2015-2016

SENATE
COMMERCE

MINUTES

COMMERCE SENATE COMMITTEE

2015 - 2016

Wesley Meredith
Co-Chair

Rick Gunn
Co-Chair

Tamara Barringer
Vice-Chair

Harry Brown
Vice-Chair

John Alexander

Tom Apodaca

Dan Blue

Andrew Brock

Angela Bryant

Ben Clark

Bill Cook

Warren Daniel

Joel Ford

Valerie Foushee

Kathy Harrington

Brent Jackson

Joyce Krawiec

Michael Lee

Tom McInnis

Floyd McKissick

Buck Newton

Bill Rabon

Bob Rucho

Norman Sanderson

Jane W. Smith

Dan Soucek

Josh Stein

Jerry Tillman

Joyce Waddell

Senate Commerce Committee 2015-2016

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Karen Johns – Clerk
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North Carolina General Assembly
Through Senate Committee on
Commerce

2015-2016 Biennium

Date: 08/06/2(

Bill	Introducer	Short Title		Latest Action	Date In	Date Out
H 95	West	Tribal Alcoholic Beverage Control.	*S	Ref To Com On Commerce	04/02/2015	
H 106	Bell	Amend Banking Commission Membership.	*S	Re-ref Com On Commerce	05/22/2015	
H 117	Martin	NC Competes Act.	*S	Re-ref Com On Appropriations/Base Budget	06/04/2015	08/04/2015
H 126	Hardister	Mortgage Origination Support Registration.	*S	Re-ref Com On Finance	07/13/2015	07/16/2015
H 130	Howard	Davie County/Food for Detention Facilities.	*R	Ch. SL 2015-20	05/13/2015	05/14/2015
H 168	Hager	Exempt Builders' Inventory.	*H	Regular Message Received For Concurrence in S Com Sub	06/29/2015	06/30/2015
H 201	Stam	Zoning Changes/Citizen Input.	*R	Ch. SL 2015-160	06/01/2015	06/30/2015
H 235	Szoka	Godwin/Repeal Spirituous Liquors Ban.	S	Re-ref Com On Commerce	07/15/2015	
H 254	Martin	Protect National Guard Reemployment Rights.	R	Ch. SL 2015-161	05/22/2015	07/14/2015
H 289	Ross	NC Money Transmitters Act.-AB	S	Re-ref Com On Rules and Operations of the Senate	05/13/2015	06/09/2015
H 289	Ross	NC Money Transmitters Act.-AB	S	Re-ref Com On Rules and Operations of the Senate	06/23/2015	07/14/2015
H 332	Hager	Energy Policy Amendments.	*S	Re-ref Com On Finance	05/18/2015	05/19/2015
H 356	Arp	NCUC Reg. Fee Changes.	R	Ch. SL 2015-134	04/16/2015	06/23/2015
H 405	Szoka	Property Protection Act.	*R	Ch. SL 2015-50	05/12/2015	05/14/2015
H 511	Ross	Credit Unions/Statutory Changes.	R	Ch. SL 2015-93	05/21/2015	06/09/2015
H 706	McGrady	Building Code/Rustic Cabins.	*R	Ch. SL 2015-19	04/29/2015	05/05/2015
H 800	Brawley	Clarify Motor Vehicle Dealer Laws.	*H	Pres. To Gov. 8/6/2015	07/15/2015	07/23/2015
H 909	Hager	ABC Omnibus Legislation.	*R	Ch. SL 2015-98	05/18/2015	05/21/2015
S 7	Tillman	Food Stand Seating & Outdoor Food Service.	*R	Ch. SL 2015-104	03/10/2015	04/15/2015
S 22	Soucek	Historic Artifact Mgt. and Patriotism Act.	*R	Ch. SL 2015-170	02/04/2015	04/21/2015
S 25	Gunn	Zoning/Design & Aesthetic Controls.	R	Ch. SL 2015-86	04/20/2015	04/23/2015
S 39	Davis	State Minimum Wage/Inflation Increases.	S	Re-ref Com On Commerce	03/09/2015	
S 51	Clark	UNC Energy Savings Projects.	S	Re-ref to Commerce. If fav, re-ref to Finance	03/09/2015	
S 72	Foushee	Disapprove MEC Oil and Gas Rules.	S	Re-ref to Commerce. If fav, re-ref to Agriculture/Environment/Natural Resources	03/09/2015	

