbee	SB 797 HB 975		
Interstate Tax Agreemts.	Sen Webster	SJR 122		
Nonprofit Continuing Care Facilities Property Tax Exemption	Sen Plexico/ Sherron	SB 980		

<u>Study</u>	<u>Sponsor</u>	<u>Authorization</u>	<u>Staff</u>	<u>Page</u>
Qualified Business Investment Tax Credit ¹⁰				
Revenue Laws	Rep Gamble	HB 246		
Tax Expenditures	Rep Gamble/ Luebke	HJR 95		
Taxation of Business Inventory Donated to Nonprofit Organizations	Rep McMahan			
School Funding ⁷	Sen Winner/ Plexico	SB 1088	Watts	78
State Government Reorganization and Privatization ¹³			L Jones	66
State Purchasing and Correction Enterprises	Sen Kerr/ Sherron Rep Warner	SB 420 HB 302	Carter	62
State's Role in Responding to Federally-Declared Disasters ¹⁵	Sen Rand Rep Hayes Rep J Robinson	SB 46, SL95-17 of Second Extra Session 1996		
Transfer of All State Vehicles to Motor Fleet Management ⁸			Perry	80
Water Issues:			E Johnson	41
Drinking Water Tests	Rep Allred	HB 930		
Water Conservation Measures to Reduce Consumption	Sen Sherron			
Water Issues	Sen Albertson Rep Ives	SB 95 HB 46		

<u>Study</u>	<u>Sponsor</u>	<u>Authorization</u>	<u>Staff</u>	<u>Page</u>
Workers' Compensation:			Gilkeson	56
State and Other Governmental Assistance to Volunteer Fire, Rescue, and Emergency Medical Service Units ¹²				
Workers' Compensation	Sen Kerr	SJR 996		

-
- 1 Referred to the NC Study Commission on Aging by the LRC.
 - 2 Referred to the Environmental Review Commission by the LRC.
 - 3 Incorporated in SL95-507, Sec 23.25(d), and referred to the Commission on the Family by the LRC.
 - 4 Referred to the Commission on the Family by the LRC.
 - 5 Referred to the NC Health Care Reform Commission.
 - 6 Referred to the Legislative Committee on New Licensing Boards by the LRC.
 - 7 Referred to the School Capital Construction Study Commission by the LRC.
 - 8 Incorporated in SL95-324, Sec 8.2, HB 229 and referred to the Joint Legislative Transportation Oversight Committee by the LRC.
 - 9 Referred to the Welfare Reform Study Commission by the LRC.
 - 10 Incorporated in SL95-491, SB 1049.
 - 11 Incorporated in SL95-324, Sec 21.12, HB 119)
 - 12 Incorporated in SL95-507, Sec 7.21(m), HB 230.
 - 13 Incorporated in SL95-542, Part XXI, HB 898; SL95-324, Sec 8.3, HB 229; and SL95-507, Sec 7.29, HB 230.
 - 14 Incorporated in SL95-1 (1996 First Extra Session), Sec 5, SB 2.
 - 15 Study not funded by the LRC.
 - 16 LRC Committee on Reorganization of the Department of Environment, Health and Natural Resources (DEHNR) authorized and funded. No appointments were made.

- ¹⁷ Issues referred to existing LRC Employment Security Law Committee in SL95-17 (1996 Second Extra Session), SB 46.
- ¹⁸ Referred to the Joint Legislative Commission on Governmental Operations by the LRC.

1995 - 96 TABLE OF STUDIES

AUTHORIZED BY THE LEGISLATIVE RESEARCH COMMISSION

(Studies authorized in Chapter 542, 1995 Session Laws, HB 898,
unless otherwise indicated)

TABLE INDEX

PART I. LRC STUDY COMMITTEES

PART II. REFERRALS TO AGENCIES AND EXISTING STUDY COMMISSIONS

PART I. LRC STUDY COMMITTEES

<u>Grouping</u>	<u>LRC Member in Charge</u>	<u>Page</u>
<u>Committee</u>		
<u>Issues to be Studied</u>		
I. BUDGET AND REVENUE GROUPING - Sen. R.L. Martin		21
Revenue and Tax Issues Committee		21
A. Diesel Fuel Payment Method (SB 797 - Hoyle; HB 975 - Barbee)		
B. Interstate Tax Agreements (SJR 122 - Webster)		
C. Nonprofit Continuing Care Facilities Property Tax Exemption (SB 980 - Plexico and Sherron)		
D. Qualified Business Investment Tax Credit (SL95-491; SB 1049)		
E. Revenue Laws (HB 246 - Gamble)		
F. Tax Expenditures (HJR 95 - Gamble and Luebke)		
G. Taxation of business Inventory Donated to Nonprofit Organization (McMahan)		
II. CIVIL AND CRIMINAL LAW GROUPING - Sen. Frank Ballance, Jr.		27
1. Criminal Laws, Procedures, and Sentencing Committee		27
(Neely, Odom, and Ballance)		
2. Consumer Protection Issues Committee		29
A. Consumer Protection (SB 59 - Jordan; HB 196 - Thompson)		
B. Rental Property Rights (SB 861 - Perdue)		
III. EDUCATION AND ENERGY CONSERVATION GROUPING -	Sen. Ed Warren	32
1. Education Issues Committee		32
A. Ability Grouping and Tracking of Students (SB 1004 - Martin, W.; HB 1051 - Cunningham)		

	B. Choice in Education, including Tuition Tax Credits (Shubert, Linney, Miller, K., Wood; HB 954 - Wood)	
	C. Community College Education Improvement Issues Committee (State grants and loans for tuition and fees) (HB 42 - Warner)	
	D. School Building Disposition (SB 60 - Jordan and Edwards; HB 78 - Wainwright)	
	E. Teacher Tenure, Performance Evaluation, and Incentives (HB 210 - Arnold)	
2.	Energy Conservation Committee (SJR 461 - Edwards; HJR 275 - Brawley)	33
IV.	ELECTION LAWS REFORM - Rep. Connie Wilson	36
	Election Laws Reform Committee (SB 982 - Plexico; HB 922 - Cansler; HB 858 - Miner)	36
V.	ENVIRONMENT GROUPING - Sen. Henry McKoy	40
1.	Atlantic States Marine Fisheries Compact Withdrawal Committee (HB 948 - Preston)	40
2.	Water Issues Committee	41
	A. Water Issues (SB 95 - Albertson; HB 46 - Ives)	
	B. Drinking Water Tests (HB 930 - Allred)	
	C. Water Conservation Measures to Reduce Consumption (Sherron)	
3.	Reorganization of the Department of Environment, Health and Natural Resources (DEHNR) (SL95-17 of the Second Extra Session 1996; SB 46)	43
VI.	FAMILY AND JUVENILE LAW GROUPING - Rep. Edd Nye	44
1.	Grandparent Visitation Rights Committee (SB 841 - Forrester, Kerr, and Carpenter; HJR 872 - Mitchell)	44
2.	Guardian Ad Litem Program Committee (SL95-324, §21.12; HB 229)	45
VII.	INSURANCE LAWS AND FINANCIAL INSTITUTIONS GROUPING - Rep. Jerry C. Dockham	48
1.	Insurance Issues Committee	48
	A. Coastal Insurance Availability and Affordability (SJR 881 - Soles, Parnell)	
	B. Long-term Care Insurance (SB 102 - Parnell; HB 98 - Edwards)	
	C. Statewide Flexible Benefits Program and Third-party Administrator Contracts (Executive Order 66)	

2.	Financial Institutions Issues Committee	51
	A. Bad Check Fees (SB 876 - Ballance)	
	B. Consolidation of Regulatory Agencies of Financial Institutions (HB 839 - Tallent)	
VIII.	LABOR AND PERSONNEL GROUPING -Rep. Gregory J. Thompson	54
1.	Personnel Issues Committee	54
	A. State and Federal Retirees (Rand, Perdue, Warren, Edwards, Grady, Morgan, and Gray)	
	B. State Personnel Issues, including Needed Revisions to the State Personnel Act (Morgan)	
2.	Workers' Compensation Committee	56
	A. Workers' Compensation (SJR 996 - Kerr)	
	B. State and Other Governmental Assistance to Volunteer Fire, Rescue, and Emergency Medical Service Units (SL95-507, §7.21A(m); HB 230)	
IX.	PROPERTY ISSUES GROUPING - Rep. Larry Linney	58
1.	Lien Laws Committee	58
	A. Lien Laws (SB 434 - Hartsell, Soles, and Cooper)	
	B. Mold Lien Act (HB 617 - McMahan)	
2.	Property Issues Committee	59
	A. Annexation Laws (HB 660 - Pulley; HB 539 - Sherrill)	
	B. Condemnation by Government Entities, including the Condemnation Process, Fair Market Value for Property, Payment of Condemnees' Attorneys' Fees and Court Costs, and Related Matters (Allred)	
	C. Extraterritorial Jurisdiction Representation (HJR 73 - Ellis)	
	D. Property Rights (HB 597 - Nichols)	
X.	REGULATION GROUPING - Sen. J. K. Sherron	62
1.	State Purchasing and Correction Enterprises Committee	62
	(SB 420 - Kerr and Sherron; HB 302 - Warner)	
2.	Downtown Revitalization Committee (Brawley and Sherron)	63
XI.	State Government Reorganization and Privatization Committee	66
	(including issue of civilianization) (SL95-542, Part XXI, HB 898; SL95-324, §8.3, HB 229; SL95-507, §7.29, HB 230)	
XII.	Executive Budget Act Revision Committee	68
	(Morgan, Holmes, and Gray)	
XIII.	Employment Security Law	70
	(SB 2 of the 1996 First Extra Session - Sen Kerr; HB 2 of the 1996 First Extra Session - Rep C Wilson)	

