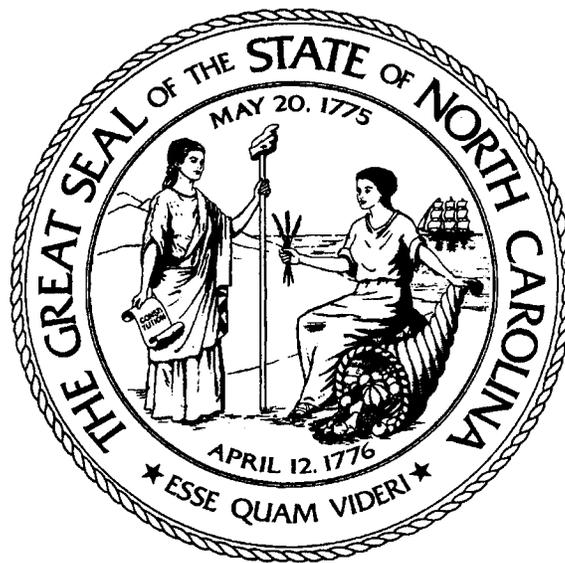


**2011-2012
LEGISLATIVE RESEARCH COMMISSION**



**REPORT TO THE 2011-2012
GENERAL ASSEMBLY OF NORTH CAROLINA
2012 SESSION**



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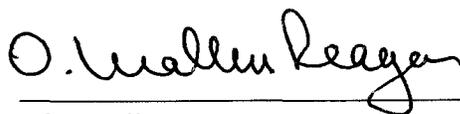
May 16, 2012

TO THE MEMBERS OF THE 2012 GENERAL ASSEMBLY:

The Legislative Research Commission directed its staff to prepare a final report outlining the work of its committees during the interim prior to the 2012 session. 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 provide brief overviews of the committees' work. These summaries do not modify nor should they be considered as modifying any committee'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: 733-7778).

Respectfully Submitted,



O. Walker Reagan
Director of Research

2011-2012
LEGISLATIVE RESEARCH COMMISSION
MEMBERSHIP

G.S. 120-30.10 - 120-30.19

President Pro Tempore of the Senate

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Room 2008
State Legislative Building
Raleigh, NC 27601
(919) 733-5708

Sen. Thomas M. Apodaca, Acting Co-Chair
Sen. Peter S. Brunstetter
Sen. Linda D. Garrou
Sen. Martin L. Nesbitt, Jr.
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Speaker of the House of Representatives

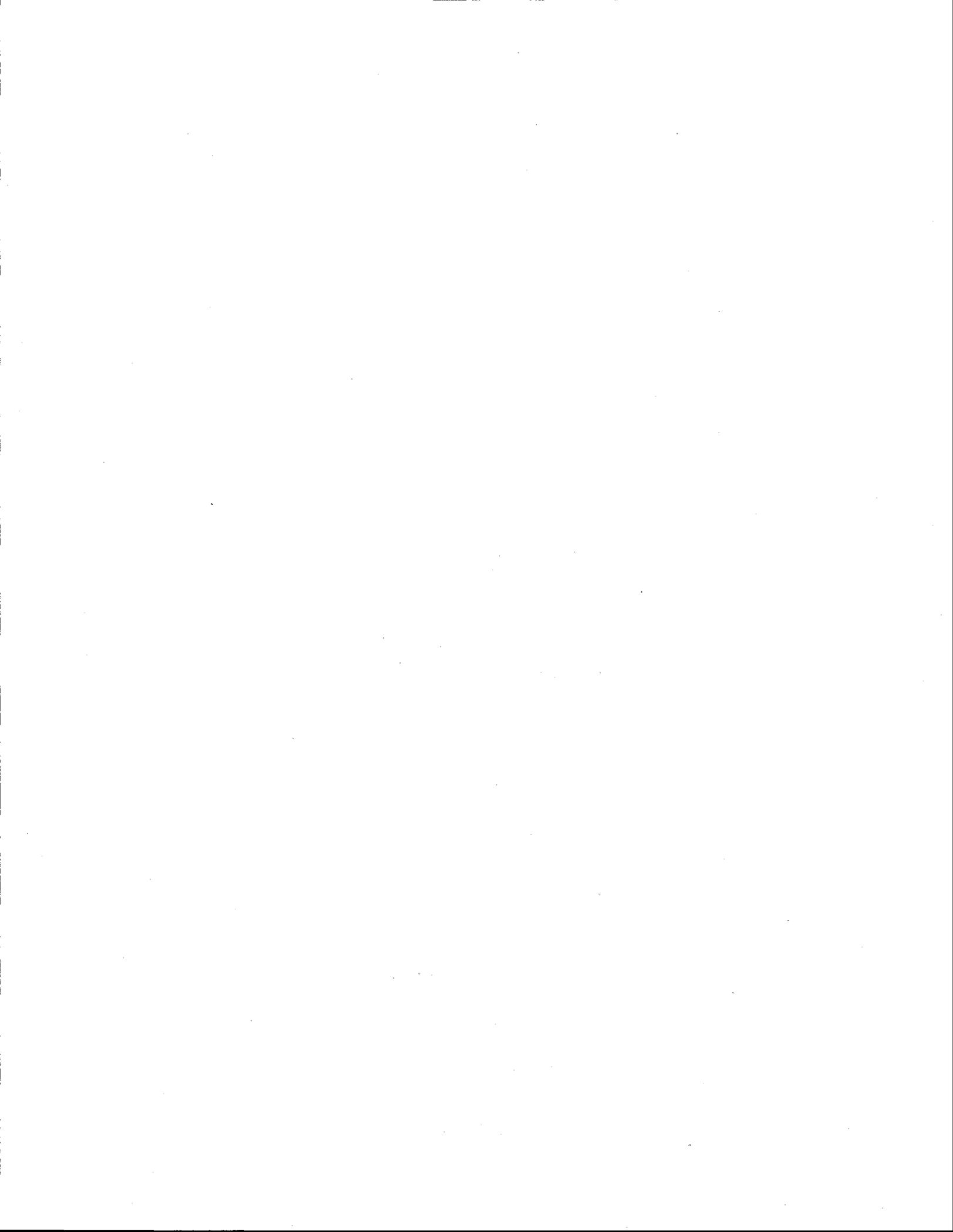
Rep. Thomas R. Tillis, Co-Chair
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State Legislative Building
Raleigh, NC 27601
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Rep. Timothy K. Moore, Acting Co-Chair
Rep. John M. Blust
Rep. Justin P. Burr
Rep. Mike D. Hager
Rep. Edith D. Warren

Clerks

Ms. Nancy Garriss
Staff to Rep. Timothy K. Moore

Ms. Carolyn Gooden
Staff to Sen. Thomas M. Apodaca



PREFACE

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 Chairs.

The President Pro Tempore of the Senate and the Speaker of the House of Representatives chair the Commission. The chairs 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.

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. (1965, c. 1045, s. 1; 1975, c. 692, s. 1.)

§ 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. (1965, c. 1045, s. 2; 1975, c. 692, s. 2; 1977, c. 915, s. 4; 1981, c. 688, s. 19; 1983, c. 63, s. 1; 1983 (Reg. Sess., 1984), c. 1034, s. 178; 1991 (Reg. Sess., 1992), c. 900, s. 16.)

§ 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. (1965, c. 1045, s. 3; 1969, c. 1037.)

§ 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. (1965, c. 1045, s. 4.)

§ 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. (1965, c. 1045, s. 5; 1981, c. 772, s. 1.)

§ 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. (1965, c. 1045, s. 7.)

§ 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. (1965, c. 1045, s. 8; 1969, c. 1184, s. 8; 1977, c. 915, s. 3; 1981, c. 688, s. 2; 1983, c. 905, s. 7; 1985, c. 790, s. 7.)

§ 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. (1965, c. 1045, s. 9; 1975, c. 692, s. 3; 1981, c. 772, s. 2.)

§§ 120-30.19 through 120-30.23. Reserved for future codification purposes.



**Legislative Research Commission Study Committees
Authorized and Funded September 15, 2012**

Joint Membership Committees

1. **North Carolina Alcoholic Beverage Control System**—Study the following aspects of the current State and local alcoholic beverage control (ABC) in North Carolina:

- (1) Whether the involvement in the distribution and sale of spirituous liquor is a core government function of State and local government.
- (2) The privatization and divestiture of the ABC system, including potential recurring and nonrecurring revenue from the divestiture of the ABC system's current assets.
- (3) A comparison of the North Carolina ABC system with other similarly situated states that have recently privatized or studied the privatization of their ABC systems, including the states of Ohio and Virginia.
- (4) The impact that privatizing the wholesale and retail components of the distribution of spirituous liquor would have on:
 - a. State and local revenues used for providing core services;
 - b. Mental health and substance abuse services;
 - c. Underage drinking;
 - d. Consumer access to spirituous liquor in both urban and rural areas; and
 - e. Product availability.
- (5) The potential for phasing out of local governments from the operation of the retail distribution of spirituous liquor.
- (6) An analysis of local ABC Boards and local governments that may benefit from divestiture of the ABC system.
- (7) A comparison of the current excise taxes and bailment fees applied to spirituous liquor in North Carolina versus other states.