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'=' indicates that the original bill is identical

North Carolina General Assembly
Through Senate Committee on
Commerce

	S 81	Bingham	NC Toxic-Free Kids Act.	S	Re-ref to Commerce. If fav, re-ref to Health Care. If fav, re-ref to Appropriations/Base Budget	03/09/2015	
	S 88	Brown	Pole Attachment Disputes.	*R	Ch. SL 2015-119	04/27/2015	04/28/2015
$	**S 193**	**Lee**	**Modify Film Grant Fund.**	**S**	**Re-ref to Commerce. If fav, re-ref to Appropriations/Base Budget**	**03/18/2015**	
	S 195	Meredith	Motor Vehicle Service Agreement Amendments.	*H	Re-ref Com On Commerce and Job Development	04/15/2015	04/21/2015
	S 305	Newton	NCEMPA Asset Sale.	*R	Ch. SL 2015-3	03/18/2015	03/18/2015
	S 320	Brown	Revisions to Outdoor Advertising Laws.	S	Re-ref to Commerce. If fav, re-ref to Finance	03/24/2015	
	S 321	Brown	Exempt Builders' Inventory.	S	Re-ref to Commerce. If fav, re-ref to Finance	03/24/2015	
	S 326	Gunn	Increase JDIG Program Funding.	H	Ref to the Com on Finance, if favorable, Appropriations	03/19/2015	03/23/2015
	S 327	Gunn	Allow Prize-Linked Savings Accounts.	H	Ref to the Com on Commerce and Job Development, if favorable, Banking	04/13/2015	04/21/2015
	S 335	Hartsell	Add Blendstock to Motor Fuel Marketing Act.	S	Re-ref to Commerce. If fav, re-ref to Transportation	03/25/2015	
	S 338	Berger	Economic Development/Tax Modifications.	S	Re-ref to Commerce. If fav, re-ref to Finance. If fav, re-ref to Appropriations/Base Budget	03/25/2015	
	S 347	Bryant	Up Minimum Wage With COLA/Const.	S	Ref To Com On Commerce	03/23/2015	
	S 357	Bingham	Prohibit Improper Reporting to Credit Agency.	S	Re-ref to Commerce. If fav, re-ref to Judiciary I	03/26/2015	
	S 363	Hartsell	Expand Outdoor Food Service at Public Events.	*H	Ref To Com On Rules, Calendar, and Operations of the House	04/27/2015	04/28/2015
	S 374	Cook	Modify For-Hire License Logbook	*S	Pres. To Gov. 07/31/2015	03/26/2015	04/21/2015
	S 406	Barefoot	Repeal Fee for Apprenticeship Programs.	S	Re-ref to Commerce. If fav, re-ref to Finance	03/26/2015	
	S 414	McKissick	Regulate Transportation Network Services.	S	Re-ref to Commerce. If fav, re-ref to Insurance	03/30/2015	
	S 429	Brock	Labor/2015 Technical & Conforming Changes.	*H	Passed 3rd Reading	03/30/2015	04/28/2015

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North Carolina General Assembly
Through Senate Committee on
Commerce