**PART II. LRC REFERRALS TO AGENCIES
AND EXISTING STUDY COMMISSIONS**

	<u>Page</u>
A. Aging, North Carolina Study Commission on (G.S. 120-80 through 120-188)	72
1. Domiciliary Care and Nursing Homes (SL95-542; HB 898; HB 686, HB 745 - Clary)	
B. Environmental Review Commission (G.S. 120-70.41 through 120-70.47)	74
1. Cape Fear River Basin (SL95-542, §2.6; HB 898)	
C. Family, Commission on the (G.S. 120-70.70 through 120-70.75)	75
1. Child Day Care Provider Record Check (SL95-507, §23.25(d); HB 230)	
2. Juvenile and Family Law (SL95-542; HB 898; SJR 381 - Cooper, Allran, Winner; HJR 251 - Hensley, Rogers, Russell; HJR 274 - Hackney)	
D. Health Care Reform Commission, North Carolina (G.S. 143-611)	76
1. Chiropractic Care (SL95-542; HB 898; SJR 228 - Odom)	
2. Emergency Medical Services (SL95-542, HB 898; SJR 1045 - Speed)	
E. New Licensing Boards, Legislative Committee on (G.S. 120-149.1 through 120-149.6)	77
1. Occupational and Professional Regulation (SL95-542; HB 898)	
2. Fire Alarm Installers (Capps)	
3. Forester Licensing (Weatherly)	
4. Qualified Environmental Professionals (HB 880 - Wood)	
5. Psychology Practice Act (HB 451 - Lemmond)	
F. School Capital Construction Study Commission (SL95-542, Part XIV; HB 898)	78
1. School Funding (SL95-542; HB 898; SB 1088 - Winner, Plexico)	
G. Transportation Oversight Committee, Joint Legislative (G.S. 169.2)	80
1. Transfer of All State Vehicles to Motor Fleet Management (SL95-324, §8.2, HB 229)	
H. Welfare Reform Study Commission (SL95-542, Part XXIII; HB 898)	81
1. Illegitimacy (SL95-542; HB 898; Basnight)	
I. Governmental Operations. Joint Legislative Commission on (G.S. 120-71 through 120-79)	83
1. <u>Craven County Board of Education v. Boyles</u> , Impact of the Supreme Court's Decision on Civil Penalties, Forfeitures, and Fines Collected by State Agencies	

PART I. SUMMARIES OF LRC STUDY COMMITTEES

I. BUDGET AND REVENUE GROUPING

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Revenue Laws

1996 Summary

The Legislative Research Commission's Revenue Laws Committee met six times before the **1996 Regular Session of the 1995 General Assembly** and reported to the **1996 Session**. The LRC at its meeting on May 1, 1996, reviewed this Committee's report and accepted it for transmittal to the **1996 Regular Session of the 1995 General Assembly**. The report included the following recommendations:

1. **AN ACT TO PROVIDE TAX REFORM AND TAX RELIEF FOR THE CITIZENS OF NORTH CAROLINA.** This was introduced as Senate Bill 6 of the **1996 Second Extra Session** and ratified as **Chapter 14 of the 1995 Session Laws, 1996 Second Extra Session.**
2. **AN ACT TO PROVIDE A GRACE PERIOD FOR MILITARY PERSONNEL TO LIST AND PAY PROPERTY TAXES AFTER DEPLOYMENT IN CONNECTION WITH OPERATION JOINT ENDEAVOR.** This was introduced as Senate Bill 1179 and ratified as **Chapter 691 of the 1995 Session Laws.**
3. **AN ACT TO PROHIBIT THE IMPOSITION OF A FAILURE TO PAY PENALTY WHEN ADDITIONAL TAX DUE IS PAID AT THE TIME AN AMENDED RETURN IS FILED OR WITHIN 30 DAYS AFTER THE ADDITIONAL TAX WAS ASSESSED.** This was introduced as House Bill 1094 and ratified as **Chapter 696 of the 1995 Session Laws.**
4. **AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE USED IN DEFINING AND DETERMINING CERTAIN STATE TAX PROVISIONS.** This was introduced as House Bill 1147 and ratified as **Chapter 664 of the 1995 Session Laws.**
5. **AN ACT TO INCREASE THE COMPENSATION OF THE MEMBERS OF THE PROPERTY TAX COMMISSION AND TO PROVIDE FOR REGIONAL HEARINGS.** This was introduced as House Bill 1127 but was not enacted.

6. AN ACT TO PROVIDE A PROCEDURE FOR LIENHOLDERS ON MANUFACTURED HOMES TO REGISTER FOR NOTIFICATION OF DELINQUENT PROPERTY TAXES ON THE HOMES AND, ONCE REGISTERED, TO BE ABLE TO REPOSSESS A HOME BY PAYING NO MORE THAN TWO YEARS' PROPERTY TAXES. This was introduced as House Bill 1120 but was not enacted.
7. AN ACT TO CLARIFY THE SALES TAX TREATMENT OF ITEMS GIVEN AWAY BY MERCHANTS. This was introduced as House Bill 1242 and ratified as **Chapter 14 of the 1995 Session Laws, 1996 Second Extra Session.**
8. AN ACT TO TRANSFER RESPONSIBILITY FOR COLLECTING THE REMAINDER OF THE GROSS PREMIUMS TAX FROM THE DEPARTMENT OF INSURANCE TO THE DEPARTMENT OF REVENUE AND TO CLARIFY RELATED STATUTES. This was introduced as House Bill 1096 and ratified as **Chapter 747 of the 1995 Session Laws.**
9. AN ACT TO CLARIFY THE REQUIREMENTS CONCERNING IMPORTS AND EXPORTS OF MOTOR FUEL UNDER THE "TAX AT THE RACK" LAWS AND TO MAKE OTHER ADJUSTMENTS TO THOSE LAWS. This was introduced as Senate Bill 1198 and ratified as **Chapter 647 of the 1995 Session Laws.**
10. AN ACT TO DELETE THE REQUIREMENT THAT A COMPANY ADD BACK TO ITS NET WORTH FRANCHISE TAX BASE THE AMOUNT OF ITS LOANS THAT ARE PAYABLE TO AN UNRELATED COMPANY BUT ARE ENDORSED OR GUARANTEED BY A RELATED COMPANY, AS RECOMMENDED BY THE DEPARTMENT OF REVENUE. This was introduced as House Bill 1119 and ratified as **Chapter 560 of the 1995 Session Laws.**
11. AN ACT TO EXTEND THE CORPORATE INCOME TAX CARRYFORWARD FOR NET ECONOMIC LOSSES FROM FIVE YEARS TO FIFTEEN YEARS. This was introduced as House Bill 1099 but was not enacted.
12. AN ACT TO ENHANCE COMPLIANCE AND ENFORCEMENT OF EXISTING TAX LAWS BY APPROPRIATING FUNDS TO EXPAND THE NUMBER OF AUDITORS AND SUPPORT PERSONNEL IN THE INTERSTATE AUDIT DIVISION OF THE DEPARTMENT OF REVENUE. This was introduced as House 1092 and ratified as **Chapter 18 of the 1995 Session Laws, 1996 Second Extra Session.**
13. AN ACT TO MAKE TECHNICAL AND CONFORMING CHANGES TO THE REVENUE LAWS AND RELATED STATUTES. This bill was introduced as Senate Bill 1178 and ratified as **Chapter 646 of the 1995 Session Laws.**
14. AN ACT TO REQUIRE LOCAL GOVERNMENTS TO ACCOUNT FOR 911 SURCHARGES IN THEIR ANNUAL FINANCIAL STATEMENTS. This bill was introduced as Senate Bill 1180 but was not enacted.

1997 Summary

The Legislative Research Commission's Revenue Laws Study Committee held three meetings after the 1996 Sessions. The Committee was inundated with requests from legislators, taxpayers, the Department of Revenue, and interest groups to study numerous issues of tax policy and tax administration. The Committee considered many issues but was unable to take up all of the issues suggested to it.

The Committee continued to consider all proposed tax changes in light of general policies of tax policy and as part of an examination of the existing tax structure as a whole. The tax policies identified by the Committee were fairness, uniformity, application of low rates to a broad base, stability and responsiveness as a source of revenue, administrative efficiency, simplicity, and ease of compliance. In addition, the

committee identified the tax policy of neutrality: the tax structure should not interfere unnecessarily with taxpayers economic decisions.

Based on its consideration of these policies, the Committee investigated and adopted several proposals to give tax relief. These recommendations are reflected in Legislative Proposals 3, 4, 8, and 13. Legislative Proposal 4 would provide for automatic, annual tax reductions by preventing the gradual increase in personal income taxes that otherwise results as inflation increases the dollar amounts, but not the real value, of individuals incomes. Legislative Proposal 13 would further tax simplicity and administrative efficiency by eliminating the inheritance tax, which is unnecessarily complex. Legislative Proposal 8 would simplify tax filing for consumers by allowing them to pay use taxes annually rather than monthly. Legislative Proposal 3 would provide relief to taxpayers who would otherwise be taxed unfairly when they earn money in one tax year but are required to refund it in a later year.

The Committee recognized a strong policy of administering taxes so that taxpayers cannot easily avoid paying the taxes they owe. When some taxpayers do not pay their taxes, the difference must be made up by raising taxes on those who comply with the law. Legislative Proposal 1 would require withholding from contract payments to or on behalf of nonresident individuals who perform personal services in this State. These nonresidents owe North Carolina income taxes on the income from performing services here but often do not pay. Legislative Proposal 6 would appropriate funds for additional interstate auditors, who will increase revenues by assessing taxes that are due but not paid.

The Committee recognized that the policy of tax fairness dictates that like taxpayers should be treated alike. It identified a provision of the current law that violates this principle: the sales and gross receipts taxes on piped natural gas apply to sales by utilities but not to sales by sellers who are not utilities. As more and more sellers who are not utilities enter the market, the State and local tax bases are eroded and the principles of fairness and neutrality are violated. Legislative Proposal 11 eliminates these problems by replacing the sales and gross receipts taxes on piped natural gas with a per dekatherm tax that eliminates the distinction between sales by utilities and sales by others.

As in the past, the Committee proved to be an excellent forum for taxpayers and tax administrators to propose changes in the revenue laws. A number of taxpayers wrote to or appeared before the Committee to discuss tax problems they felt need to be resolved. As a result of input from taxpayers and tax administrators, the Committee recommends the following proposals: Legislative Proposal 5, which allows local governments to recover debts under the existing income tax refund setoff program for State debts and provides that the costs of the program will be borne by the debtors rather than the government agencies to whom debts are owed; Legislative Proposal 9, which revises the distinction between custom computer software, which is not subject to sales tax, and mass-produced computer software, which is subject to sales tax; Legislative Proposal 10, which allows local governments and nonprofit entities an additional period of time to apply for refunds of sales and use taxes they pay; and Legislative Proposal 14, which requires local governments to account annually for their use of funds collected to support improvements to 911 emergency systems. Legislative Proposal 2 contains the Committee's annual recommendation that references in State tax statutes to the Internal Revenue Code be updated to include federal amendments made during the past year. Because of extensive changes to the Code enacted by Congress in 1996, this proposal will have a more significant impact on taxpayers and on the General Fund than in recent years.

The Committee studied numerous proposals for technical and administrative changes to the revenue laws raised by the Department of Revenue and by legislative staff. Legislative Proposal 7 allows the sale of personal property for delinquent taxes to

occur in any county, rather than in Wake County as under current law; this change will reduce the administrative costs of levy and sale on personal property. Legislative Proposal 7 adjusts the formula for distributing part of the franchise gross receipts tax to municipalities, to eliminate unintended reductions in the amounts distributed to certain municipalities. Legislative Proposal 15 changes the licensing requirements for motor fuel exporters and makes clarifying changes to the new "tax at the rack" collection method. Legislative Proposal 16 contains the Committee's suggestions for technical, clarifying, and conforming changes to the laws.