Committee Membership

Senate Members		House Members	
Sen. Neal Hunt	Co-Chair	Rep. James "Jamie" Boles	Co-chair
Sen. Don East	Member	Rep. Marian McLawhorn	Member
Sen. Clark Jenkins	Member	Rep. Edgar Starnes	Member
Sen. Wesley Meredith	Member	Rep. Harry Warren	Member

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

Committee Membership

Senate Members		House Members	
Sen. Ralph E. Hise, Jr.	Co-Chair	Rep. Hugh Blackwell	Co-chair
Sen. Bob Atwater	Member	Rep. Marilyn Avila	Member
Sen. Andrew Brock	Member	Rep. James Crawford	Member
Sen. Dan Soucek	Member	Rep. Mike D. Hager	Member

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

Committee Membership

Senate Members		House Members	
Sen. Fletcher L. Harsell, Jr.	Co-Chair	Rep. Mark W. Hollo	Co-chair
Sen. Austin M. Allran	Member	Rep. William D. Brisson	Member
Sen. Stan Bingham	Member	Rep. Justin P. Burr	Member
Sen. Martin Nesbitt	Member	Rep. Pat B. Hurley	Member
Sen. Tommy Tucker	Member	Rep. Verla Insko	Member

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

Committee Membership

Senate Members		House Members	
Sen. Thom Goolsby	Co-Chair	Rep. Mark K. Hilton	Co-chair
Sen. Warren Daniel	Member	Rep. Mitch Gillespie	Member
Sen. Kathy Harrington	Member	Rep. Annie Mobley	Member
Sen. Bill Rabon	Member	Rep. Timothy K. Moore	Member
Sen. Michael P. Walters	Member	Rep. Jason Saine	Member

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

- (1) The feasibility and advisability of replacing the North Carolina Rate Bureau with a market based rate-setting system or with a regulatory commission similar to the North Carolina Utilities Commission.
- (2) The adequacy under current law of legislative oversight of the Rate Bureau, the North Carolina Joint Underwriting Association, and the North Carolina Insurance Underwriting Association.
- (3) The adequacy under current law of Commissioner of Insurance duties pertaining to protection of policyholders and the public against the adverse effects of excessive, inadequate, or unfairly discriminatory rates.
- (4) Whether North Carolina citizens and policyholders should be given a voice in rate appeals under G.S. 58-2-80 through creation of a board or office independent of the Commissioner with standing to advocate on behalf of citizens and policyholders.
- (5) The adequacy of the review process afforded by G.S. 58-36-1(2) to persons affected by a rate or loss costs made by the Rate Bureau.
- (6) Whether information provided to the public by the Commissioner and the Rate Bureau is adequate to allow reasoned review by interested citizens of the assumptions, modeling, and processes used in setting rates.

Committee Membership

Senate Members		House Members	
Sen. Harry Brown	Co-Chair	Rep. Jerry C. Dockham	Co-chair
Sen. Tom Apodaca	Member	Rep. Frank Iler	Member
Sen. Ralph E. Hise	Member	Rep. Jonathan Jordan	Member
Sen. Wesley Meredith	Member	Rep. Pat McElraft	Member
Sen. Stan M. White	Member	Rep. Michael H. Wray	Member

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

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

Committee Membership

Senate Members		House Members	
Sen. E. S. "Buck" Newton	Co-Chair	Rep. Jeffrey L. Collins	Co-chair
Sen. Andrew Brock	Member	Rep. Bill Brawley	Member
Sen. Eric Mansfield	Member	Rep. Jimmy Dixon	Member
Sen. Wesley Meredith	Member	Rep. Bill Owens	Member
Sen. Bob Rucho	Member	Rep. Paul Stam	Member

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

- (1) The potential impact to both the State's fisheries resources and the State's economy related to the designation of Red Drum (*Sciaenops ocellatus*), Spotted Sea Trout (*Cynoscion nebulosus*), and Striped Bass (*Morone saxatilis*) as coastal game fish.
- (2) Changes to the appointment process and qualification for membership on the North Carolina Marine Fisheries Commission.
- (3) Creation of a hook and line commercial fishery.
- (4) Elimination of the trawl boat fishery in North Carolina.
- (5) Entering into reciprocal agreements with other jurisdictions with regard to the conservation of marine and estuarine resources; and regulating placement of nets and other sports or commercial fishing apparatus in coastal fishing waters with regard to navigational and recreational safety as well as from a conservation standpoint.
- (6) Entering into agreements regarding the delegation of law enforcement powers from the National Marine Fisheries Service over matters within the jurisdiction of the Service.
- (7) Potential modification of the Fisheries Reform Act of 1997.
- (8) Whether Marine Fisheries should be a division of the Coastal Resources Commission or the Wildlife Resources Commission.
- (9) Other findings that promote the allocation of the State's resources to the optimum use.

Committee Membership

Senate Members		House Members	
Sen. Harry Brown	Co-Chair	Rep. Darrell McCormick	Co-chair
Sen. Don East	Member	Rep. Bryan R. Holloway	Member
Sen. Thom Goolsby	Member	Rep. Dan W. Ingle	Member
Sen. Jean R. Preston	Member	Rep. Daniel F. McComas	Member
Sen. Bill Rabon	Member	Rep. Pat McElraft	Member
Sen. Tommy Tucker	Member	Rep. Ruth C. Samuelson	Member
Sen. Stan M. White	Member	Rep. Timothy L. Spear	Member

8. Automobile Insurance Modernization

- (a) Study issues relating to the method and manner of establishing automobile insurance rates in North Carolina, to ensure consumers are receiving the fullest possible benefit from marketplace competition among insurers on pricing, product, and coverage options. The study may include, but is not limited to, review of the insurance regulatory systems in other states; model laws and recommendations of the National Association of Insurance Commissioners and the National Conference of Insurance Legislators, the North Carolina Rate Bureau, the North Carolina Reinsurance Facility, and the Safe Driver Incentive Program; current and proposed restrictions and regulations on automobile insurance pricing, underwriting, and related issues; the method and effectiveness of assuring voluntary and involuntary automobile insurance markets; and the effect of modernizing the automobile insurance regulatory system upon the revenues, expenses, and operations of the Department of Insurance and the State of North Carolina; and the use of electronic verification systems by law enforcement agencies and officers to electronically identify motor vehicles operating on the public streets and public vehicular areas without financial responsibility as required pursuant to G.S. 20-309.
- (b) Study issues related to enforcement and administration of safety and emissions inspection requirements set forth G.S. 20-183.2, et seq. The study may include, but is not limited to, review of current penalties assessed against motor vehicle owners, safety inspection station licensees and emission inspection licensees; review of new technologies available to increase the efficiency and effectiveness of the Department of Motor Vehicles' enforcement of inspection requirements; and review of the appeals processes governing the issuance, suspension and revocation of any of safety and/or emissions licenses issued by the Division and any fines assessed thereby.

Committee Membership

Senate Members		House Members	
Sen. Tom Apodaca	Co-Chair	Rep. Fred F. Steen	Co-chair
Sen. Rick Gunn	Member	Rep. Justin Burr	Member
Sen. Ellie Kinnaird	Member	Rep. Susi H. Hamilton	Member
Sen. Bob Rucho	Member	Rep. Harry Warren	Member
		Rep. Jerry Dockham	Member

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

Committee Membership

Senate Members		House Members	
Sen. Bob Rucho	Co-Chair	Rep. N. Leo Daughtry	Co-chair
Sen. Doug Berger	Member	Rep. W. David Guice	Member
Sen. Harry Brown	Member	Rep. Timothy L. Spear	Member
Sen. Thom Goolsby	Member	Rep. Sarah Stevens	Member

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

Committee Membership

Senate Members		House Members	
Sen. Pete S. Brunstetter	Co-Chair	Rep. Sarah Stevens	Co-chair
Sen. Thom Goolsby	Member	Rep. Hugh Blackwell	Member
Sen. Kathy Harrington	Member	Rep. Bill Faison	Member
Sen. Josh Stein	Member	Rep. Paul Stam	Member

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

Committee Membership

Senate Members		House Members	
Sen. Bob Rucho	Co-Chair	Rep. Marilyn Avila	Co-chair
Sen. Kathy Harrington	Member	Rep. Bill Brawley	Member
Sen. Neal Hunt	Member	Rep. Rodney W. Moore	Member
Sen. Clark Jenkins	Member	Rep. Timothy K. Moore	Member
Sen. Bill Rabon	Member	Rep. Tom Murry	Member

12. Consolidation of Elections, Ethics and Lobbyist Registration Functions—

Study transfer of the authority, powers, duties and functions, records, personnel, property and budgets of the State Ethics Commission and the lobbying registration and lobbying enforcement authority, functions and budget of the Secretary of State to a new State Board of Elections and Ethics Enforcement.

Committee Membership

Senate Members		House Members	
Sen. Andrew Brock	Co-Chair	Rep. David Lewis	Co-chair
Sen. Pete Brunstetter	Member	Rep. Julia Howard	Member
Sen. Rick Gunn	Member	Rep. Grier Martin	Member
Sen. Martin Nesbitt	Member	Rep. Timothy K. Moore	Member
Sen. Bob Rucho	Member	Rep. Paul Stam	Member

Senate Membership Committees

1. Retirement Benefits for Teachers and State Employees—Study retirement and health benefits for teachers and State employees. As a part of its study, the Commission may examine issues related to:

- (1) Whether the changing demographics among State employees require changes to the current defined benefit plan.
- (2) Whether there is a need to establish a normal retirement age when retirement benefits are to begin.
- (3) Whether the retirement plan should have a defined contribution component.
- (4) Whether the current retirement plan serves the need to recruit and retain the best teachers and State employees.
- (5) Any other issues the Subcommittee deems relevant to improvement of the retirement system.

Committee Membership

Senate Members		House Members	
Sen. Tom Apodaca	Chair		
Sen. Pete Brunstetter	Member		
Sen. Linda Garrou	Member		
Sen. Ralph E. Hise, Jr.	Member		
Sen. Wesley Meredith	Member		

2. **Consolidated Environmental Commission**—Study the desirability and the feasibility of consolidating the State's environmental policy making, rulemaking, and quasi-judicial functions into one comprehensive fulltime environmental commission, perhaps to be modeled after the North Carolina Utilities Commission. As part of this study, the subcommittee shall evaluate all issues that pertain to a consolidation of the roles and duties that the current multiple environmental boards, commissions, and councils have. The subcommittee shall also consider any one or more of the following issues:

- (1) Whether a consolidated environmental commission should have its own fulltime staff.
- (2) Whether a consolidated environmental commission would enhance the efficiency, objectivity, or fairness of environmental policymaking and regulation in North Carolina or reduce any unnecessary duplication.
- (3) How a consolidated environmental commission would access the scientific expertise it would need to address the broad range of environmental subjects under its purview.
- (4) What should be the number of commissioners to serve on such a commission, their qualifications, and their term length; how such commissioners should be appointed; and what should be the commission's duties?
- (5) How such a commission and its staff would be funded.
- (6) What is a reasonable timetable for creating and phasing in such a commission?