	S 434	Rucho	Cap/Clarify Utility Rate Mechanisms.	S	Re-ref to Commerce. If fav, re-ref to Finance	03/30/2015	
	S 436	Rucho	Evaluation of Electrical Grid/Funds.	S	Re-ref Com On Commerce	03/30/2015	
	S 455	Gunn	Iran Divestment Act.	*R	Ch. SL 2015-118	03/30/2015	04/15/2015
	S 461	Hartsell	Eliminate Tobacco Discount.	S	Re-ref to Commerce. If fav, re-ref to Finance	03/30/2015	
	S 501	Stein	Strengthen the Do Not Call Registry.	S	Re-ref to Commerce. If fav, re-ref to Judiciary I	03/30/2015	
	S 504	Jackson	Mobile Beauty Salons.	*S	Re-ref Com On Finance	04/16/2015	04/23/2015
	S 544	Rabin	Requirements-Based Workforce	S	Re-ref Com On Finance	04/06/2015	06/09/2015
	S 564	Tarte	UI/Direct Sellers/Nonemployee Status.	S	Re-ref to Commerce. If fav, re-ref to Judiciary II	04/09/2015	
	S 573	Cook	Strengthen Oyster Industry.	*S	Re-ref Com On Commerce	05/20/2015	
$	**S 616**	**Smith-Ingram**	**Commerce NCWorks/Funds.**	**S**	**Re-ref Com On Appropriations/Base Budget**	**04/09/2015**	**07/22/2015**
	S 673	Apodaca	Clarify Motor Vehicle Dealer Laws.	*H	Ref to the Com on Commerce and Job Development, if favorable, Finance	03/30/2015	04/09/2015
	S 673	Apodaca	Clarify Motor Vehicle Dealer Laws.	*H	Ref to the Com on Commerce and Job Development, if favorable, Finance	04/21/2015	04/23/2015
	S 674	Apodaca	Truck Dealer Cost Reimbursement.	H	Ref to the Com on Judiciary I, if favorable, Finance	03/30/2015	04/23/2015
	S 679	Gunn	NC Consumer Finance Act Amendments.	*S	Pres. To Gov. 07/29/2015	03/30/2015	04/15/2015
	S 681	Gunn	Consumer Access to Credit Act.	S	Ref To Com On Commerce	03/30/2015	
	S 682	Gunn	Modify Sunset Re: Contingent Audits.	R	Ch. SL 2015-109	03/30/2015	04/14/2015
	S 693	Rucho	UI and Workers' Comp for Newsprint	S	Re-ref Com On Commerce	04/09/2015	
	S 694	Newton	Employee Misclassification Reform.	*H	Ref To Com On Rules, Calendar, and Operations of the House	04/20/2015	04/28/2015
	S 716	Apodaca	Mountain Energy Act of 2015.	*R	Ch. SL 2015-110	05/20/2015	05/21/2015

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Senate Committee on Commerce
Tuesday, February 24, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on February 24, 2015 in Room 1027/1128 of the Legislative Building. Seventeen members were present.

Senator Wesley Meredith, Chair, presided.

Sean Flynn from Southport and Ashley King from Rocky Mount served as pages.

Senator Meredith welcomed everyone and thanked them for attending the first Senate Commerce Committee for this session. After introducing the pages, he presented the committee staff. Senator Gunn, Co-Chairman, introduced Secretary John E. Skavarla III from the North Carolina Department of Commerce. Secretary Skavarla addressed the committee. The Department of Commerce also provided a *Key Staff Contact Information* sheet.

The meeting adjourned at 11:49 AM.

Senator Wesley Meredith, Chair
Presiding

Debbie Lown, Committee Clerk

Principal Clerk
Reading Clerk

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Commerce** will meet at the following time:

DAY	DATE	TIME	ROOM
Tuesday	February 24, 2015	11:00 AM	1027/1128 LB

Secretary John E. Skvarla III, North Carolina Department of Commerce, will be introduced and will address the Senate Commerce Committee.

Senator Rick Gunn, Co-Chair
Senator Wesley Meredith, Co-Chair

Senate Committee on Commerce
Tuesday, February 24, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Presentations

Secretary John E. Skvarla III, North Carolina Department of Commerce will be introduced and will address the Senate Commerce Committee.

John E. Skvarla, III
Secretary, N.C. Department of Commerce

Governor Pat McCrory named John E. Skvarla, III Secretary of the North Carolina Department of Commerce in Dec. 2014, and he assumed those responsibilities on January 5, 2015.

Mr. Skvarla comes to Commerce after serving as Governor McCrory's Secretary of the North Carolina Department of Environment and Natural Resources for the two previous years.

Prior to his government service, Mr. Skvarla enjoyed a successful business career, most recently serving as chief executive officer for Restoration Systems, an environmental mitigation firm based in Raleigh that helps improve and restore wetlands and waterways. He also led Wilkinson Hi-Rise, a manufacturer of waste management and automated recycling systems. Mr. Skvarla previously served as chief operating officer for Proactive Therapy, one of the largest physical therapy providers in the Southeastern United States. He also was chief operating officer of The Aviation Group, Inc., a company that emerged as the world's largest all-cargo airline during his tenure.