Finally, Legislative Proposal 17 is the Revenue Law Study Committee's recommendation that the committee become a permanent, statutory commission, rather than a committee of the Legislative Research Commission whose authority must be renewed every two years. The Committee has been serving a vital role for more than twenty years; the General Assembly will benefit from an annual review of the revenue laws by a statutory legislative commission.

The Revenue Laws Study Committee recommends the following seventeen bills to the 1997 General Assembly:

1. AN ACT TO REQUIRE WITHHOLDING FROM CERTAIN PAYMENTS TO NONRESIDENTS IN ORDER TO PREVENT NONRESIDENTS FROM AVOIDING NORTH CAROLINA INCOME TAXES.
2. AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE USED IN DEFINING AND DETERMINING CERTAIN STATE TAX PROVISIONS.
3. AN ACT TO CONFORM TO FEDERAL TAX TREATMENT OF INCOME RESTORED UNDER A CLAIM OF RIGHT.
4. AN ACT TO PROVIDE AUTOMATIC ANNUAL INCOME TAX REDUCTIONS AND TAX SIMPLICITY BY INDEXING THE STATE'S PERSONAL EXEMPTION AMOUNTS TO THE FEDERAL PERSONAL EXEMPTION AMOUNTS.
5. AN ACT TO REVISE THE SETOFF DEBT COLLECTION ACT.
6. AN ACT TO ENHANCE COMPLIANCE AND ENFORCEMENT OF EXISTING TAX LAWS BY APPROPRIATING FUNDS TO EXPAND THE NUMBER OF AUDITORS AND SUPPORT PERSONNEL IN THE INTERSTATE AUDIT DIVISION OF THE DEPARTMENT OF REVENUE, AND TO PROVIDE THAT PERSONNEL WHO ADMINISTER THE INSURANCE GROSS PREMIUMS TAX SHALL CONTINUE TO BE FUNDED FROM THE INSURANCE REGULATORY CHARGE.
7. AN ACT TO ALLOW SALES OF PERSONAL PROPERTY SEIZED FOR UNPAID TAXES TO BE HELD IN ANY COUNTY.
8. AN ACT TO RELIEVE CONSUMERS OF THE REQUIREMENT OF FILING MONTHLY USE TAX RETURNS.
9. AN ACT TO MODIFY THE SALES TAX DEFINITION OF CUSTOM COMPUTER SOFTWARE.
10. AN ACT TO EXTEND THE TIME ALLOWED GOVERNMENT ENTITIES AND NONPROFIT ENTITIES FOR CLAIMING SALES TAX REFUNDS.
11. AN ACT TO ESTABLISH A UNIFORM TAX ON PIPED NATURAL GAS BY CONVERTING THE SALES TAX AND GROSS RECEIPTS TAX ON PIPED NATURAL GAS INTO A TAX BASED ON VOLUME OF DEKATHERMS.
12. AN ACT TO ADJUST THE SHARE THE CITIES RECEIVE FROM THE STATE GROSS RECEIPTS TAX TO MAKE THE DISTRIBUTION MORE EQUITABLE.
13. AN ACT TO SIMPLIFY AND REDUCE INHERITANCE TAXES.
14. AN ACT TO REQUIRE LOCAL GOVERNMENTS TO ACCOUNT FOR 911 SURCHARGES IN THEIR ANNUAL FINANCIAL STATEMENTS.

15. AN ACT TO IMPROVE THE ADMINISTRATION OF THE MOTOR FUEL TAX LAWS.
16. AN ACT TO MAKE TECHNICAL AND CONFORMING CHANGES TO THE REVENUE LAWS AND RELATED STATUTES.
17. AN ACT TO CREATE A STATUTORY REVENUE LAWS STUDY COMMITTEE.

THE FULL 1996 AND 1997 REPORTS OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

II. CIVIL AND CRIMINAL LAW GROUPING

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Criminal Laws, Procedures, and Sentencing

1996 Summary

The Legislative Research Commission's Study on Criminal Laws, Procedures, and Sentencing met six times before making its interim report. In its interim report to the **1996 Regular Session** the Committee recommended the following bill: A BILL TO BE ENTITLED AN ACT TO MAKE IT A CLASS F FELONY OFFENSE TO ASSAULT A LAW ENFORCEMENT OFFICER AND INFLICT SERIOUS BODILY INJURY AND TO CREATE A NEW CRIMINAL OFFENSE OF ASSAULTING A FIRE FIGHTER AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSIONS STUDY COMMITTEE ON CRIMINAL LAWS, PROCEDURES, AND SENTENCING. The bill would create two new criminal offenses as indicated in the title. The bill was enacted as part of the Appropriations Act, Section 20.14B of Chapter 18 of the 1995 Session Laws, Second Extra Session 1996.

1997 Summary

The Committee met one more time after the Second Extra Session in 1996. At its meeting the Committee focused on three issues: (i) the recommendations regarding family courts made by the Commission for the Future of Justice and the Courts in North Carolina, (ii) teen court programs, and (iii) the report from the Office of State Personnel regarding law enforcement personnel.

Jaye Meyer, Reporter for the Family Issues Committee of the Commission for the Future of Justice and the Courts in North Carolina summarized the Commissions recommendations regarding family courts for the Committee. Bob Atkinson from the Administrative Office of the Courts and representatives from teen court programs in Durham, Hoke, Polk, Rockingham, and Forsythe Counties provided a statewide overview of teen court programs for Committee members. Don Huffman from the Office of State Personnel provided the Committee with a draft report outlining the recommendations of the Office of State Personnel regarding law enforcement personnel. Mr. Huffman indicated that the report was a draft and that some revisions may be made in the report after further review by the Office of State Personnel. The members of the Criminal Laws, Procedures, and Sentencing Study Committee reviewed only the draft report and did not receive from the Office of State Personnel copies of any proposed revisions to the report or a copy of the final report. The Committee took no action and did not make any recommendations for the 1997 General Assembly.

THE FULL 1996 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

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Consumer Protection Issues

1996 Summary

The LRC Study Committee on Consumer Protection Issues met six times during 1996. During its study the Committee heard presentations and held discussions on the following:

1. Rew Interim of the Telephone Consumer Protection Act.
2. Problems that certain rental property owners have with regard to acts of vandalism against their property.
3. Proposal to amend State Building Code and the Manufactured Housing Code to allow unvented gas heaters to be installed under certain conditions.
4. Proposal to amend the preneed funeral funds law to permit certain investments of preneed funeral contract funds;
5. Review of mutli-level marketing companies and unlawful pyramid schemes to determine if legislation is needed to protect consumers.

The Committee reported to the 1996 Session of the General Assembly. In this report the Committee found that the proposal to authorize the investment of irrevocable preneed funeral funds offers a reasonable investment choice to consumers so long as certain safeguards and conditions are provided. The Committee recommended to the 1996 Regular Session that the General Assembly enact "AN ACT TO AUTHORIZE ALTERNATIVES INVESTMENTS OF IRREVOCABLE PRENEED FUNERAL CONTRACT FUNDS." This bill was introduced but not acted upon by the 1995 General Assembly, Regular Session 1996.

1997 Summary

A summary of the Committee's findings and recommendations in its final report to the 1997 General Assembly follows:

1. Pyramid schemes are often disguised as legitimate business opportunities and these schemes are a trap for the unwary consumer attempting to increase his or her investment earnings. The State's anti-pyramid statute requires the same level of punishment for persons who establish and operate these schemes as for persons who may be unwitting participants in them. Increasing the penalty for the establishment and operation of pyramid schemes from a misdemeanor to a felony may deter the establishment of these schemes and thereby protect consumers against fraudulent claims and financial loss. The Committee recommends that the General Assembly enact AN ACT TO INCREASE THE PENALTY FOR THE ESTABLISHMENT OF PYRAMID DISTRIBUTION PLANS.
2. Legitimate multi-level marketing companies such as Amway and Shaklee offer consumers viable opportunities for investment and successful entrepreneurship. Unlawful pyramid schemes disguised as multi-level marketing companies tarnish the reputation of the industry as a whole and render these companies vulnerable to burdensome and potentially unnecessary regulation by the State. Deterrence and prosecution of unlawful pyramid schemes is not likely to be furthered or enhanced by requiring legitimate multi-level marketing companies to register with a State agency. The Committee recommends that registration of multi-level marketing companies not be required by State law as a means for preventing the establishment of or aiding in the detection and prosecution of unlawful pyramid schemes.
3. Proper installation of industry regulated and approved unvented gas heating appliances in manufactured homes and in bedrooms of site-constructed homes should be permitted by the North Carolina Manufactured Housing Code and by the State Building Code. This finding is based on industry research and reports, other State laws permitting the installation, and the view that consumers should have safe and economical alternative heat sources available to them. It was brought to the Committee's attention that a statute, G.S. 119-58, may conflict with action being considered by the Building Code Council. Committee staff is looking into this to determine if legislation is necessary to address the possible conflict. The Committee recommends that the General Assembly enact legislation necessary to coordinate the statutory language.

4. Consumers continuously face problems that could be remedied by calling it to the attention of appropriate State officials, or by changes in State law. A legislative study committee that hears and considers consumer issues on a continuing basis would be beneficial to individual consumers and to the State as a whole. The Committee recommends that the General Assembly adopt a JOINT RESOLUTION TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO STUDY CONSUMER PROTECTION ISSUES.

THE FULL 1996 AND 1997 REPORTS OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

III. EDUCATION AND ENERGY CONSERVATION GROUPING

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Education Issues

The Committee met four times: January 17, 1996; February 16, 1996; March 27, 1996; and April 17, 1996. The focus of the meetings was to develop an understanding of the history of education and education reform in North Carolina and the United States, and to consider a number of current education reform issues. These issues included charter schools, prepaid tuition programs for higher education, the State Board of Education's recommended ABC's Plan, purchasing off-contract, alternative certification for teachers, teacher tenure, teacher assistants, and whether to mandate the teaching of phonics.

The Committee did not meet again after the Second Extra Session because of the unusual length of the 1996 sessions. Legislation was enacted during the 1996 sessions that addressed most of the issues that the Committee had considered during the previous year. It is expected that the remaining issues will receive further attention and discussion during the 1997 General Assembly.