Committee Membership

Senate Members		House Members	
Sen. Don East	Chair		
Sen. Daniel Clodfelter	Member		
Sen. Brent Jackson	Member		
Sen. David Rouzer	Member		

3. **Reclaimed Water Issues**—Study issues regarding the use of reclaimed water, the current permitting requirements for the discharge of wastewater and reclaimed water, and possible revisions to the permitting system that shall help to accommodate and encourage the beneficial use of reclaimed water while protecting against any potential threat to the environment or public health resulting from the use, overflow, or discharge of reclaimed water.

Committee Membership

Senate Members		House Members	
Sen. Richard Y. Stevens	Chair		
Sen. Neal Hunt	Member		
Sen. Brent Jackson	Member		
Sen. Josh Stein	Member		

4. **Energy Policy Issues**—Study strategies that will increase energy production and efficiency within the State to develop a secure, stable, and predictable energy supply in order to facilitate economic growth, job creation, and expansion of business and industry opportunities in a way that protects and preserves the State’s natural resources, cultural heritage, and quality of life. In doing so, the subcommittee may consider the following issues:

- (1) Development of a regional, interstate offshore energy commission and/or compact between North Carolina, Virginia, South Carolina and other coastal states deemed relevant to accelerate geophysical exploration of the outer continental shelf, amend the US Department of the Interior’s Five Year Leasing Plan to include the Atlantic coast, advocate proactively for federal revenue sharing for royalties and revenues generated from offshore leasing, exploration, and production (and how these monies should be allocated within the State); and recommend the reinstatement of the US Department of the Interior’s Offshore Policy Committee that shall include members of the commission and/or compact discussed above.
- (2) Potential legislative actions that can encourage or require the federal government to decrease or eliminate spent nuclear fuel stored on site within the State by using the funds collected from North Carolina electricity ratepayers through the Nuclear Waste Policy Act of 1982 to open the Yucca Mountain central nuclear waste repository in Nevada.
- (3) The feasibility of developing a limited pilot project for shale gas exploration in Chatham, Lee, and Moore counties that shall include information gathered by the Department of Environment and Natural Resources as required in H242 and S709 if it becomes law.

- (4) Review of the process(es) within North Carolina and other relevant states for the development of agronomic rates for nutrient application to non-edible, high-yield energy grasses and study potential options to increase the efficiency and regulatory consistency of these rates.
- (5) Studying the feasibility of development of a market for clean natural gas (CNG) vehicles within the State that includes expansion of natural gas production, expansion of natural gas delivery infrastructure, conversion of a portion of the State motor fleet to CNG, flat motor fuel tax rates for CNG (and other alternative fuel) vehicles, encouragement of local government and industry to open fleet CNG fueling stations to public, and the development of tax or regulatory incentives for fleet conversions, refueling stations (home- or fleet-based), dedicated vehicle purchases, or CNG-related industry expansion within the State.
- (6) Other potential pilot projects as the subcommittee finds relevant to the goals set forth above for traditional, renewable and alternative energy to increase exploration, development, production, and/or utilization.

Committee Membership

Senate Members		House Members	
Sen. Bob Rucho	Chair		
Sen. Harris D. Blake	Member		
Sen. Thom Goolsby	Member		
Sen. Bill Rabon	Member		
Sen. Michael Walters	Member		

House Membership Committees

1. Third Party Sale of Electricity (HB 906 – Samuelson, Avila)—The Legislative Research Commission shall study the feasibility and the desirability of authorizing sales of electricity by any third party that owns or operates the equipment of a renewable energy facility with two megawatts or less capacity when the renewable energy facility is located on a customer's property. This study shall focus on the obstacles that currently prevent these third-party sales of electricity from renewable energy resources and the possible solutions that address these obstacles. One major obstacle the Commission shall consider is whether the third party that owns or operates the equipment of a renewable energy facility is subject to being regulated as a public utility under Chapter 62 of the General Statutes unless legislation is enacted to exclude the third-party owner or operator of the on-site generating equipment from such regulation. In its study, the Commission may consider all of the following issues:

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

Committee Membership

Senate Members	House Members	
	Rep. Ruth Samuelson	Chair
	Rep. Marilyn Avila	Member
	Rep. Ken Goodman	Member
	Rep. Mike Hagar	Member
	Rep. Fred Steen	Member

2. **Metropolitan Sewerage/Water System (HB 925 – Moffitt)**—The Legislative Research Commission shall study whether requiring large cities that have a municipal water system and that are located entirely within a Metropolitan Sewerage District to convey that water system to the district will improve the efficiency of providing public services. The Commission shall specifically examine House Bill 925, First Edition, 2011 Regular Session, and the following issues:

- (1) Financial stability of the current independent systems on a historic basis and the anticipated financial stability of a combined system.
- (2) Cost-benefit analysis of a combined system, including a review of assets and liabilities; personnel needs; equipment and infrastructure replacement schedules; facilities leased and owned; and fee schedules.
- (3) Debt obligation.
- (4) Taxpayer investments in the systems.

- (5) Audit of current financials.
- (6) Comparative analysis of the current system to existing public and private systems.
- (7) Conservation and water efficiency practices.
- (8) Best management practices.
- (9) The disposition of property in Article 12 of Chapter 160A of the General Statutes as it relates to a conveyance of a water system.
- (10) The transfer of permits when a water system is conveyed.
- (11) Any local acts applicable to the city or metropolitan sewerage district.
- (12) Other items the Commission deems relevant to the study.

Committee Membership

Senate Members		House Members	
		Rep. Tim Moffit	Chair
		Rep. Bill Brawley	Member
		Rep. William Brisson	Member
		Rep. Chuck McGrady	Member
		Rep. Tom Murry	Member

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

Committee Membership

Senate Members		House Members	
		Rep. Tim Moore	Chair
		Rep. Marilyn Avila	Member
		Rep. Grey Mills	Member
		Rep. G.L. Pridgen	Member
		Rep. Edgar Starnes	Member

4. Orderly and Expeditious Removal by Landlord of Personal Property of Deceased (HB 493 – Howard)—The Committee may recommend changes to the General Statutes to provide for the orderly and expeditious removal by a landlord of the personal property of a deceased tenant where the heirs are not readily identifiable or available to take possession of that personal property.

Committee Membership

Senate Members	House Members	
	Rep. Julia Howard	Chair
	Rep. John Blust	Member
	Rep. Kelly Hastings	Member
	Rep. Mark Hilton	Member
	Rep. Tim Moore	Member
	Rep. Shirley Randleman	Member
	Rep. Sarah Stevens	Member

5. **Incapacity to Proceed (HJR – Randleman, Hurley)**—The Legislative Research Commission may study the adequacy of the involuntary commitment process for a criminal defendant who lacks the capacity to proceed to trial. In its study, the Commission may consider the impact of current law on the limited resources of local law enforcement, hospitals, mental health facilities, and the State's court system while balancing the rights of the accused, victims, and the safety and the general welfare of the public. The Commission may also consider options for determining whether a defendant is likely to attain the capacity to proceed to trial in the foreseeable future and at what point in the process that determination should be made. The Commission shall evaluate the statutory option of taking dismissals in these types of cases for defendants who are charged with nonviolent crimes and for defendants who are charged with violent crimes, how often that option is used, and at what point and under what circumstances that option should be used. In addition, the Commission may consider all of the following: issues related to transportation, including the frequency, distance, and cost associated with the required psychiatric evaluations; duration of involuntary commitment for defendants found incapable of proceeding to trial pursuant to Article 56 of Chapter 15A of the General Statutes and involuntarily committed pursuant to Part 7 of Article 5 of Chapter 122C of the General Statutes; and any other issues the Commission considers relevant to this topic.

Committee Membership

Senate Members	House Members	
	Rep. Shirley Randleman	Chair
	Rep. Justin Burr	Member
	Rep. John Faircloth	Member
	Rep. Pat Hurley	Member
	Rep. Frank McGuirt	Member

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

Committee Membership

Senate Members	House Members	
	Rep. John Torbett	Chair
	Rep. Mark Hilton	Member
	Rep. Frank Iler	Member
	Rep. Richard Killian	Member
	Rep. Grey Mills	Member
	Rep. Tom Murry	Member

7. **Feasibility of Requiring Certain Reports to Be Filed Electronically (HB 346 – Randleman)**—The Commission may study the feasibility and applicability of requiring electronic filing of all reports required to be filed with the State Board of Elections under G.S. 163-278.9, regardless of the amount.

Committee Membership

Senate Members	House Members	
	Rep. David Lewis	Chair
	Rep. John Blust	Member
	Rep. Bert Jones	Member
	Rep. Shirley Randleman	Member
	Rep. Deborah Ross	Member

8. **Criminal Record Expunctions (HJR 760 – Rules)**—The Legislative Research Commission may study whether current law strikes an appropriate balance between an employer's need for access to accurate criminal history information about potential employees and the need for a person who committed a relatively minor offense in the distant past to obtain employment in spite of the person's criminal history. If the Legislative Research Commission finds that it may be possible to achieve a better balance between these interests, then the Legislative Research Commission may further consider what type of expunction procedure may be developed and implemented that addresses the interests and concerns of employers, but also affords some appropriate relief to persons with a relatively minor past criminal conviction. In its study, the Commission may consider all of the following:

- (1) The effect of a person's criminal record with regard to a person's ability to obtain employment.
- (2) The reasons that an employer may need to know about a potential employee's criminal record.
- (3) What types of criminal records may or may not be relevant with regard to 24 certain types of employment.
- (4) What criminal offenses, if any, it may be reasonable to allow to be expunged from a person's record, the time period or other criteria that should be used to determine whether it is appropriate to allow the expunction, and whether the offense should be completely erased from the criminal record so that the person has no criminal record, or retained but limit the accessibility of the record only for certain purposes.
- (5) Any other issues the Commission considers relevant to this topic.