An attorney, Skvarla in 1978 founded and served as senior partner to the Raleigh-based Wyrick Robbins Yates & Ponton law firm, where he specialized in corporate and tax matters, as well as public and private capital formations.

Department of Commerce
Key Staff Contact Information

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Cecilia Holden, Chief of Staff (919-733-8418)
Kellie Wilson, Administrative Assistant (919-733-4968)

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Dale Folwell, Asst Secretary (919-707-1600)
Ted Brinn (919-707-1120)
Paige Barefoot (919-441-1952)

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Catherine Moga-Bryant (919-814-0318)

Rural Economic Development
Dr. Pat Mitchell, Asst Secretary (919-715-7726)
David Peoples (919-733-1437)

Economic Development Liaison
Susan Fleetwood (919-733-9304)

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Ashley Jones, Director (919-715-2785)
Alice Miller, Liaison (919-733-4976)

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Keith Werner, Director (919-707-8917)

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Kim Genardo, Director (919-733-3438)
Graham Wilson (919-733-5082)

Budget
Shannon Hobby (919-715-5603)

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Tim Mayes, Director (919-733-7243)
Lynn Floyd (919-733-8478)

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John Hoomani, General Counsel
(919-715-5579)

SENATE PAGES ATTENDING

COMMITTEE: Commerce

DATE: 2-24, TIME: 11 AM, ROOM: 1027

Pages: Please print legibly.....*or else!!!!!!!!!!!!!!!!*

Page Name	Hometown	Sponsoring Senator
1 Sean Flynn	Southport	Rabon
2 Ashley King	~~Bryant~~ Rocky Mount	Bryant
3		
4		
5		
6		
7		
8		
9		

Do not add additional names below the grid.

Pages: Please present this form to either the Committee Clerk at the meeting or a Sgt. at Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — February 24, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Carr McLamb	Troutman Sanders
Ed Sinclair	USP
Bo [illegible]	McGuire Woods
Joe Henri Keech	McGuire Woods
ANDY WALSH	SA
Chris Agnor	DOJ
Canaan White	MVA
Edgar Starnes	Treasurer
Marin Jones	K+L Gates
Michelle Frazier	[illegible]
Amy Austin	EDPNC

VISITOR REGISTRATION SHEET

SENATE COMMERCE — February 24, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

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Chris McClure	BP
John Pollastrini	NCADA
[illegible]	[illegible]
[illegible]	NCTA - NCMA
Tyler Ford	NCGA
Travis Fuchs	NCGA
Mike [illegible]	SOS
David Massey	Sec of State
Allan Russ	SOS
[illegible]	SOS
Crystal Collins	NC Trucking Assn

VISITOR REGISTRATION SHEET

SENATE COMMERCE — February 24, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Preston Howard	NCMA
John Skvarla	NCCommerce
Cecilia Holden	NC Commerce
Kim Genardo	NC Commerce
Ashley Jones	NC DOC
Alice Miller	NCDOC
Jeff Moore	NCDOC/DWS
Russell Peck	Mercury
Brian Mervald	Williams Mullen
Steven Weeks	[illegible]
Mike Carpenter	[illegible]

VISITOR REGISTRATION SHEET

SENATE COMMERCE — February 24, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Jim Kent	NC Beer & Wine
Mike Carpenter	NCHBA
Susan Ward	Duke
Dick Carlton	Law Office of R.H. Carlton Law PLLC
Mike Mason	CSC

VISITOR REGISTRATION SHEET

SENATE COMMERCE — February 24, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
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[illegible]	NMRS
[illegible]	NCCTA
[illegible]	RLR

Senate Committee on Commerce
Wednesday, March 18, 2015 at 11:00 AM
Room 544 of the Legislative Office Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on March 18, 2015 in Room 544 of the Legislative Office Building. Twenty Three members were present.

Senator Rick Gunn, Chair, presided.

Nicholas Oddo from Wake Forest and Jazsmin McNeil from Raleigh served as pages.

SB 305 NCEMPA Asset Sale. (Senators Newton, Pate, Bryant)

Senator Newton was introduced to speak on the bill. Heather Fennell, an attorney with Research Division also explained the bill. Questions from the members were responded to by Sen. Newton and Ms. Fennell. Senator Gunn allowed T. Graham Edwards/Electricities to speak on the bill. Senator Tillman moved for a favorable report and it carried.