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Rep. Foyle R. Hightower, Jr.
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Rep. Mary E. McAllister
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Rep. Dennis A. Reynolds
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Clerk:

Ms. Soraya Dunnigan
(919) 733-4809

Energy Conservation 1997 Summary

The Energy Conservation Study Committee, a continuation of studies authorized by the 1993 and 1995 Sessions of the General Assembly met six times. This study focused on alternative fueled vehicles. The following points were considered:

- * The Energy Policy Act of 1992 (EPACT) mandates that State centrally fueled fleets contain alternative fueled vehicles:

1997	10%
1998	15%
1999	25%
2000	50%
2001	75%

In North Carolina these centrally fueled fleets include the Department of Administrations Motor Fleet Management fleet, the fleet operated by The University of North Carolina, and the non-diesel fleet operated by the Department of Transportation.

- * The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) provided that Congestion Mitigation and Air Quality (CMAQ) funds, of which more than \$10 million have been provided to North Carolina for the 1996-97 fiscal year, may be used to meet the EPACT alternative fueled vehicles mandate.
- * The Energy Division of the Department of Commerce developed a proposal, in conjunction with the Air Quality Division of DEHNR and with all of the natural and electric utilities serving North Carolina, for the use of the CMAQ funds to purchase or convert about 850 vehicles, state-wide, to meet the EPACT mandates. The utility companies have committed to make the necessary investment to develop the infrastructure to fuel the vehicles, the most costly part of any alternative fueled vehicle program, if the CMAQ funds are dedicated for this purpose. The commitment is based on the designation of the CMAQ funds guaranteeing the purchase or conversion of a sufficient number of vehicles to make the investment in the infrastructure financially sound.
- * The Board of Transportation, on the recommendation of the Department of Transportation, has provided no CMAQ funds for alternative fueled vehicles. The funds are currently programmed for interchange construction and highway lane improvements which, while they may reduce congestion, are not as cost-effective as the purchase or conversion of vehicles as a means for improving air quality.
- * There are three areas of North Carolina, the Charlotte-Mecklenburg area, the Triad, and the Triangle, which have been in "nonattainment status," which means that the air quality has not met standards. Through auto emission inspection and other programs, those areas are now in compliance. The Environmental Protection Agency has issued new, tougher regulations which, if they go into effect in 1997 as proposed, will put those areas, and possibly others, in "nonattainment status" again. If an area does not meet the clean air standards there are sanctions which the federal government can impose including warnings, restricting highway funds, and ultimately prohibiting new sources of pollution, like new factories and other commercial development, which would seriously hamper economic development.

The Committee recommends in its final report to the 1997 General Assembly a recommendation that the 1997-98 budget contain a special provision requiring the Board of Transportation to approve the use of \$4 million of the CMAQ funds to fund the purchase or conversion of approximately 850 vehicles during the next three years pursuant to the Proposal for Alternative Fueled Vehicles developed by the Energy Division of the Department of Commerce.

THE FULL 1997 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

IV. ELECTION LAWS REFORM GROUPING

ELECTION LAWS REFORM COMMITTEE

Authority: SL95-542, HB 898

LRC Member: Rep. Constance K. Wilson
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Mr. Jerry Meek
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Mr. Lee Mortimer
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Sen. Daniel E. Page
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Election Laws Reform**1996 Summary**

The LRC Study Committee on Election Laws Reform was appointed in late 1995. Its charge was to study the election laws with a view to rewriting them generally. The full Committee met six times, excluding subcommittee work and public hearings. In April the Committee voted to recommend the following bills to the **1996 Regular Session**:

1. A BILL TO BE ENTITLED AN ACT TO ALLOW PERSONS WHO ARE UNABLE TO GO TO THE POLLS BECAUSE OF OBSERVANCE OF A RELIGIOUS HOLIDAY TO CAST AN ABSENTEE BALLOT. Ratified as **Chapter 561 of the 1995 Session Laws**.
2. A BILL TO BE ENTITLED AN ACT TO REPEAL THE SUNSET ON DESIGNATION OF EMPLOYMENT SECURITY COMMISSION OFFICES AS VOTER REGISTRATION AGENCIES AND TO PROVIDE FOR FUNDING. Ratified as **Chapter 608**.
3. A BILL TO BE ENTITLED AN ACT TO PROVIDE FOR HOLDING THE CANVASS FOR PRIMARIES AND ELECTIONS ON THE THIRD RATHER THAN THE SECOND DAY AFTER ELECTION DAY. Ratified as **Chapter 553**.
4. A BILL TO BE ENTITLED AN ACT TO TO ALLOW PRECINCT ASSISTANTS TO WORK SPLIT SHIFTS. Ratified as **Chapter 554**.
5. A BILL TO BE ENTITLED AN ACT TO ALLOW THE APPOINTMENT IN CERTAIN CIRCUMSTANCES OF PRECINCT OFFICIALS FOR A PRECINCT WHO ARE NOT REGISTERED VOTERS OF THAT PRECINCT. Amended and ratified as **Chapter 734**.
6. A BILL TO BE ENTITLED AN ACT TO PROHIBIT THE USE OF INELIGIBLE VOTER'S TESTIMONY ABOUT HOW THE VOTE WAS CAST; TO GIVE THE PERSON PROTESTING AN ELECTION THE RIGHT TO CALL FOR A NEW ELECTION WHEN THE NUMBER OF INELIGIBLE VOTERS EXCEEDS THE MARGIN OF VICTORY; AND TO MAKE RELATED CHANGES. Amended and ratified as **Chapter 694**.
7. A BILL TO BE ENTITLED AN ACT TO MAKE CORRECTIONS IN THE 1994 LEGISLATION DESIGNED TO BRING NORTH CAROLINA INTO COMPLIANCE WITH THE NATIONAL VOTER REGISTRATION ACT. Not ratified.
8. A BILL TO BE ENTITLED AN ACT TO CODIFY THE STATE BOARD OF ELECTIONS RULING CONCERNING CONTRIBUTIONS TO STATE CAMPAIGNS BY FEDERAL POLITICAL ACTION COMMITTEES. Amended and ratified as **Chapter 593**.

9. A BILL TO BE ENTITLED AN ACT TO ADD TO THE MODES OF ELECTION THAT MAY BE CHOSEN LOCALLY FOR CITY AND COUNTY GOVERNMENTS THE FOLLOWING: CUMULATIVE VOTING AND PREFERENCE VOTING. Not ratified.

1997 Summary

After the Short Session, the Committee conducted four public hearings around the State concerning campaign finance. The Committee then held two final meetings and made five recommendations to the 1997 General Assembly:

1. A BILL TO BE ENTITLED AN ACT TO REMOVE THE EXTRA CONTRIBUTION LIMIT PERIOD FOR THE SECOND PRIMARY FOR CANDIDATES WHO ARE NOT ON THE BALLOT IN A SECOND PRIMARY. This bill would make clear that a second primary counts as an "election" for purposes of the contribution limit law only with respect to a candidate who is on the ballot in a second primary. Current law sets a \$4,000 limit on the amount one contributor may give to one candidate or committee in one election. An "election" is defined as a first primary, second primary, or general election. Fiscal Research expects no cost impact.
2. A BILL TO BE ENTITLED AN ACT TO ESTABLISH A NORTH CAROLINA CAMPAIGN STANDARDS CODE TO BE ENFORCED BY A CAMPAIGN STANDARDS COMMISSION. This bill would establish an 11-point Campaign Standards Code. It would prohibit knowing or reckless use during a campaign of specified acts, most of which consist of false or misleading statements about oneself or an opponent. The Code would be enforced by a nonpartisan Commission. It would have the power to issue public letters of reprimand. It could not issue fines. Fiscal Research estimates a cost of \$120,000 to \$130,000 for the first year of operation, and \$110,000 to \$120,000 a year of recurring costs.
3. A BILL TO BE ENTITLED AN ACT TO TO ESTABLISH AN INDEPENDENT REDISTRICTING COMMISSION TO HANDLE REDISTRICTING MATTERS. This bill would amend the State Constitution to remove the power to redraw legislative and congressional districts and give that power to a Commission. There would be provisions to insulate the Commission from much of the politics that is now a part of redistricting. The first redistricting under the Commission would be in 2001. Fiscal Research estimates additional costs of \$40,000 to \$50,000 every 10 years.
4. A BILL TO BE ENTITLED AN ACT TO MAKE CHANGES TO THE STATUTES CONCERNING BALLOT ACCESS FOR POLITICAL PARTIES. This bill would:
 - * Move the deadline for a new party to present its petitions from June 1 to the second Thursday in July.
 - * Give county boards of elections slightly longer to verify the names on petitions.
 - * Change the prescribed wording of a new-party petition so that the signers are no led to believe they are committing themselves to do something to organize the party.
 - * Allow voters affiliated with an expired political party to keep that designation on the voter registration books. Currently, boards of elections must change their designation to "unaffiliated," unless the voter wants to affiliate with a remaining party.Fiscal Research reports that the State Board of Elections estimates a statewide savings to counties of \$1,500 to \$2,000 each election cycle.
5. A BILL TO BE ENTITLED AN ACT TO ADD TO THE MODES OF ELECTION THAT MAY BE CHOSEN LOCALLY FOR CITY AND COUNTY

GOVERNMENTS THE FOLLOWING: CUMULATIVE VOTING AND PREFERENCE VOTING. This bill, the same as one recommended by the Committee in April, would give localities the option of trying cumulative or preference voting without a local act from the General Assembly. Fiscal Research estimates no cost impact.

THE FULL 1996 AND 1997 REPORTS OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

V. ENVIRONMENT GROUPING

ATLANTIC STATES MARINE FISHERIES COMPACT WITHDRAWAL COMMITTEE

Authority: SL95-542, HB 898

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Rep. William O. Richardson
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Atlantic States Marine Fisheries Compact Withdrawal

The LRC Committee to study North Carolinas withdrawal from the Atlantic States Marine Fisheries Compact (ASMFC) met four times: January 23, 1996; February 14, 1996; March 26, 1996; and April 22, 1996. These meetings focused on understanding North Carolinas relationship with the ASMFC, evaluating the ASMFC's effectiveness for fisheries management in North Carolina, and determining whether North Carolina should withdraw from the ASMFC. The Committee received written comments from concerned citizens and heard presentations from various speakers including: commercial and recreational fishermen, members of the Marine Fisheries Commission, the Division of Marine Fisheries, and North Carolina delegates to the ASMFC. The Committee also heard a report from Daniel F. McLawhorn, Special Deputy Attorney General, concerning constitutional issues relating to the ASMFC and a report from Jack Dunnigan, Executive Director of the ASMFC.

The Committee held no further meetings and did not produce a final report to present to the 1997 General Assembly. (The Cochair, Representative M. Jonathan Robinson and Senator Charles W. Albertson, however, wrote a letter to the President Pro Tempore of the Senate and the Speaker of the House of Representatives recommending the following actions by the General Assembly: (a) continue to evaluate North Carolina's position within the ASMFC, (2) ensure that legal counsel is made available to advise North Carolina's delegates at ASMFC and Mid-Atlantic Counsel meetings, and (3) ensure that North Carolina's delegates closely monitor ASMFC and Mid-Atlantic Counsel activities and routinely report to the Joint Legislative Commission on Seafood and Aquaculture.)