Committee Membership

Senate Members		House Members	
		Rep. Leo Daughtry	Chair
		Rep. John Blust	Member
		Rep. Rick Glazier	Member
		Rep. Tim Moore	Member
		Rep. Shirley Randleman	Member
		Rep. Tim Spear	Member
		Rep. Sarah Stevens	Member

9. Contracting for Maintenance Services at Prison Facilities (HB 335 – Guice, Horn, Burr, Daughtry)—The Commission may study the potential benefits and costs of contracting for maintenance services at prison facilities and report its findings to the 2013 Session of the General Assembly.

Committee Membership

Senate Members		House Members	
		Rep. David Guice	Chair
		Rep. Justin Burr	Member
		Rep. Leo Daughtry	Member
		Rep. D. Craig Horn	Member
		Rep. Timothy Spear	Member

10. **Designating Director of AOC as Custodian of Court Records (HB 859 – Boles)**—The Legislative Research Commission may study the issue of making the Director of the Administrative Office of the Courts a custodian of court records for public records purposes and making court records public records and available to third parties upon request and payment of the reproduction costs. As a part of its study, the Commission shall review the issues raised by the first edition of House Bill 859, 2011 Regular Session.

Committee Membership

Senate Members		House Members	
		Rep. James "Jamie" Boles	Chair
		Rep. John Blust	Member
		Rep. Shirley Randleman	Member
		Rep. Timothy Spear	Member
		Rep. Sarah Stevens	Member

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

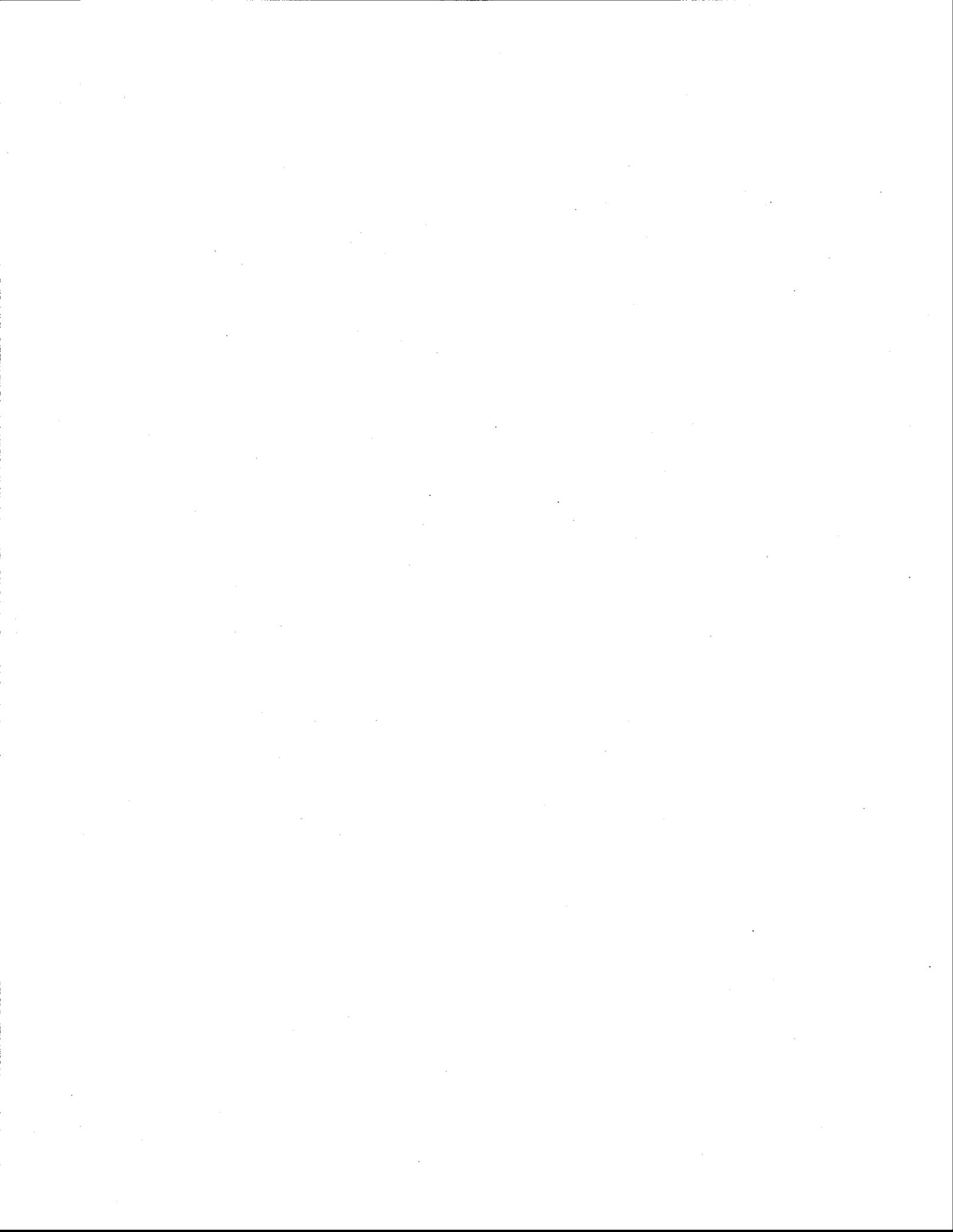
Committee Membership

Senate Members		House Members	
		Rep. James "Jamie" Boles	Chair
		Rep. John Blust	Member
		Rep. Becky Carney	Member
		Rep. Brent Jackson	Member
		Rep. Darrel McCormick	Member

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

Committee Membership

Senate Members		House Members	
		Rep. Edgar Starnes	Chair
		Rep. William McGee	Member
		Rep. Tim Moffitt	Member
		Rep. Fred Steen	Member
		Rep. Michael Stone	Member



SUMMARIES OF REPORTING LRC STUDY COMMITTEES

I. AUTOMOBILE INSURANCE MODERNIZATION

Authority: G.S.120-30.17(1)

COMMITTEE MEMBERSHIP

President Pro Tempore of the Senate
Appointments:

Senator Thomas Apodaca, Co-Chair

Senator Richard Gunn
Senator Eleanor Kinnaird
Senator Robert Rucho

Speaker of the House of Representatives
Appointments:

Representative Fred Steen, Co-Chair

Representative Justin Burr
Representative Susi Hamilton
Representative Harry Warren
Representative Jerry Dockham

The Legislative Research Commission's (LRC) Committee on Automobile Insurance Modernization met four times after the 2011 Regular Session

At its first meeting, the Committee heard presentations regarding automobile insurance from representatives of the North Carolina Department of Insurance and the North Carolina Rate Bureau. Legislative staff also provided an overview of legislation introduced during the last session.

At its second meeting, the Committee heard several presentations given by insurance industry representatives and others.

At its third meeting, legislative staff provided a brief summary of the information received to date. After discussion and debate on the issue of reform, the Committee agreed not to recommend specific legislation, but to note areas in which there was agreement and recommend further study of this complicated issue. The Committee then turned to the issue of uninsured motorists and heard a presentation on new technology to detect and fine violators. Finally, the Committee heard a review of the law on diminished value.

At its fourth and final meeting prior to the 2012 Short Session, the Committee voted to approve its report and forward the report to the Legislative Research Commission.

RECOMMENDATIONS

Recommendation 1:

The Committee finds that proposals to reduce the population of the Reinsurance Facility and thereby reduce or eliminate the recoupment surcharge should be considered. Moreover, the Committee agrees that price competition between insurers benefits consumers and should be promoted. However, the Committee finds that reform of the current system should not create confusion among consumers or increase the number of uninsured drivers.

Understanding that this is a complex issue, the Committee recommends that the 2013 General Assembly build upon the information and proposals discussed in these meetings and enact legislation providing for a smooth and measured transition from the current system for automobile insurance rate regulation to a system more reliant on free market principles that reduces the population of the Facility, eliminates the need for the hidden recoupment surcharge, encourages competition, and also allows for more innovative products and benefits for the consumer.

Recommendation 2:

As noted in the Proceedings section of this report, at its meeting on March 6, 2012, the Committee heard presentations concerning the use of electronic verification systems as a means of identifying vehicles without the financial responsibility required pursuant to G.S. 20-309. It was explained in these presentations that technology currently in place in North Carolina, such as Automatic License Plate Recognition (ALPR) and the National Law Enforcement Technology System (NLETS), has the ability to combine with cutting-edge electronic verification technology and equipment for law enforcement agencies to enhance the detection of these uninsured motorists efficiently.

As reflected in the Committee's discussion of reforms to the automobile insurance system noted in Recommendation I of this report, uninsured motorists increase costs for all drivers in our State. The Committee finds that emerging technology to detect uninsured drivers may prove beneficial in addressing this problem and recommends that the General Assembly continue to monitor the development of technology to detect uninsured motorists.

Recommendation 3:

The Committee also discussed the issue of diminished value at its meeting on March 6, 2012. As explained at that meeting, the term "diminished value" refers to those situations in which a car has been damaged in an accident and then, after repair, the resale value of the vehicle is still less than if it had not been damaged. The damage results in a reduction or diminution in the resale value of the car.

The right to assert a third party claim of diminished value against another driver is recognized in North Carolina's common law, but does not exist in statute. For this reason, the Committee considered whether some insurers have been reluctant to compensate drivers for diminished value in third party claims. In such instances, often, drivers must aggressively pursue such claims to obtain relief.

The Committee finds that legislative action may be needed to improve the efficient and reasonable administration, payment, and processing of claims of diminished value and recommends that the General Assembly continue to study this issue, including the possible implementation of statutory provisions recognizing a claim of diminished value.

II. CRIMINAL RECORD EXPUNCTIONS

Authority: G.S. 120-30.17(1).