The meeting adjourned at 11:37 AM.

Senator Rick Gunn, Chair
Presiding

Karen Johns, Committee Clerk

Senate Committee on Commerce
Wednesday, March 18, 2015, 11:00 AM
544 Legislative Office Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 305	NCEMPA Asset Sale.	Senator Newton Senator Pate Senator Bryant

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Wednesday, March 18, 2015

Senator Gunn,
submits the following with recommendations as to passage:

FAVORABLE

SB **305** NCEMPA Asset Sale.

Draft Number:	None
Sequential Referral:	Finance
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator E.S. Newton will handle SB 305

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

FILED SENATE
Mar 17, 2015
S.B. 305
PRINCIPAL CLERK

S D

SENATE DRS25093-TDx-15* (02/03)

Short Title: NCEMPA Asset Sale. (Public)

Sponsors: Senators Newton, Pate, Bryant (Primary Sponsors); and Rabin.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE COST RECOVERY FOR ACQUISITION OF JOINT MUNICIPAL POWER AGENCY OWNERSHIP INTEREST IN GENERATING FACILITIES, TO AUTHORIZE MUNICIPALITIES THAT ARE MEMBERS OF JOINT MUNICIPAL POWER AGENCIES TO ENTER INTO SUPPORT CONTRACTS, AND TO ISSUE BONDS TO PAY THE COSTS OF PROJECTS THAT ARE SOLD.

The General Assembly of North Carolina enacts:

SECTION 1. Article 7 of Chapter 62 of the General Statutes is amended by adding a new section to read:

"**§ 62-133.14. Cost recovery for acquisition of joint municipal power agency ownership interest in generating facilities.**

(a) The Commission shall, upon the petition of an electric public utility and after hearing, approve an annual rider to the electric public utility's rates to recover the North Carolina retail portion of all reasonable and prudent costs incurred to acquire, operate, and maintain the proportional interest in electric generating facilities purchased from a joint agency established under Chapter 159B of the General Statutes. For the purposes of this section, "acquisition costs" means the amount paid by an electric public utility on or before December 31, 2016, to acquire the generating facilities, including the amount paid above the net book value of the generating facilities. The Commission shall adopt rules to implement the provisions of this section.

(b) In determining the amount of the rider, the Commission shall:

(1) Allow an electric public utility to recover acquisition costs, as reasonable and prudent costs. For the benefit of the consumer, the acquisition costs shall be levelized over the useful life of the assets at the time of acquisition.

(2) Include financing costs equal to the weighted average cost of capital as authorized by the Commission in the electric public utility's most recent general rate case.

(3) Include an estimate of operating costs based on prior year's experience and the costs projected for the next 12-month period for any proportional capital investments in the acquired electric generating facilities.

(4) Include adjustments to reflect the North Carolina retail portion of financing and operating costs related to the electric public utility's other used and useful generating facilities owned at the time of the acquisition to properly account for updated jurisdictional allocation factors.

(c) The Commission shall require that an electric public utility file the following proposed annual adjustments to the rider:

(1) Any under-recovery or over-recovery resulting from the operation of the rider.

(2) Any changes necessary to recover costs as forecast for the next 12-month period.

(3) Any changes to cost of capital determined in any general rate proceeding occurring after the initial establishment of the rider, where the cost of capital applies to both the remaining acquisition costs and additional capital investment in the electric generating facilities.

(d) Any rider established under this section will expire after the end of the useful life of the acquired electric generating facilities at the time of acquisition, with any remaining unrecovered costs deferred until the electric public utility's next general rate proceeding under G.S. 62-133."