WATER ISSUES COMMITTEE

Authority: SL95-542, HB 898

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Clerk:
Ms. Frances Drew
(919) 733-5850

Water Issues

1996 Summary

The Legislative Research Commission's Study Committee on Water Issues met 5 times before the **1996 Session**. The sole focus of these meetings was the review of the testing requirements and costs under the federal Safe Drinking Water Act. The Committee recommended the following three legislative proposals to the **1996 Regular Session**:

1. AN ACT TO PROVIDE THAT NO STATE RULE REGULATING DRINKING WATER STANDARDS AND TESTING REQUIREMENTS MAY BE MORE RESTRICTIVE THAN THE FEDERAL LAW.
2. AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES TO FUND THE DIVISION OF ENVIRONMENTAL HEALTH TO IMPLEMENT A WAIVER PROGRAM FOR CERTAIN DRINKING WATER TESTS. This bill proposed an appropriation of \$425,000 for fiscal year 1996-1997.
3. AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES TO FUND THE DIVISION OF ENVIRONMENTAL HEALTH TO PROVIDE ASSISTANCE TO SMALL WATER SUPPLY SYSTEMS TO OBTAIN SUSCEPTIBILITY WAIVERS FROM CERTAIN DRINKING WATER TESTS UNDER THE NORTH CAROLINA DRINKING WATER ACT. This bill proposed an appropriation of \$425,000 for fiscal year 1996-1997.

The General Assembly enacted, as a special provision in the budget bill (Section 27.11 of **Chapter 18 of the 1995 Session Laws, Second Extra Session 1996**), only the second proposal to implement a waiver program. No funding was included with that provision.

1997 Summary

The Committee resumed its deliberations after the adjournment of the 1996 Regular Session. The Commission learned that during the summer Congress passed the Safe Drinking Water Act Amendments of 1996. This new federal legislation is expected to address many of the concerns under study by the Committee. The Committee also heard an extensive presentation by the Division of Water Resources regarding water conservation and water supply management. The Commission noted that the Division of Environmental Health's recent efforts to pursue waivers, encouraged by the legislation enacted during the 1996 Session, will result in additional savings to small water supply system operators in excess of \$3,332,000 over the next three years. The Committee also found that because the vast majority of its time was consumed by Safe Drinking Water Act compliance issues, there remain additional issues in this subject area that need to be addressed including water conservation, water supply system infrastructure, and other water supply and water quality issues. The Committee's recommendation to the 1997 General Assembly is AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO CONTINUE ITS STUDY OF WATER ISSUES.

THE FULL 1996 AND 1997 REPORTS OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

REORGANIZATION OF THE DEPARTMENT OF ENVIRONMENT, HEALTH AND NATURAL RESOURCES (DEHNR)

Authority: SL95-17 of the Second Extra Session 1996; SB 46

LRC Member in Charge: Sen. Henry E. McKoy
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No appointments were made to the Reorganization of the Department of Environment, Health and Natural Resources (DEHNR) Committee.

VI. FAMILY AND JUVENILE LAW GROUPING

GRANDPARENT VISITATION RIGHTS COMMITTEE

Authority: SL95-542, HB 898

LRC Member in Charge: Rep. Edd Nye
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**Grandparent Visitation Rights Committee
1997 Summary**

The Legislative Research Commission's Grandparent Visitation Rights Study Committee met eight times to study the issue of whether North Carolina laws allowing grandparents to petition for visitation with their grandchildren should be amended, particularly as to whether the state should allow a grandparent to sue for visitation where the grandchild lives in an intact family. The Committee looked at the current state laws concerning visitation rights of grandparents with their grandchildren, as well as other states' statutory and case law concerning grandparent visitation, particularly the case law examining the constitutionality of statutes allowing grandparent visitation suits in intact family situations. Speakers addressing the Committee included grandparents' rights activists, child advocates, and mediators. Most of the meetings included a time for public comment, and many members of the public addressed the Committee.

The Committee recommends to the 1997 General Assembly A BILL TO BE ENTITLED AN ACT TO PROVIDE FOR AN EXPANSION OF RIGHTS UNDER EXISTING LAW PERTAINING TO GRANDPARENT VISITATION. This bill would allow a grandparent to petition the district court for visitation with a grandchild, regardless of the marital status of the child's parents.

THE FULL 1997 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

GUARDIAN AD LITEM PROGRAM COMMITTEE

Authority: SL95-324, Sec 21.12, HB 229
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Guardian Ad Litem 1997 Summary

The LRC Guardian Ad Litem (GAL) study committee met seven times during 1996. During its study the Committee heard presentations and held discussions on the following:

1. Role and responsibility of the Department of Human Resources and local DSS offices in child abuse and neglect cases;
2. Information on program staffing, organizational structure, and volunteer training of the Guardian Ad Litem program;
3. Three case studies of children who had been abused or neglected. These case studies were presented jointly by the local DSS and Guardian Ad Litem staff involved in the cases;
4. Legal and ethical duties and responsibilities of attorneys appointed in abuse and neglect cases. This information was provided by Janet Mason of the Institute of Government;
5. Court Appointed Special Advocate Programs (CASA) in other states. Michael Piraino, Director of National CASA, gave this presentation; and
6. Results of a survey prepared by Committee staff. The survey was intended to ascertain the views of district court judges, DSS workers, county attorneys, and GAL volunteers and attorneys on the effectiveness of GAL programs across the State.

The Committee made findings and recommendations for consideration by the 1997 General Assembly with respect to the following:

1. Necessity for legal representation of children in abuse and neglect cases, possible effects of recent reductions in funds for this representation, and potential savings in attorney costs that might be realized through implementation of certain efficiencies. Committee recommends that the General Assembly should ensure that sufficient funds are available for the GAL program to enable it to provide the legal representation necessary to protect abused and neglected children.
2. Key to success of the GAL program is in its ability to recruit, train, and retain a volunteer force. Committee recommends that General Assembly ensure that sufficient funds are available to GAL program to enable it to improve its recruitment, training, and retention of volunteers.
3. Because of reductions in funds and restructuring of payments to GAL attorneys, many experienced GAL attorneys have left the program; thus, GAL program must rely on services of less experienced attorneys. Committee recommends that current level of funding for GAL attorneys be maintained, and additional funds be appropriated for one additional attorney in GAL office to provide resource services to GAL attorneys throughout the State. Committee also recommends that funds be made available for development and production of a litigation manual for use by GAL attorneys.
4. Some members of the general public and the General Assembly are not familiar with the GAL program and would benefit from written materials explaining the purpose and workings of the program. Budget reductions in GAL program have prevented GAL program from continuing to conduct educational seminars for GAL volunteers, attorneys, and others. Committee recommends that funds be made available to enable the GAL program to develop informational materials for the general public and legislators, and to conduct educational seminars and continuing education programs for GAL volunteers and attorneys.
5. Based on its survey of district court judges, GAL services are necessary to protect the interests of abused and neglected children, judges rely heavily on the recommendations made by GAL volunteers and attorneys, the relationship between GAL personnel and local DSS personnel is one of cooperation and mutual respect, GAL volunteers should remain involved with the abuse and neglect case for as long as the child is outside of a permanent home, and the interests of abused and neglected children are best served when both a GAL volunteer and a GAL attorney are involved in the case. The Committee recommends that the State should ensure that sufficient funds are available to State agencies and programs charged with protecting abused and neglected children.
6. Further study of the GAL program is needed to identify potential methods for the program to achieve greater efficiency and effectiveness. The Committee recommends that the 1997 General Assembly adopt a JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH COMMISSION TO CONTINUE ITS STUDY OF THE GUARDIAN AD LITEM PROGRAM.

THE FULL 1997 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

VII. INSURANCE LAWS AND FINANCIAL INSTITUTIONS GROUPING

INSURANCE ISSUES COMMITTEE

Authority: SL95-542, HB 898

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Insurance and Insurance-Related Issues**1996 Summary**

Senate Joint Resolution 881 authorized the Insurance and Insurance-Related Issues Committee of the Legislative Research Commission to study the issue of coastal insurance availability and affordability and the operation of the Beach Plan. The Committee met five times to consider insurance and insurance-related issues. The Committee studied and discussed the issue of coastal insurance availability and affordability and other insurance issues related to the establishment of an emergency management trust fund, the assumption of reinsurance, the supervision and liquidation of continuing care facilities, the regulation of insurance company investments, insurance coverage of motor vehicles, and Department recommendations regarding making conforming and clarifying changes to the laws in the areas of Medicare supplement insurance and small employer health benefits.

The Committee reported to the 1996 Regular Session of the 1995 General Assembly and made the following recommendations:

1. A BILL TO BE ENTITLED AN ACT TO DEVELOP A PROPOSAL FOR A RESERVE FUND TO PAY CATASTROPHIC LOSSES AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. The bill directs the North Carolina Insurance Underwriting Association and the Department of Insurance to study the feasibility of and to develop a proposal for a tax-exempt reserve fund for the purpose of paying catastrophic losses incurred by wind risks insured under policies issued by the Association and to report to the Committee. This bill was ratified as **Chapter 579 of the 1995 Session Laws**.
2. A BILL TO BE ENTITLED AN ACT TO REVISE THE PARTICIPATION FORMULA OF THE NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This legislation directs the directors of the North Carolina Insurance Underwriting Association, with the approval of the Commissioner, to revise the participation of and credits to member companies to encourage insurance companies to write voluntary policies in the beach area of the State and to write themselves out of the losses of the Plan. This bill was ratified as **Chapter 592 of the 1995 Session Laws**.
3. A BILL TO BE ENTITLED AN ACT TO PROVIDE ADDITIONAL COVERAGE UNDER THE NORTH CAROLINA BEACH PLAN AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This bill requires the North Carolina Insurance Underwriting Association to offer business income coverage in addition to the other insurance coverages offered by the Plan. This bill was ratified as **Chapter 740 of the 1995 Session Laws**.