COMMITTEE MEMBERSHIP

Speaker of the House of Representatives Appointments:

Representative N. Leo Daughtry, Chair

Representative John Blust
Representative Richard Glazier
Representative Timothy Moore
Representative Shirley Randleman
Representative Timothy Spear
Representative Sarah Stevens

The Committee met two times.

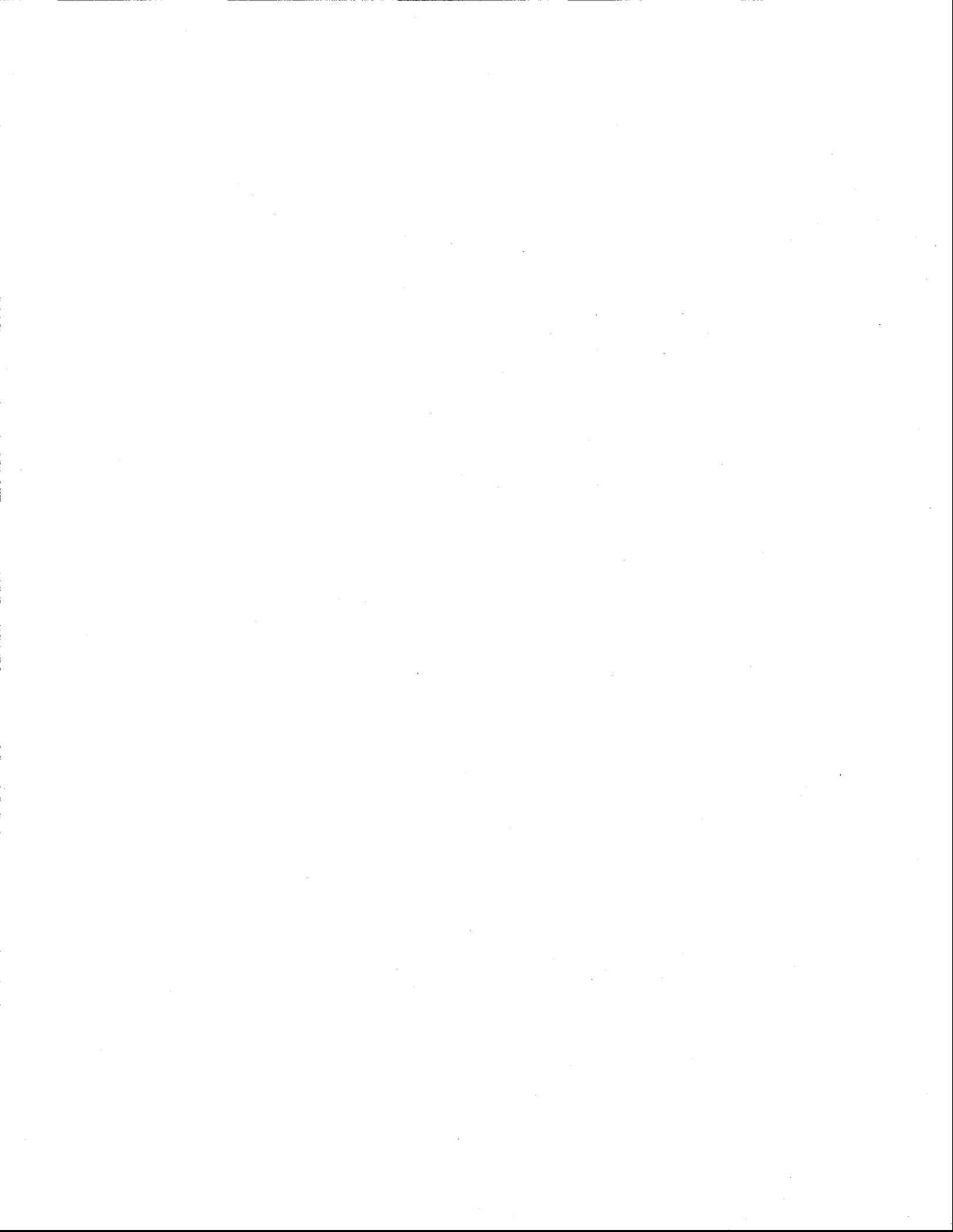
At its initial meeting, Committee staff provided an overview of North Carolina laws pertaining to the expunction of criminal records. Committee members engaged in an open discussion of issues and concerns for consideration during the course of the Committee's deliberations. The Committee provided interested parties an opportunity to be heard on the issue.

At its final meeting, the Committee adopted its report to the Legislative Research Commission.

RECOMMENDATION

Legislative Proposal:

AN ACT TO PROVIDE FOR EXPUNCTION OF NONVIOLENT FELONIES OR NONVIOLENT MISDEMEANORS AFTER 15 YEARS FOR PERSONS WHO HAVE HAD NO OTHER CONVICTIONS FOR FELONIES OR MISDEMEANORS OTHER THAN TRAFFIC VIOLATIONS UNDER THE LAWS OF THE UNITED STATES, THIS STATE, OR ANY OTHER JURISDICTION.



III. EFFICIENCIES IN STATE GOVERNMENT

Authority: G.S. 120-30.17(1).

COMMITTEE MEMBERSHIP

President Pro Tempore of the Senate

Appointments:

Senator Ralph Hise, Co-Chair

Senator Robert Atwater
Senator Andrew Brock
Senator Dan Soucek

Speaker of the House of Representatives

Appointments:

Representative Hugh Blackwell, Co-Chair

Representative Marilyn Avila
Representative James Crawford
Representative Mike Hager

The Legislative Research Commission's Committee on Efficiencies in State Government met 4 times after the 2011 Regular Session. The Committee focused primarily on two areas within the scope of its charge—zero-based budgeting and data analytics—and ultimately recommended three pieces of legislation.

RECOMMENDATIONS

Legislative Proposal 1:

AN ACT TO ESTABLISH THE JOINT LEGISLATIVE EFFICIENCY AND COST-SAVINGS IN STATE GOVERNMENT STUDY COMMISSION AS RECOMMENDED BY THE LRC COMMITTEE ON EFFICIENCIES IN STATE GOVERNMENT.

Legislative Proposal 2:

AN ACT TO REQUIRE STATE AGENCIES AND CERTAIN NON-STATE ENTITIES TO DEVELOP, IMPLEMENT, AND MAINTAIN INFORMATION SYSTEMS THAT PROVIDE UNIFORM, PROGRAM-LEVEL ACCOUNTABILITY INFORMATION REGARDING THE PROGRAMS OPERATED BY THOSE AGENCIES AS RECOMMENDED BY THE LRC COMMITTEE ON EFFICIENCIES IN STATE GOVERNMENT.

Legislative Proposal 3:

AN ACT TO ESTABLISH ENTERPRISE-WIDE BUSINESS INTELLIGENCE AS A KEY COMPONENT OF ALL STATE GOVERNMENTAL OPERATIONS IN ORDER TO MAXIMIZE DATA INTEGRATION AND ANALYTICS, THEREBY YIELDING MORE EFFICIENT GOVERNMENT AND ADVANCING INNOVATION IN NORTH CAROLINA, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION STUDY COMMITTEE ON EFFICIENCIES IN STATE GOVERNMENT.

IV. ENERGY POLICY ISSUES

Authority: G.S.120-30.17(1)

COMMITTEE MEMBERSHIP

President Pro Tempore of the Senate

Appointments:

Senator Robert Rucho, Co-Chair

Senator Harris Blake

Senator Thom Goolsby

Senator William Rabon

Senator Michael Walters

The Legislative Research Commission's Committee on Energy Policy Issues met four times after the 2011 Regular Session. The Committee conducted a thorough review of energy policy issues during the 2011-2012 legislative interim including the receipt of over 25 presentations from many different local, State, and national expert speakers.

RECOMMENDATIONS

Legislative Proposal 1:

A JOINT RESOLUTION EXPRESSING THE OPINION OF THE GENERAL ASSEMBLY THAT THERE SHOULD BE A NATIONAL ENERGY POLICY THAT SUPPORTS THE RESPONSIBLE EXPLORATION FOR AND DEVELOPMENT OF DOMESTIC ENERGY RESOURCES, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMITTEE ON ENERGY POLICY ISSUES.

Legislative Proposal 2:

AN ACT TO: (1) ESTABLISH AN OIL AND GAS BOARD WITH JURISDICTION AND AUTHORITY OVER MATTERS RELATED TO OIL AND GAS EXPLORATION AND DEVELOPMENT IN THE STATE, INCLUDING THE USE OF HORIZONTAL DRILLING AND HYDRAULIC FRACTURING FOR THAT PURPOSE, AND TO DIRECT THE BOARD TO CREATE A MODERN REGULATORY PROGRAM FOR MANAGEMENT OF OIL AND GAS EXPLORATION AND DEVELOPMENT IN THE STATE, INCLUDING THE USE OF HORIZONTAL DRILLING AND HYDRAULIC FRACTURING FOR THAT PURPOSE; (2) AUTHORIZE THE PROCESSES OF HORIZONTAL DRILLING AND HYDRAULIC FRACTURING FOR THE PURPOSE OF OIL AND GAS EXPLORATION AND DEVELOPMENT IN THE STATE, AND PLACE A

MORATORIUM ON PERMITTING RELATED TO THOSE PROCESSES UNTIL JULY 1, 2014; (3) ENACT VARIOUS OTHER PROVISIONS RELATED TO MANAGEMENT OF OIL AND GAS EXPLORATION ACTIVITIES, INCLUDING PROVISIONS RELATED TO LOCAL GOVERNMENT AUTHORITY OVER THESE ACTIVITIES; (4) ESTABLISH THE JOINT LEGISLATIVE COMMISSION ON ENERGY POLICY WITH LEGISLATIVE OVERSIGHT OF ALL MATTERS RELATED TO OIL AND GAS EXPLORATION AND DEVELOPMENT IN THE STATE, AND OTHER ENERGY-RELATED ISSUES; (5) DIRECT THE DEPARTMENT OF PUBLIC INSTRUCTION TO PURCHASE SCHOOL BUSES THAT OPERATE ON COMPRESSED NATURAL GAS (CNG); (6) DIRECT THE DEPARTMENT OF TRANSPORTATION TO PURCHASE NEW THREE-QUARTER (3/4) TON PICK UP TRUCKS AND NEW ONE-HALF (1/2) TON PICK UP TRUCKS THAT OPERATE ON COMPRESSED NATURAL GAS (CNG) OR COMPRESSED NATURAL GAS (CNG) AND GASOLINE; (7) CREATE AN INTERAGENCY TASK FORCE TO ESTABLISH PUBLIC-PRIVATE PARTNERSHIPS FOR THE CONSTRUCTION AND DEVELOPMENT OF COMPRESSED NATURAL GAS (CNG) FUELING INFRASTRUCTURE; (8) ESTABLISH CRITERIA FOR THE OPERATION OF ELECTRIC VEHICLE CHARGING STATIONS LOCATED AT STATE-OWNED REST STOPS ALONG THE HIGHWAYS; (9) ENSURE THE USE OF FUEL EFFICIENT AND COST EFFICIENT RETREAD TIRES ON STATE VEHICLES; AND (10) AMEND THE ENERGY JOBS ACT OF 2011 IF THE ENERGY JOBS ACT OF 2011 BECOMES LAW, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION ENERGY ISSUES POLICY COMMITTEE.

Legislative Proposal 3:

AN ACT TO DIRECT THE DIVISION OF WATER QUALITY OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, IN CONSULTATION WITH THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES, TO ADMINISTER A PILOT PROJECT OF LIMITED SCOPE FOR DETERMINING THE AGRONOMIC RATES FOR THE APPLICATION OF SWINE WASTE TO CERTAIN ENERGY CROPS IN NORTH CAROLINA IN ORDER TO PROMOTE FEEDSTOCK DEVELOPMENT AND EXPEDITE DATA COLLECTION FOR FINAL AGRONOMIC RATE DETERMINATIONS AND TO EXTEND THE SUNSET ON THE TAX CREDIT FOR CONSTRUCTING RENEWABLE FUEL FACILITIES FROM JANUARY 1, 2013 TO JANUARY 1, 2015.

V. INCAPACITY TO PROCEED

Authority: G.S.120-30.17(1)

COMMITTEE MEMBERSHIP

Speaker of the House of Representatives Appointments:

Representative Shirley Randleman, Co-Chair

Representative Justin Burr
Representative John Faircloth
Representative Pat Hurley
Representative Frank McGuirt

The Legislative Research Commission's Committee on Incapacity to Proceed met 4 times after the 2011 Regular Session. At each meeting, the Committee provided interested parties an opportunity to be heard on the issues and received public comment.

At its first meeting, the Committee heard presentations from staff regarding constitutional issues and the current statutory framework. Other speakers provided information regarding local issues and concerns.

In its second meeting, the Committee had a round-table discussion of various agencies' roles and interest in the incapacity to proceed process, any perceived problems, and potential solutions to those problems.

At its third meeting, the Committee focused on discussing proposed legislation and recommendations designed to make improvements in the capacity to proceed process.

RECOMMENDATIONS

Recommendation 1: Legislative Proposal

AN ACT TO AMEND THE LAWS GOVERNING INCAPACITY TO PROCEED AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION.

Recommendation 2:

The Committee recommends that the Committee on Justice and Public Safety study the possibility of mandating that all law enforcement officers have crisis intervention training in order to recognize mental health issues and to identify individuals with intellectual or developmental disabilities during period of transportation and custody and to interact with them appropriately.

Recommendation 3:

The Committee recommends that the Administrative Office of the Courts, in consultation with the School of Government, study whether defense attorneys, prosecutors and judges should be required to receive specific training on recognizing signs of mental illness and intellectual or developmental disabilities and dealing with defendants who may be incapable of proceeding, and report the results of that study to the Committee on Justice and Public Safety.

Recommendation 4:

The Committee recommends that the Joint Legislative Oversight Committee on Health and Human Services continue to study whether it would be appropriate and feasible to open forensic units specifically focused on evaluating and providing habilitative services for individuals with intellectual or developmental disabilities and specialized in the care of incarcerated individuals diagnosed with intellectual or developmental disabilities.

Recommendation 5:

The Committee recommends that the Joint Legislative Oversight Committee on Health and Human Services study the issue of transporting defendants who are being evaluated for determination of capacity to proceed, or who have been found incapable of proceeding. Possible issues to study include: (1) whether the same-gender transportation requirement of G.S. 122C-251 should be repealed; (2) whether it would be appropriate and feasible to develop a system where evaluators from the State facility could evaluate offenders charged with lower level felonies on-site in the county where the charges are pending as an alternative to transporting the offender to the State facility; and (3) whether forensic evaluators can be assigned to each of the three State psychiatric hospitals to minimize the transportation demands on local law enforcement agencies.

Recommendation 6:

The Committee recommends that the Joint Legislative Oversight Committee on Health and Human Services study whether individuals with serious mental health issues, intellectual or developmental disabilities, and lack of capacity to proceed should be released from jail to an appropriate mental health placement on a more expedited basis, and if so, the best method and process to facilitate that recommendation.

VI. IN-HOME AND COMMUNITY BASED MENTAL HEALTH SERVICES FOR YOUTH

Authority: G.S.120-30.17(1)

COMMITTEE MEMBERSHIP

President Pro Tempore of the Senate Appointments:

Senator Fletcher Hartsell, Co-Chair

Senator Austin Allran
Senator Stan Bingham
Senator Martin Nesbitt
Senator Tommy Tucker

Speaker of the House of Representatives Appointments:

Representative Mark Hollo, Co-Chair

Representative William Brisson
Representative Justin Burr
Representative Pat Hurley
Representative Verla Insko

The Legislative Research Commission's Committee on In-Home and Community Based Mental Health Services for Youth met four times and heard numerous presentations from state and local agencies, as well as some providers. The Committee made four recommendations.

RECOMMENDATIONS

Recommendation 1:

North Carolina should use State, federal, and other resources to maximize the availability of home and community-based mental health services for youths and their families.

Recommendation 2:

As the mental health service delivery system in North Carolina transitions to a behavioral health managed care environment, LMEs are encouraged to increase the availability and use of home and community-based child mental health services that evidenced-based and outcome driven.

Recommendation 3:

DHHS, in cooperation with the NC –TOPPS Taskforce, LMEs, and local providers, shall determine what data needs to be collected to track the outcomes of services, develop standardized measures for data collection, determine whether LMEs or providers will be responsible for collecting and maintaining the data, and how to make the data accessible to consumers so they can compare services.

Recommendation 4:

The Committee encourages all LMEs to explore, develop and utilize innovative programs based on evidence- and outcome-based practices that provide successful interventions and improve services for youth in an in-home or community based setting.

Recommendation 5:

The Committee recommends that the General Assembly direct the Department of Health and Human Services to develop criteria for the measurement of the effectiveness of LMEs' evidence- and outcome-based programs for youth, and to report to the General Assembly. The Committee further recommends that on an annual basis, the General Assembly review the effectiveness of various evidence- and outcome-based services and treatment programs to determine beneficial approaches towards achieving approved and desired outcomes for children served.

VII. LIFE CYCLE COST ANALYSIS

Authority: G.S. 120-30.17(1).

COMMITTEE MEMBERSHIP

Speaker of the House of Representatives Appointments:

Representative John Torbett, Chair

Representative Mitch Gillespie

Representative Mark Hilton

Representative Frank Iler

Representative Richard Killian

Representative P. Mills

Representative Tom Murry

The Legislative Research Commission's Committee on Life Cycle Cost Analysis met four times after the 2011 Regular Session.

At the first meeting, the Committee heard a presentation on the North Carolina Department of Transportation construction process.

At its second meeting, the Committee heard presentations from the Department of Transportation and businesses in the field of highway construction on highway contracting methods.

At its third meeting, the Committee heard presentations on life cycle costs and pavement.

At its fourth meeting, the Committee adopted a report

RECOMMENDATIONS

Legislative Proposal 1:

AN ACT TO AUTHORIZE A MARKET INTEREST RATE OF INTEREST ON DEPARTMENT OF TRANSPORTATION CONDEMNATION JUDGMENTS.

Legislative Proposal 2:

AN ACT TO DIRECT THE DEPARTMENT OF TRANSPORTATION AND THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO JOINTLY STUDY EXPEDITING WATER QUALITY REGULATION

MONITORING AND IMPLEMENTATION FOR TRANSPORTATION
PROJECTS.

Continued Study:

The Committee recommends that the 2013 General Assembly create a new committee, or task an appropriate existing committee, to continue the Life Cycle Cost study of issues related to more effective and efficient construction of transportation projects in this State.

VIII. MARINE FISHERIES

Authority: G.S.120-30.17(1)

COMMITTEE MEMBERSHIP

President Pro Tempore of the Senate

Appointments:

Senator Harry Brown, Co-Chair

Senator Don W. East
Senator Thom Goolsby
Senator Brent Jackson
Senator Jean R. Preston
Senator William P. Rabon
Senator Tommy Tucker
Senator Stanford M. White

Speaker of the House of Representatives

Appointments:

Representative Darrell G. McCormick, Co-Chair

Representative Bryan R. Holloway
Representative Dan W. Ingle
Representative Daniel F. McComas
Representative Pat McElraft
Representative Tom Murry
Representative Ruth Samuelson
Representative Tim L. Spear

The Committee met four times after the 2011 Regular Session. It heard from a variety of state agencies and stakeholders. Legislative staff made multiple presentations. At its fourth meeting, the Committee adopted four recommendations.

RECOMMENDATIONS

Legislative Proposal 1:

AN ACT TO DIRECT THE EXECUTIVE DIRECTOR OF THE WILDLIFE RESOURCES COMMISSION, THE DIRECTOR OF THE DIVISION OF MARINE FISHERIES OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, AND THE COMMISSIONER OF AGRICULTURE TO JOINTLY STUDY THE REORGANIZATION OF FISH AND WILDLIFE MANAGEMENT IN THE STATE.