4. A BILL TO BE ENTITLED AN ACT TO PROVIDE THAT INSURERS ARE NOT REQUIRED TO OBTAIN WRITTEN CONSENT TO RATE ON EACH POLICY RENEWAL AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This legislation amends G.S. 58-36-30 and G.S. 58-40-30 to provide that insurance companies do not have to obtain the written consent of an insured each time a policy is renewed. This bill was ratified as Chapter 668 of the 1995 Session Laws.
5. A BILL TO BE ENTITLED AN ACT TO PROVIDE THAT UNINSURED AND UNDERINSURED MOTORIST COVERAGE MAY BE LIMITED OR EXCLUDED UNDER EXCESS OR UMBRELLA POLICIES AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This bill adds a new section to Article 3 of Chapter 58 to provide that insurers may limit uninsured and underinsured motorist coverage under excess or umbrella policies.
6. A BILL TO BE ENTITLED AN ACT TO CONFORM THE LAW GOVERNING SETOFFS WITH THE LAW GOVERNING THE RECOVERY OF PREMIUMS OWED INSURERS AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. G.S. 58-30-160(b)(4) provides that no setoff shall be allowed in favor of a person against an impaired or insolvent insurer if the person is obligated to pay the insurer earned premiums. This bill repeals that provision because G.S. 58-30-160(c) and G.S. 58-30-175 govern setoffs of agents and G.S. 58-30-160(b)(4) is unnecessary. This bill was ratified as Chapter 658 of the 1995 Session Laws.
7. A BILL TO BE ENTITLED AN ACT TO REPEAL THE LAW PROHIBITING LICENSED REINSURERS FROM ASSUMING REINSURANCE FROM NONADMITTED INSURERS AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This bill repeals G.S. 58-43-20, which prohibits licensed reinsurers from purchasing reinsurance from nonadmitted insurers. This bill was ratified as Chapter 752 of the 1995 Session Laws.
8. A BILL TO BE ENTITLED AN ACT TO PROVIDE FOR MORE EFFECTIVE FINANCIAL SUPERVISION, REHABILITATION, AND LIQUIDATION PROCEDURES FOR CONTINUING CARE RETIREMENT CENTERS AND TO PROVIDE THAT CONTINUING CARE AGREEMENTS ARE SUBORDINATE TO THE COST OF ADMINISTRATION IN LIQUIDATION AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This legislation amends Article 30 of Chapter 58 to provide that continuing care retirement centers licensed under Article 64 of Chapter 58 are governed by the provisions of Article 30 and to provide that claims of continuing care agreements shall be subordinate to a liquidator's cost of administration in the event of liquidation. This bill was ratified as Chapter 582 of the 1995 Session Laws.
9. A BILL TO BE ENTITLED AN ACT TO CONFORM THE LAW GOVERNING SMALL EMPLOYER HEALTH BENEFIT PLANS TO 1995 LEGISLATION AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This legislation deletes the reference to "group" in G.S. 58-50-130(a)(2), thereby requiring health benefit plans of small employers to credit the time an employee or dependent of an employee was covered under a previous health plan, regardless of the type of plan, when determining whether a preexisting condition provision

applies to the person. This bill was ratified as Chapter 669 of the 1995 Session Laws.

10. A BILL TO BE ENTITLED AN ACT TO REVISE THE DEFINITION OF NONFLEET MOTOR VEHICLE TO ALLOW FLEXIBILITY FOR THE NUMBER OF AUTOMOBILES THAT MAY BE WRITTEN UNDER A PERSONAL AUTOMOBILE INSURANCE POLICY AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This bill amends G.S. 58-40-10(2), the definition of "nonfleet" motor vehicle, to provide that a nonfleet motor vehicle is a motor vehicle that is not eligible to be classified as a fleet vehicle because it is one of four or fewer vehicles under contract or owned by the insured and gives the Rate Bureau the authority to adopt rules that specify special circumstances in which more than four vehicles may be covered under a nonfleet policy. This bill was ratified as Chapter 730 of the 1995 Session Laws.
11. A BILL TO BE ENTITLED AN ACT TO AMEND THE MEDICARE SUPPLEMENT INSURANCE LAWS TO COMPLY WITH THE FEDERAL SOCIAL SECURITY AMENDMENTS OF 1994 AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This legislation amends Article 54 of Chapter 58 by adding a new section to the Article that gives the Commissioner of Insurance the authority to adopt rules necessary to conform Medicare supplement policies and certificates to the requirements of federal law and regulations.
12. A BILL TO BE ENTITLED AN ACT TO LESSEN THE REQUIREMENT OF INSURANCE COMPANIES TO MAINTAIN TRUST ACCOUNTS OR OBTAIN LETTERS OF CREDIT OR GUARANTY BONDS AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES. This bill amends G.S. 58-7-162 to provide that, in determining the financial condition of an insurer, allowable assets include assets up to 5% of the surplus as regards policyholders, or the monetary surplus, before the premiums must be placed in a trust account or the agent must obtain a letter of credit or financial guaranty bond. This bill was ratified as Chapter 659 of the 1995 Session Laws.

The LRC at its meeting on May 1, 1996, reviewed this Committee's report and accepted it for transmittal to the 1996 Regular Session of the 1995 General Assembly.

The Committee did not report to the 1997 General Assembly.

THE FULL 1996 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

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Financial Institutions Issues 1996 Summary

The Financial Institutions Issues Committee met five times and a Subcommittee on Monument Contractors' Licensing met once before making its interim report to the 1996 Session of the 1995 General Assembly.

The Committee held three meetings to consider issues related to the consolidation of the State's financial institutions regulatory agencies. The Committee heard from Hal Lingerfelt, Commissioner of Banks, Stephen Eubanks, Savings Institutions Administrator, and Ted Mann, Credit Union Administrator. The Committee also heard presentations on issues related to regulatory agency consolidation by Curtis Stitt, Superintendent of financial Institutions for the State of Ohio, and Sidney Bailey, Commissioner of Financial Institutions for the State of Virginia.

Additionally, the Committee considered the issues of monument contractor licensing, worthless check problems, financial institutions' holiday problem, and a technical correction to the Reciprocal Interstate Banking Act.

In its interim report, the Committee found that the consuming public and the state chartered banks would benefit from an amendment to the Reciprocal Interstate Banking Act. This amendment would give to state chartered banks the same authority to appoint a subsidiary bank as an agent for interstate banking purposes as national banks are permitted under the federal Interstate Banking Act. The Committee also found that it would be in the best interest of the consuming public and the state chartered banks, savings and loan associations and savings banks, if the provisions of state law mandating certain financial institution holidays were repealed and the boards of directors of the financial institutions were authorized to establish and adopt the institution's holidays.

Considering these findings, the Committee recommended the following two bills to the 1996 Regular Session of the 1995 General Assembly:

1. A BILL TO BE ENTITLED AN ACT TO IMPLEMENT A RECOMMENDATION OF THE LRC'S FINANCIAL INSTITUTIONS ISSUES COMMITTEE TO AMEND THE NORTH CAROLINA RECIPROCAL INTERSTATE BANKING ACT. This bill would permit state chartered banks organized under North Carolina law, that are subsidiaries of bank holding companies, to act as an agent for other banks affiliated with the bank holding company. As an agent, the bank could receive deposits, renew time deposits, close and service loans, and receive payments on other obligations, without becoming a branch of the affiliate bank. This act was ratified as **Chapter 557**.
2. A BILL TO BE ENTITLED AN ACT TO IMPLEMENT A RECOMMENDATION OF THE LRC'S FINANCIAL INSTITUTIONS ISSUES COMMITTEE TO AUTHORIZE STATE CHARTERED BANKS, SAVINGS AND LOAN ASSOCIATIONS, AND SAVINGS BANKS, TO OBSERVE HOLIDAYS AS DETERMINED BY THEIR BOARDS OF DIRECTORS. This bill would repeal statutory holidays for state chartered banks, savings and loan associations, and savings banks, and allow these financial institutions to determine their own holidays. This act was ratified as **Chapter 556**.

The Committee did not meet again after the 1996 Session and did not make a final report.

THE FULL 1996 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

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**Personnel Issues
1996 Summary**

The Committee on Personnel Issues held four meetings as a full committee. Its two subcommittees, the Retirees' Tax Subcommittee and the Personnel Issues Subcommittee, held a total of six additional meetings.

Based on the findings and recommendations of its Personnel Subcommittee, the Committee on Personnel Issues recommended the following three bills to the 1996 Regular Session of the 1995 General Assembly:

1. A BILL TO BE ENTITLED AN ACT TO STREAMLINE THE REVIEW OF GRIEVANCES FILED BY STATE EMPLOYEES AND APPLICANTS FOR STATE GOVERNMENT. This bill would restructure the grievance process for State employees, former employees, local government employees covered by the State Personnel Act, and applicants.
2. A BILL TO BE ENTITLED AN ACT TO REDUCE DUPLICATION OF WORK BETWEEN THE OFFICE OF STATE PERSONNEL AND OTHER AGENCIES, DEPARTMENTS, AND INSTITUTIONS BY THE DECENTRALIZATION OF CERTAIN FUNCTIONS FROM THE OFFICE OF STATE PERSONNEL TO THOSE AGENCIES, DEPARTMENTS, AND INSTITUTIONS. This bill would authorize the Office of State Personnel to make provisions for a decentralized system of personnel administration, where such is appropriate, and to do so without additional cost to the State.
3. A BILL TO BE ENTITLED AN ACT TO ESTABLISH QUALIFICATIONS FOR THE POSITIONS OF STATE PERSONNEL DIRECTOR AND HUMAN RESOURCES DIRECTORS OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS. This bill would establish general qualifications for the State Personnel Director position and would require that individuals selected as directors for agency, institution, or university human resources offices meet the position requirements for those positions, as approved by the State Personnel Commission.

Each of the above proposals was passed by the House and referred to the Senate before the close of the 1996 Regular Session.

The Committee on Personnel Issues did not meet again after the 1996 legislative sessions and did not make a final report.

THE FULL 1996 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

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**Workers' Compensation
1996 Summary**

The LRC Study Committee on Workers' Compensation was appointed in late 1995. Its charge was to study workers' compensation laws in certain ways without undoing the decisions made in the Workers' Compensation Reform Act of 1994. Specifically subject to study were recommendations of the Chair or Advisory Committee of the Industrial Commission and the workers' compensation needs of volunteer fire and rescue workers. The full Committee met five times before the 1996 Short Session. The Committee voted to recommend the following bills to the Short Session:

1. A BILL TO BE ENTITLED AN ACT TO CHANGE THE REQUIREMENT WITH REGARD TO WORKERS' COMPENSATION COVERAGE OF SUBCONTRACTORS. Ratified as Chapter 555 of the 1995 Session Laws.
2. A BILL TO BE ENTITLED AN ACT TO PROVIDE FUNDING FOR WORKERS' COMPENSATION FOR VOLUNTEER FIRE DEPARTMENT, RESCUE SQUAD, AND EMS WORKERS. This bill was incorporated in Chapter 18 of the Second Extra Sesson, 1995 Session Laws, the 1996 Appropriations Act. It gave an additional \$3 million to the Workers Compensation Fund of the Fire and Rescue Commission.
3. A BILL TO BE ENTITLED AN ACT TO CHANGE THE REQUIREMENT FOR HOSPITAL REIMBURSEMENT IN WORKERS' COMPENSATION CASES. Ratified as Chapter 548.
4. A BILL TO BE ENTITLED AN ACT TO REMOVE LANGUAGE REQUIRING AN ATTORNEY'S OPINION AND WRITTEN STATEMENT IN APPEALS BY INDIGENTS FROM THE INDUSTRIAL COMMISSION TO THE NORTH CAROLINA COURT OF APPEALS. Ratified as Chapter 552.
5. A BILL TO BE ENTITLED AN ACT TO CONFORM THE PENALTY FOR WORKERS' COMPENSATION FRAUD TO THE PENALTY FOR INSURANCE FRAUD AND TO RAISE THE PENALTIES FOR CERTAIN OTHER WORKERS COMPENSATION OFFENSES FROM CLASS 1 MISDEMEANORS TO CLASS H FELONIES. This bill was not ratified.
6. A BILL TO BE ENTITLED AN ACT TO MAKE TECHNICAL CORRECTIONS IN THE 1995 WORKERS' COMPENSATION LOSS COSTS RATING LAWS. Ratified as Chapter 729.