Legislative Proposal 2:

AN ACT TO DIRECT THE DIRECTOR OF THE DIVISION OF MARINE FISHERIES OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND THE EXECUTIVE DIRECTOR OF THE WILDLIFE RESOURCES COMMISSION TO JOINTLY STUDY FEES ASSOCIATED WITH THE ISSUANCE OF COASTAL FISHING LICENSES AND THE NUMBERING AND TITLING OF VESSELS.

Legislative Proposal 3:

AN ACT TO MAKE IT UNLAWFUL TO TAKE MENHADEN OR ATLANTIC THREAD HERRING WITH A PURSE SEINE NET DEPLOYED BY A MOTHER SHIP AND ONE OR MORE RUNNER BOATS IN COASTAL FISHING WATERS.

Legislative Proposal 4:

AN ACT TO ESTABLISH THE JOINT LEGISLATIVE COMMISSION ON FISH AND WILDLIFE.

IX. MECHANICS LIEN ON REAL PROPERTY

Authority: G.S. 120-30.17(1).

COMMITTEE MEMBERSHIP

President Pro Tempore of the Senate Appointments:

Senator Peter Brunstetter, Co-Chair

Senator Thom Goolsby
Senator Kathy Harrington
Senator Josh Stein

Speaker of the House of Representatives Appointments:

Representative Sarah Stevens, Co-Chair

Representative Hugh Blackwell
Representative Bill Faison
Representative Paul Stam

The Legislative Research Commission's Committee on Mechanics Lien on Real Property met three times after the 2011 Regular Session.

At its meetings, the Committee heard from various stakeholders on this complex topic and reviewed multiple drafts of proposed legislation. It also heard presentations from general contractors seeking changes in the law to avoid double payment liability.

RECOMMENDATIONS

The Committee recommended changes to Article 2 and Article 3 of Chapter 44A of the General Statutes, to address problems such as subcontractor claims of lien upon funds being impaired by decisions of federal bankruptcy courts interpreting current law, and prime contractors on public projects incurring double payment liability as a result of claims under payment bonds by subcontractors and suppliers whose participation in the project was unknown by the contractor when it made payments to first-tier subcontractors.

The Committee also recommended changes to clarify when a former owner of real property subject to a mechanics lien is a necessary party to an action to enforce the lien, and to improve the procedure by which a subdivided parcel of real property is released from a tax lien.

The Committee also recommended further study of the "hidden liens" issue.

The Committee made one legislative proposal:

Legislative Proposal:

AN ACT TO MAKE VARIOUS AMENDMENTS TO NORTH CAROLINA'S
MECHANICS LIEN, TAX LIEN, AND PAYMENT BOND LAWS.

X. METROPOLITAN SEWERAGE/WATER SYSTEM

Authority: G.S. 120-30.17(1).

COMMITTEE MEMBERSHIP

Speaker of the House of Representatives Appointments:

Representative Tim D. Moffitt, Co-Chair
Representative William Brawley
Representative William Brisson
Representative Chuck McGrady
Representative Tom Murry

The Legislative Research Commission's Committee on Metropolitan Sewerage/Water System met four times after the 2011 Regular Session.

At its first meeting, the Committee heard a brief overview of the Sullivan Acts and history of the Asheville water system. It also heard from the State and Local Finance Division of the Department of State Treasurer regarding the financial status of the Asheville Water and Sewer System. It also received presentations from individuals from the Asheville area.

The Committee held its second meeting in the Virginia C. Boone Mountain Heritage Building of the Western North Carolina Agriculture Center in Fletcher, North Carolina. It heard from local officials and members of the public regarding regional water and sewer issues.

At its third meeting, the Committee heard from representatives of Buncombe County and Henderson County water systems on the local perspective of public water and sewer service.

At its fourth meeting, the Committee adopted four recommendations.

RECOMMENDATIONS

Recommendation 1:

The Committee recommends the Metropolitan Sewerage District Act be amended to:

1. Reflect population shifts in single-county districts.
2. Modify representation in multicounty districts.
3. Allow metropolitan sewerage districts to exercise the same authority as metropolitan water districts.

Recommendation 2:

After careful consideration of the information presented, the Committee recommends merging the Public Utility Water System with the Metropolitan Sewerage District of Buncombe County.

The benefits of combining the two utilities are undeniable. The benefits include, among numerous others, the following:

1. Each utility essentially serves the same residential, commercial and industrial customers;
2. Wastewater volumetric charges are directly linked to domestic water metered consumption;
3. Treatment of raw potable water and wastewater requires similar expertise, and similar interaction with Federal and State Authorities;
4. Economies of scale can be achieved in the areas of administration, planning and engineering; and
5. Single location for water and wastewater availability and planning.

The Committee recommends that the 2013 Session of the North Carolina General Assembly consolidate the Public Utility Water System with the Metropolitan Sewerage District of Buncombe County. Should the interested governments craft their own solution for consolidation, which achieves all the objectives of the Committee, before the 2013 North Carolina General Assembly convenes, due consideration would be given to the local plan. Action will not be taken if the parties are engaged in good-faith negotiations on this matter.

Recommendation 3:

The Committee recognizes the efforts of the Conservation Trust for North Carolina in protecting the drinking water in and around Asheville. It recommends that the Conservation Trust for North Carolina continue to work with the City of Asheville as the parties consider clarifying the 1996 Asheville Watershed Conservation Easement.

Recommendation 4:

Legislative Proposal

AN ACT TO AMEND THE NORTH CAROLINA METROPOLITAN SEWERAGE DISTRICTS ACT TO REFLECT POPULATION SHIFTS IN SINGLE-COUNTY DISTRICTS, TO MODIFY REPRESENTATION IN MULTICOUNTY DISTRICTS, AND TO ALLOW METROPOLITAN SEWERAGE DISTRICTS TO ALSO EXERCISE THE SAME POWERS AS METROPOLITAN WATER DISTRICTS, ALL AS RECOMMENDED BY THE

LEGISLATIVE RESEARCH COMMISSION'S METROPOLITAN
SEWERAGE/WATER SYSTEM COMMITTEE.

XI. MUNICIPAL POWER AGENCY RELIEF

Authority: G.S.120-30.17(1)

COMMITTEE MEMBERSHIP

President Pro Tempore of the Senate

Appointments:

Senator E.S. (Buck) Newton, Co-Chair
Senator Andrew Brock
Senator Eric Mansfield
Senator Wesley Meredith
Senator Robert Rucho

Speaker of the House of Representatives

Appointments:

Representative Jeffrey Collins, Co-Chair
Representative William Brawley
Representative Jimmy Dixon
Representative William Owens
Representative Paul Stam

The Legislative Research Commission's Committee on Municipal Power Agency Relief met four times after the 2011 Regular Session.

At its first meeting, the Committee heard presentations on the history of the joint municipal power agencies and on the debt incurred by the joint municipal power agencies. The Committee also heard from local business leaders on the impact of the debt of the municipal power agencies on economic development in the Eastern part of the State.

At its second meeting, the Committee heard a presentation on the high rates of the joint municipal power agency member cities. The Committee then heard a presentation on the history of the ElectriCities organization, and debt of the joint municipal power agencies, and the future of ElectriCities and the joint municipal power agencies. It also heard a presentation on the rate setting procedures of city members of the joint municipal power agencies.

At its third meeting, the Committee reviewed proposed findings and recommendations and directed a number of changes.

The Committee approved a final report at its fourth meeting. It made two recommendations.

RECOMMENDATIONS

Recommendation 1:

When feasible, the effects of the high electric rates on the NCEMPA member cities should be studied further. When conducted, the study should include exploration of the following areas:

- Value of the generation facilities owned by NCEMPA.
- The effect of the electric rates on the economic development of Eastern North Carolina and the State as a whole. The Kenan Institute of Private Enterprise may provide an in depth study of the economic impact of the higher rates.
- Need for electric generation capacity in the State now and in the future.
- Expected electricity demand in the future.
- Potential of new energy sources to meet future electricity demands.
- Effect of rate preferences on all rate payers including small to medium size businesses, and residential users.
- Other matters the Commission deems relevant.

Recommendation 2:

S.L. 2011-129 is a local bill that requires the cities of Clayton, Selma, and Smithfield to limit the use of revenue from electric rates. This revenue may only be used to (1) pay the direct and indirect costs of the electric system, (2) provide a set rate of return to the city for its capital investment, and (3) reduce rates for electric service or make payments on the debt incurred for the electric system. This restriction should be applied to all NCEMPA member cities.

Legislative Proposal:

AN ACT PROVIDING THAT THE CITIES AND TOWNS THAT ARE MEMBERS OF THE NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY SHALL USE REVENUE DERIVED FROM RATES FOR ELECTRIC SERVICE FOR PAYING THE DIRECT AND INDIRECT COSTS OF OPERATING THE ELECTRIC SYSTEM, TRANSFERRING AMOUNTS THAT REPRESENT A RATE OF RETURN ON THE INVESTMENT IN THE ELECTRIC SYSTEM, AND MAKING DEBT SERVICE PAYMENTS.

XII. ORDERLY AND EXPEDITIOUS REMOVAL BY LANDLORD OF PERSONAL PROPERTY OF DECEASED

Authority: G.S. 120-30.17(1).

LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP

2011 – 2012

Speaker of the House of Representatives

Appointments

Representative Julia Howard
Chair

Representative John M. Blust
Representative Kelly Hastings
Representative Mark Hilton
Representative Tim Moore
Representative Shirley Randleman
Representative Sarah Stevens

The Committee met three times after the 2011 Regular Session.

At its initial meeting, the Committee's heard a presentation on the problems faced by landlords regarding the disposition of a tenant's property where a tenant had died without readily identifiable next of kin or persons available or qualified to open an estate. It also received comments from representatives of the legal community.

At its second meeting, the Committee reviewed proposed legislation that resulted from the discussions of the stakeholders.

At its third meeting, the Committee adopted one recommendation.

RECOMMENDATION

Legislative Proposal:

AN ACT ESTABLISHING A PROCESS WHEREBY A LANDLORD MAY REMOVE FROM A RESIDENTIAL DWELLING UNIT TANGIBLE PERSONAL PROPERTY BELONGING TO A DECEASED TENANT AFTER FILING AN AFFIDAVIT WITH THE CLERK OF COURT IN THE COUNTY IN WHICH THE RESIDENTIAL DWELLING UNIT IS LOCATED, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION

ORDERLY AND EXPEDITIOUS REMOVAL BY LANDLORD OF
PERSONAL PROPERTY OF DECEASED COMMITTEE.

XIII. PROPERTY INSURANCE RATE MAKING

Authority: G.S. 120-30.17(1).

COMMITTEE MEMBERSHIP

President Pro Tempore of the Senate

Appointments:

Senator Harry Brown, Co-Chair

Senator Thomas Apodaca

Senator Ralph Hise

Senator Wesley Meredith

Senator Stanford White

Speaker of the House of Representatives

Appointments:

Representative Jerry Dockham, Co-Chair

Representative Frank Iler

Representative Jonathan Jordan

Representative Patricia McElraft

Representative Michael Wray

The Legislative Research Commission's Committee on Property Insurance Rate Making met four times after the 2011 Regular Session.

At its first meeting, the Committee heard from the North Carolina Rate Bureau, the North Carolina Department of Insurance, and the Beach Plans regarding property insurance rate making.

At its second meeting, the Committee heard from the North Carolina Rate Bureau, the Department of Insurance, and a number of stakeholders.

At its third meeting, the Commissioner of Insurance made various recommendations to the Committee involving transparency in rate filing, modeling, rating territories, authority of the Commissioner regarding rate setting, the Beach Plan, and tax credits for new property insurance business. The Committee also heard a presentation on the impact of recent legislation on the rate making process and the Beach Plan. It also heard from additional stakeholders. The Committee made a number of recommendations.

RECOMMENDATIONS

Recommendation 1:

The current law governing property insurance rate making gives the Commissioner authority to either accept or reject a rate filed by the Rate Bureau. The Commissioner lacks the authority to set a rate between the current rate and the rate filed. Furthermore, the Commissioner is unable to order a decrease in the current rate, if the evidence supports such a change.

At a time when insurers maintain rates are inadequate and property owners in the beach and coastal areas of the state oppose rate increases, the Committee finds that the

Commissioner should be given greater flexibility and discretion in the rate making process. The Committee recommends legislation giving the Commissioner authority to select the appropriate rate based on the evidence, not just accept or reject the rate submitted by the Rate Bureau. (See Appendix D, Section 4 of proposed legislation)

Recommendation 2:

As evidenced by the discussion in Committee, the use of catastrophe modeling as a factor in property insurance rate filings is the subject of much debate. Insurers maintain that catastrophe models incorporate years of historical data and are the best way to achieve credible estimates of losses due to hurricanes. Property owners believe these models are often skewed to justify higher beach and coastal rates and are suspect of a model's relevance to actual losses in N.C. given recent premium and rate increases in beach and coastal areas juxtaposed with decreases in many areas west of the coast. The Commissioner in his remarks asked for more information on the estimated loss resulting from each of the more than 50,000 hurricanes simulated in a given model.

The Committee finds that more information about the specific model used in a rate filing submitted by the Bureau to the Commissioner is needed. Moreover, specific information concerning a simulated loss should be provided. To facilitate this, the Committee recommends legislation to do the following:

- Require a prehearing prior to a rate hearing giving the Department the authority to see and review all materials and documents pertinent to the catastrophe model or models used in a rate filing. The confidentiality of these materials and documents should be protected and the prehearing closed to the public. (See Section 4 of proposed legislation)
- Require any simulated loss from a catastrophe model to include specific information such as annual probability, the amount of N.C. damages before and after the application of any deductible, specific information concerning first N.C. landfall or entry, windspeed, and other information. (See Section 5 of proposed legislation)
- Require the Bureau to submit data from more than one catastrophe model in a rate filing if modeled losses are used, in response to arguments that certain models may be skewed to justify higher beach and coastal rates. (See Section 1 of proposed legislation)

Recommendation 3:

The increasing cost of reinsurance is often cited by the Bureau as a contributing factor in filings for rate increases and a reason many insurers cannot afford to write coverage in the beach and coastal areas. The Department maintains, however, that insurers provide insufficient data on the cost of reinsurance in rate filings. According to the Department, they are unable to determine if reinsurance costs are reasonable for the specific coverage which is the subject of a requested rate increase.

The Committee finds that more information on the cost of reinsurance is needed. The Committee recommends legislation requiring information in a rate filing on the cost of reinsurance specific to N.C. and the line of business for which the filing is being made. (See Appendix D, Section 5 of proposed legislation)

Recommendation 4:

As noted by several presenters, including the Commissioner, the public should be given input in property insurance rate filings. Often the public bears the burden of paying increasing property insurance premiums, but has no official venue in which to express their support of or objection to a specific filing. The current Commissioner has provided for public comment periods prior to giving notice of a rate hearing. However, no statutory requirement for such a public comment period exists.

To ensure that all future Commissioners will provide for and accept public input, the Committee finds a public comment period should be designated in statute by the General Assembly. The Committee recommends legislation requiring the Department to accept public comments prior to a notice of hearing in a property insurance rate filing. (See Section 4 of proposed legislation)

Recommendation 5:

S.L. 2009-472 (House Bill 1305) amended G.S. 58-36-10 to direct the NC Rate Bureau to revise, monitor and review existing territorial boundaries to ensure that policyholders in the beach and coastal areas are charged premiums that are commensurate with the risk of loss and that are actuarially correct. Any proposed change in territories under this section is subject to the Commissioner's approval. Since this language was enacted, the Bureau has not reported to the Department on any changes or requested approval of any changes by the Department.

Several presenters, including the Commissioner and insurers, expressed support for a study of possible changes to the territorial boundaries. The Committee finds that territorial boundaries, and the rates approved for certain territories, may not in all cases accurately reflect the risk associated with each area. Furthermore, new technology and data sources may make alternatives to the geographic territory system possible. While this issue is particularly important in the beach and coastal areas of the State, any study of the territorial boundaries should not be limited to just the beach and coastal areas, but should include the entire State.

The Committee recommends that the Rate Bureau, with the assistance of the Department, study these issues and report on any recommendations for change to the 2013 General Assembly.

Recommendation 6:

In its discussions, Committee members voiced the frustration of their constituents who are unable to obtain a homeowner's fire policy without wind and hail coverage. These constituents, who live primarily in the beach and coastal areas, are willing to personally assume the risk for

loss due to wind and hail in hopes of being able to afford coverage insuring them against other risks. However, many companies refuse to provide this type of coverage.

The Committee agrees and finds that, in light of increasing premiums, insurers should offer a residential fire policy that excludes wind coverage to those property owners willing to assume the risk for wind losses. Accordingly, the Committee recommends legislation requiring the Bureau to develop for approval by the Commissioner a policy form that provides residential property insurance coverage without the coverage for the perils of windstorm or hail.

Recommendation 7:

The Committee understands that the issues surrounding property insurance rate making are difficult and complex. As noted in this report, several issues discussed by the Committee require additional analysis and discussion which time did not permit prior to the 2012 Session of the General Assembly. These issues include the issuance of tax exempt bonds by the Beach Plan, the creation of a catastrophe fund, reforms to the current rate making system, tax credits to insurers for writing new coverage in the beach and coastal areas, the creation of a citizens' review board or other public body to participate in rate filings, changes to deductibles, and the effect of hazards and catastrophes in inland areas of the State on property insurance. These are only some of the remaining issues.

In light of these issues, the Committee recommends that the General Assembly continue the study of property insurance rate making for possible recommendations to the 2013 General Assembly.

Legislative Proposal

AN ACT, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION COMMITTEE ON PROPERTY INSURANCE RATE MAKING, TO IMPROVE THE RATE MAKING PROCESS AND THE AFFORDABILITY OF PROPERTY INSURANCE FOR LOW INCOME HOMEOWNERS BY REQUIRING THAT MORE THAN ONE CATASTROPHE MODEL BE USED TO ESTIMATE POTENTIAL LOSSES FOR PURPOSES OF A RATE FILING; AND BY REQUIRING THAT THE RATE BUREAU CREATE A RATING PLAN FOR A PROPERTY INSURANCE POLICY THAT EXCLUDES COVERAGE FOR THE PERILS OF WINDSTORM AND HAIL; AND BY REQUIRING THE DEPARTMENT OF INSURANCE TO ACCEPT PUBLIC COMMENT ON ALL PROPERTY INSURANCE RATE FILINGS; AND BY PROVIDING FOR A PREHEARING CONFERENCE FOR THE COMMISSIONER OF INSURANCE TO SCRUTINIZE CATASTROPHE MODELING WHEN SUCH MODELING IS THE BASIS FOR ANY FACTOR IN A RATE FILING FOR WHICH THE COMMISSIONER HAS ISSUED A NOTICE OF HEARING; AND BY PROVIDING THE COMMISSIONER WITH THE POWER TO SPECIFY THE APPROPRIATE RATE LEVEL OR LEVELS UPON A FINDING THAT A RATE FILING DOES NOT COMPLY WITH APPLICABLE LAW; AND BY REQUIRING THAT, WHEN THE COST OF REINSURANCE IS INCLUDED AS A FACTOR IN A PROPOSED RATE, CERTAIN SUPPORTING INFORMATION BE PROVIDED AND THAT THE FILING INCLUDE ONLY THE REINSURANCE COST SPECIFIC TO PROPERTY INSURANCE LOSSES IN NORTH CAROLINA;

AND BY REQUIRING THAT THE RATE BUREAU AND THE DEPARTMENT OF INSURANCE STUDY THE FAIRNESS AND EFFICACY OF THE CURRENT PROPERTY INSURANCE GEOGRAPHIC RATE TERRITORIES.