The Committee did not meet again after the 1996 Regular Session. It did not make a report to the 1997 General Assembly.

THE FULL 1996 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

IX. PROPERTY ISSUES GROUPING

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Lien Laws Study Committee 1996 Summary

The Lien Laws Study Committee met three times before making its interim report. The Committee focused its attention on two specific areas and made two recommendations in its interim report.

The Lien Laws Study Committee recommended two bills to the 1996 Session of the 1995 General Assembly:

1. **AN ACT TO PROVIDE FOR LIEN RIGHTS FOR PERSONS WHO FABRICATE DIES, MOLDS, FORMS, OR PATTERNS AND WHO FABRICATE PRODUCTS FROM DIES, MOLDS, FORMS, OR PATTERNS.** This recommendation involves lien rights for persons who fabricate dies, molds, forms, or patterns. The Committee recommended an amendment to G.S. 44A-2, which deals with possessory liens. The amendment would provide for a lien against the die, mold, form, or pattern, with the amount of the lien being for the unpaid contracted charges due for making the die, mold, form, or pattern, and the unpaid charges due for making whatever products are made from the die, mold, form or pattern. There is no cost for this recommendation.
2. **AN ACT TO PROVIDE LIENS ON REAL PROPERTY FOR THE FURNISHING OF RENTAL EQUIPMENT.** This recommendation of the Committee was to amend several sections of Article 2 of Chapter 44A, which provides for statutory liens on real property for mechanics, laborers and materialmen. The amendments would provide for liens for those who provide rental equipment directly utilized on the real property in making improvements to the real property. Thus, suppliers of this type of rental equipment would be in the same position as suppliers of labor, materials, or professional or skilled services such as architects, engineers, land surveyors, and landscape architects.

Each of these provisions was enacted by the General Assembly. Recommendation 1, the Mold Lien Act, was enacted in **Chapter 744** of the 1996 Session Laws. Recommendation 2, Rental Equipment Liens, was enacted in **Chapter 607** of the 1996 Session Laws.

The Committee did not meet again after the 1996 Session and did not make a final report.

THE FULL 1996 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

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Property Issues

1996 Summary

The Committee on Property Issues met two times this fall, on November 14 and December 15. The Committee considered changes to the law governing municipal annexation and municipal zoning and planning powers outside municipal limits in the area known as the "ETJ".

The Committee recommended the following to the **1996 Regular Session of the 1995 General Assembly**:

1. A BILL TO BE ENTITLED AN ACT TO AMEND CHAPTER 40A GOVERNING CONDEMNATION TO AUTHORIZE AWARD OF ATTORNEYS FEES AND INTRODUCTION OF ANY EVIDENCE OF PROPERTY VALUE. This proposal was not enacted.

2. A BILL TO BE ENTITLED AN ACT TO CHANGE THE LAWS GOVERNING ANNEXATION BY CITIES WITH A POPULATION OF 5,000 OR MORE. This proposal was not enacted.
3. A BILL TO BE ENTITLED AN ACT TO CHANGE THE LAWS GOVERNING ANNEXATION BY CITIES WITH A POPULATION OF LESS THAN 5,000. This proposal was not enacted.
4. A BILL TO BE ENTITLED AN ACT TO REQUIRE FIRST CLASS MAIL NOTICE TO ALL PROPERTY OWNERS IN AN AREA PROPOSED FOR ADDITION TO A MUNICIPALITY'S EXTRATERRITORIAL PLANNING AND ZONING JURISDICTION, PROPORTIONAL REPRESENTATION FOR RESIDENTS OF THE ETJ ON THE PLANNING AGENCY, AND A HEARING BEFORE COUNTY APPOINTMENT OF REPRESENTATION TO THE PLANNING AGENCY. This proposal was enacted as **Chapter 746 of the 1996 Session Laws**.
5. In addition, the Committee recommends that municipalities consider deferring water and sewer assessments until property owners actually hook up to the municipal water and sewer system, as is the policy in some North Carolina cities. This proposal was not enacted.

1997 Summary

The Committee recommends the following to the 1997 Regular Session of the 1997 General Assembly:

1. A BILL TO BE ENTITLED AN ACT TO CHANGE THE ANNEXATION LAWS. This proposal makes numerous changes to the annexation laws, including: clarification of the definition of street maintenance, water, and sewer services required in newly annexed areas; new requirements for notice, detail and specificity in annexation plans; authorization of negotiated settlements in annexation disputes; restrictions on cross-county line annexation, and limitations on the use of estimates to determine population, area and land subdivision.
2. A BILL TO BE ENTITLED AN ACT TO REQUIRE ALL MUNICIPAL SERVICES TO BE PROVIDED TO A NEWLY ANNEXED AREA ON THE DATE OF ANNEXATION.
3. A BILL TO BE ENTITLED AN ACT TO REQUIRE AT LEAST TWO REPRESENTATIVES FROM A MUNICIPALITY'S EXTRATERRITORIAL PLANNING AND ZONING JURISDICTION ON THE PLANNING AGENCY.
4. In addition, the Committee recommends that the General Assembly consider charging a future study committee to examine municipal and DOT condemnation, and structured annexation agreements.

THE FULL 1996 AND 1997 REPORTS OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

X. REGULATION GROUPING

STATE PURCHASING AND CORRECTION ENTERPRISES COMMITTEE

Authority: SL95-542, HB 898

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State Purchasing and Correction Enterprises

The LRC Committee on State Purchasing and Correction Enterprises did not meet and made no report.

DOWNTOWN REVITALIZATION COMMITTEE

Authority: SL95-542, HB 898

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Downtown Revitalization 1997 Summary

The LRC Study Committee on Downtown Revitalization met six times over the course of a two year period. The Committee began its study by asking a fundamental question, "Why are downtowns important?" As the Committee learned in its discussions, the answers to this question involve a variety of both economic and quality of life issues. Downtowns are central to the creation of small, locally-owned businesses

and they play a vital role in the recruitment of larger corporations. The quality of our downtowns is often viewed by these companies as an indicator of an area's quality of life and may determine whether a corporation chooses to locate in a particular community. For the individual taxpayer, strong downtowns reduce urban sprawl and the costly government expenditures on transportation, water, sewer, and electric infrastructures which must accompany such sprawl. Moreover, the State's citizens receive an added dividend from past investments in these infrastructures. Finally, and perhaps most importantly, downtowns represent the heart of the community- its government, churches, history, and cultural identity. They are the historic gathering place for our communities, bringing together different ethnic and cultural segments of our society. For these and other reasons, our downtowns are, without question, worthy of investment by the State.

However, as stressed to the Committee by Mr. Doyle Hyett of HyettPalma, a city planning firm in Alexandria, Virginia, funding is not always the main barrier to downtown development. Local communities must first provide the organization, leadership, and initiative to encourage investment. The Committee saw these qualities first-hand in its visits to Dunn and Fayetteville, each examples of a community committed to the revitalization of their downtowns. The Committee hopes that its recommendations and accompanying legislation will provide some useful tools to assist local leaders in their revitalization efforts.

The Committee makes the following recommendations to the 1997 General Assembly:

1. **AN ACT TO ALLOW AN INCOME TAX CREDIT FOR EXPENDITURES TO REHABILITATE HISTORIC STRUCTURES AND BUILDINGS THAT WERE BUILT BEFORE 1936.** This proposal allows an income tax credit for rehabilitating an historic structure in an amount equal to 30% of the rehabilitating expenditures. It allows an income tax credit for rehabilitating a building that existed before 1936 in an amount equal to 25% of the rehabilitating expenditures. Both credits would be taken over a five year period. The proposal is effective for taxable years beginning on or after January 1, 1998. The proposal would reduce General Fund revenues by \$89,000 to \$1.4 million in fiscal year 1998-99 and \$6.9 million to \$9.2 million in fiscal year 2001-02. Some administrative expenses would also be incurred.
2. **AN ACT TO CREATE A DOWNTOWN LOAN GUARANTEE FUND THAT WILL GUARANTEE TWENTY-FIVE PERCENT OF ELIGIBLE LOANS MADE BY PARTICIPATING LENDING INSTITUTIONS FOR DOWNTOWN DEVELOPMENT.** This proposal establishes a Fund to provide a 25% guarantee for loans made by federally insured lending institutions to a person investing in a downtown property or business. This proposal would appropriate \$5 million from the General Fund to this Fund in the 1997-98 fiscal year.
3. **AN ACT TO RECAPITALIZE THE MAIN STREET FINANCIAL INCENTIVE FUND.** The money in this Fund is available to North Carolina cities affiliated with the North Carolina Main Street Center to assist them with their downtown areas. This proposal would appropriate \$5 million from the General Fund to the Main Street Financial Incentive Fund.
4. **AN ACT TO REQUIRE THE DEPARTMENT OF COMMERCE TO MAINTAIN A DATABASE OF DOWNTOWN PROPERTIES AVAILABLE FOR INDUSTRIAL RECRUITMENT.** The information contained in this database would be available to the public, particularly to industries and local governments.
5. **AN ACT TO PROVIDE TRAINING FOR BUILDING CODE ENFORCEMENT OFFICIALS IN THE INSPECTION AND REVIEW OF EXISTING BUILDINGS AND HISTORIC STRUCTURES.** Although the North Carolina Building Code has special provisions concerning the rehabilitation of existing buildings and historic

structures, the local inspectors often do not use them. This proposal appropriates \$25,000 from the General Fund to the Department of Insurance to conduct training of Code-enforcement officials in the use of Volume IX of the Building Code.

6. AN ACT TO PROVIDE FOR A STUDY BY THE LEGISLATIVE RESEARCH COMMISSION OF ISSUES RELATED TO THE ENFORCEMENT OF THE BUILDING CODE AND QUALIFICATIONS OF CODE ENFORCEMENT OFFICIALS. This proposal addresses the Committee's concern about the inadequate training and qualification of Code-enforcement officials.
7. AN ACT TO ADD A DOWNTOWN DEVELOPMENT REPRESENTATIVE TO THE MEMBERSHIP OF THE BUILDING CODE COUNCIL. This proposal would ensure that the Building Code reflects the interests of downtown areas.
8. AN ACT TO DIRECT THE HOUSING FINANCE AGENCY TO EXAMINE THE USE OF FUNDS FROM THE HOUSING TRUST FUND IN DOWNTOWN AREAS. Downtowns will not be revitalized until they are viewed as legitimate housing areas. The Housing Trust Fund can play a role in stimulating housing growth in the State's downtown areas.
9. AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO STUDY DOWNTOWN AREAS.

THE FULL 1997 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

XI. STATE GOVERNMENT REORGANIZATION AND PRIVATIZATION COMMITTEE

Authority: Chapter 542 provided for this to be an independent legislative study; however, it was incorporated by the LRC at its meeting on October 5, 1995, into its plan of studies; SL95-542, Part XXI, HB 898; SL95-324, Sec 8.3, HB 229; SL95-507, Sec 7.29, HB 230

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State Government Reorganization and Privatization 1996 Summary

The State Government Reorganization and Privatization Study Committee met six times during the 1995 interim. During the Fall 1996 interim, there were three meetings of the Privatization Subcommittee at which the Subcommittee focused on matters including the privatization of public school transportation and a State government competition initiative. The full Committee did not meet during the Fall 1996 interim.

In the course of its work, the Committee reviewed the funding for UNC Hospitals, public school transportation privatization, relevant recommendations of the Government Performance Audit Committee, privatization and quasi-governmental privatization of public health programs, and privatization by the State universities. The Committee made four legislative proposals to the 1996 Regular Session. These proposals, which were accepted by the Legislative Research Commission, concerned State printing, the abolition of certain boards and commissions, legislative confirmation of gubernatorial appointees, and the transfer of the rail safety program from the Utilities Commission to the Department of Transportation. The Committee's legislative proposal on rail safety (A BILL TO BE ENTITLED AN ACT TO TRANSFER THE RAIL SAFETY SECTION FROM THE UTILITIES COMMISSION TO THE DEPARTMENT OF TRANSPORTATION AND TO DIRECT THE SECRETARY OF TRANSPORTATION TO STUDY THE NEED FOR CONTINUATION OF THE RAIL SAFETY INSPECTION PROGRAM) was enacted as ratified Chapter 673 of the 1995 Session Laws. The three other legislative proposals were not enacted.

The Committee did not report to the 1997 General Assembly.

THE FULL 1996 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

XII. EXECUTIVE BUDGET ACT REVISION COMMITTEE

Authority: SL95-542, HB 898

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**Executive Budget Act Revision
1996 Summary**

The Committee on the Executive Budget Act Revision met five times before making its interim report. In its interim report the Committee recommended the following two bills to the 1995 General Assembly for consideration in the 1996 Regular Session:

1. A BILL TO BE ENTITLED AN ACT MAKE CERTAIN CHANGES IN THE CONSTITUTION FOR IMPLEMENTING BUDGET ADJUSTMENTS AND ALLOCATIONS. This bill was not enacted.
2. A BILL TO BE ENTITLED AN ACT TO MAKE CONFORMING CHANGES TO IMPLEMENT BUDGET ADJUSTMENTS AND ALLOCATIONS. This bill was incorporated in Chapter 18 of the 1995 Session Laws, Second Extra Session 1996.

The Committee did not meet again after the 1996 Regular Session and did not make a final report.

THE FULL 1996 REPORT OF THIS COMMITTEE CAN BE OBTAINED BY CONTACTING THE LEGISLATIVE LIBRARY, ROOM 2126-2226, STATE LEGISLATIVE BUILDING, RALEIGH, NORTH CAROLINA 27611, TELEPHONE (919) 733-7778.

XIII. EMPLOYMENT SECURITY LAW

Authority: SL95-1 (1996 First Extra Session); SB 2

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Clerk:

Employment Security Law

The LRC was authorized by the **1996 First Extra Session** to study Employment Security issues. The Studies Act passed in the **1996 Second Extra Session** amplified on that authority. A Committee was appointed, but it never met and did not issue a report.

**PART II. SUMMARIES OF REFERRALS TO AGENCIES
AND EXISTING STUDY COMMISSIONS**

A. AGING, NORTH CAROLINA STUDY COMMISSION ON

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Domiciliary Care and Nursing Homes

The Study Commission on Aging appointed a subcommittee to review the domiciliary care and nursing homes issues which were referred to the Commission by the Legislative Research Commission.

After the subcommittee held several meetings to gather information and hear testimony and reported to the full Study Commission on Aging, the Commission finds that there is a need to reconcile penalties and violations, to shorten and streamline the process of sanctioning, and to effectuate better care and quality of life for the residents.

The Commission includes the following recommendations in its Report to the Governor and the 1997 General Assembly:

1. Make no change in Type A Violation penalties for homes licensed for 9 or fewer beds.
2. Double monetary penalties and require plans of correction for Type A violation penalties for homes licensed for more than 9 beds.
3. Delete monetary penalties and require plans of correction for Type B violation penalties.
4. Require that a proposal for recommending a penalty by a local county department of social services be submitted to Department of Human Resources' Division of Facility Services within 45 days of the citation.
5. Authorize temporary rule making to implement these recommendations.

The Commission recommends to the 1997 General Assembly AN ACT TO ADJUST ADMINISTRATIVE PENALTIES FOR ADULT CARE HOMES AND NURSING HOMES WHICH ARE FOUND TO BE IN VIOLATION OF APPLICABLE STATE AND FEDERAL LAWS AND REGULATIONS.

The Commission had insufficient time to study how to ensure that domiciliary care facilities follow physicians' orders in treating their patients, including following physicians' medication orders.

B. ENVIRONMENTAL REVIEW COMMISSION

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Cape Fear River Basin

The Environmental Review Commission (ERC) received and discussed a report by the Division of Environmental Management, DEHNR, on the Basinwide Water Quality Management Plan at its meeting on 18 January 1996. The report focused on the Neuse River Basin and the Cape Fear River Basin. Members of the Commission overflowed the Cape Fear River Basin by helicopter on 19 September 1996 to assess conditions. The ERC will continue to consider issues relating to the Cape Fear River Basin and may hear recommendations for funding specific programs for monitoring and remediation in the Cape Fear River Basin at its meeting on 15 January 1997. The ERC

makes no findings or recommendations to the LRC at this time but may make recommendations directly to the 1997 General Assembly.

C. FAMILY, COMMISSION ON THE

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Child Day Care Provider Record Check and Juvenile and Family Law

The Commission on the Family makes no recommendations on Child Day Care Provider Record Check and Juvenile and Family Law issues.

D. HEALTH CARE REFORM COMMISSION, NORTH CAROLINA

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**Chiropractic Care
Emergency Medical Services**

The Commission studied the issues by receiving testimony and reports but took no action.

E. NEW LICENSING BOARDS, LEGISLATIVE COMMITTEE ON

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**Occupational and Professional Regulation
Fire Alarm Installers
Forester Licensing
Qualified Environmental Professionals
Psychology Practice Act**

The Legislative Committee on New Licensing Boards met twice before making its report to the 1996 Session.

The Committee had four issues referred to it by the Legislative Research Commission for study: masters-level psychologists, fire alarm installers, environmental professionals, and foresters. The Committee took up no other issues. The Committee functioned in a dual capacity: (1) as a study committee authorized to review issues referred by the Legislative Research Committee and (2) as a screening committee for new licensing proposals, a function it normally performs during the legislative session but is authorized to also perform during the interim. All four bills were considered by the Committee with the understanding that they would be issued assessment reports, which in turn would be included in a study report to the Legislative Research Commission for the 1996 Session.

The Committee heard numerous speakers on both sides of each issue, particularly on the proposals to recognize qualified environmental professionals and masters-level psychologists. The fire alarm installer licensing proposal was eventually withdrawn at the request of the interested parties so that work could continue on it in preparation for the 1997 Session. The Committee voted on the other three proposals. The Committee voted unfavorably for the proposal to recognize qualified environmental professionals. The Committee voted favorably for the proposals for masters-psychologists and foresters and recommends in its report to the Legislative Research Commission the following two bills for consideration during the 1996 Session:

1. A BILL TO BE ENTITLED AN ACT TO AMEND THE PSYCHOLOGY PRACTICE ACT AND RELATED STATUTES. This bill would allow masters-level psychologists to practice independently after a period of supervision.
2. A BILL TO BE ENTITLED AN ACT TO STRENGTHEN THE REGISTRATION REQUIREMENT FOR FORESTERS. This bill would require anyone using the term "forester" as part of their title to be registered by the Board of Registration for Foresters. (Currently, only those using the title "registered forester" must be registered).

Both proposals were introduced for consideration by the 1995 General Assembly, but neither was enacted.

The Committee did not meet after the 1996 Session.

F. SCHOOL CAPITAL CONSTRUCTION STUDY COMMISSION

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School Funding**Finance Findings and Recommendations**

Pursuant to Chapter 542, Part XIV, Section 14.1, of the 1995 Session Laws, the School Capital Construction Study Commission submitted its report of findings and recommendations to the 1995 General Assembly (1996 Regular Session) on April 15, 1996.

The Commission terminated upon filling its final report.

G. TRANSPORTATION OVERSIGHT COMMITTEE, JOINT LEGISLATIVE**President Pro Tempore Appointments**

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Transfer of All State Vehicles to Motor Fleet Management

The Transportation Oversight Committee reviewed a 1993 study conducted by the Joint Legislative Commission on Governmental Operations on the transfer of all state vehicles to motor fleet management. After a discussion of the study and an update of its statistical information, the Committee voted to take no further action on conducting another study of this issue.

H. WELFARE REFORM STUDY COMMISSION

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Illegitimacy

The Welfare Reform Study Commission did not have adequate opportunity to complete a thorough study of the issue of illegitimacy upon enactment of new federal welfare reform legislation. It is recommended that the issue be assigned to the Welfare Reform Study Commission, as re-authorized, for study consistent with federal

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**Craven County Board of Education v. Boyles,
Impact of the Supreme Court's Decision on Civil Penalties,
Forfeitures, and Fines Collected by State Agencies**

The Joint Legislative Commission on Governmental Operations has nothing to report on the impact of the Supreme Court's decision in Craven County Board of Education v. Boyles on civil penalties, forfeitures, and fines collected by State agencies.

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