SECTION 2. G.S. 159B-2 reads as rewritten:

"**§ 159B-2. Legislative findings and purposes.**

The General Assembly hereby finds and determines that:

A critical situation exists with respect to the present and future supply of electric power and energy in the State of North Carolina;

The public utilities operating in the State have sustained greatly increased capital and operating costs;

Such public utilities have found it necessary to postpone or curtail construction of planned generation and transmission facilities serving the consumers of electricity in the State, increasing the ultimate cost of such facilities to the public utilities, and that such postponements and curtailments will have an adverse effect on the provision of adequate and reliable electric service in the State;

The above conditions have occurred despite substantial increases in electric rates;

In the absence of further material increases in electric rates, additional postponements and curtailments in the construction of additional generation and transmission facilities may occur, thereby impairing those utilities' ability to continue to provide an adequate and reliable source of electric power and energy in the State;

Seventy-two municipalities in the State have for many years owned and operated systems for the distribution of electric power and energy to customers in their respective service areas and are empowered severally to engage in the generation and transmission of electric power and energy;

Such municipalities owning electric distribution systems have an obligation to provide their inhabitants and customers an adequate, reliable and economical source of electric power and energy in the future;

In order to achieve the economies and efficiencies made possible by the proper planning, financing, sizing and location of facilities for the generation and transmission of electric power and energy which are not practical for any municipality acting alone, and to insure an adequate, reliable and economical supply of electric power and energy to the people of the State, it is desirable for the State of North Carolina to authorize municipal electric systems to jointly plan, finance, develop, own and operate electric generation and transmission facilities appropriate to their needs in order to provide for their present and future power requirements for all uses without supplanting or displacing the service at retail of other electric suppliers operating in the State; and

The joint planning, financing, development, ownership and operation of electric generation and transmission facilities by municipalities which own electric distribution systems and the issuance of revenue bonds for such purposes as provided in this Chapter is for a public use and for public and municipal purposes and is a means of achieving economies, adequacy and reliability in the generation of electric power and energy and in the meeting of future needs of the State and its inhabitants.

Municipal electric systems that have jointly planned, developed, acquired, owned, and financed electric generation and transmission facilities through joint agencies in furtherance of the purposes of this Chapter also may benefit from obtaining their power and energy requirements from replacement resources, the disposition of facilities owned by joint agencies, and the issuance by joint agencies of bonds to refinance the outstanding debt incurred with respect to facilities to the extent outstanding debt cannot be completely defeased in connection with the disposition of the facilities, and it is desirable for the State of North Carolina to facilitate the foregoing. Refinancing debt, and financing any collateral posting requirements incident to replacement power and energy resources that may be acquired, by the issuance of revenue bonds secured by payments by municipal electric systems, is for a public use and for a public and municipal purpose and is an alternative means, together with the disposition of the jointly owned facilities and acquisition of replacement sources of power and energy, of achieving economies, adequacy and reliability of electric power and energy supply, and in meeting the future needs of the State and its inhabitants.

In addition to the authority granted municipalities to jointly plan, finance, develop, own and operate electric generation and transmission facilities by Article 2 of this Chapter and the other powers granted in said Article 2, and in addition and supplemental to powers otherwise conferred on municipalities by the laws of this State for interlocal cooperation, it is desirable for the State of North Carolina to authorize municipalities and joint agencies to form joint municipal assistance agencies which shall be empowered to provide aid and assistance to municipalities in the construction, ownership, maintenance, expansion and operation of their electric systems, and to empower joint agencies authorized herein to provide aid and assistance to municipalities or joint municipal assistance agencies in the development and implementation of integrated resource planning, including, but not limited to, the evaluation of resources, generating facilities, alternative energy resources, conservation and load management programs, transmission and distribution facilities, and purchase power options, and in the development, construction and operation of supply-side and demand-side resources, in addition to exercising such other powers as hereinafter provided to joint municipal assistance agencies and joint agencies. In order to provide maximum economies and efficiencies to municipalities and the consuming public in the generation and transmission of electric power and energy contemplated by Article 2 of this Chapter, it is also desirable that the joint municipal assistance agencies authorized herein be empowered to act as provided in Article 3 of this Chapter and that such agency or agencies be empowered to act for and on behalf of any one or more municipalities or joint agencies, as requested, with respect to the construction, ownership, maintenance, expansion and operation of their electric systems; and that the joint agencies authorized herein be empowered to act as provided in Article 2 of this Chapter and that such joint agencies be empowered to act for and on behalf of any one or more municipalities or joint municipal assistance agencies, in each case as requested, with respect to the integrated resource planning and development, construction, and operation of supply-side and demand-side options described above."

SECTION 3. G.S. 159B-11 reads as rewritten:

"**§ 159B-11. General powers of joint agencies; prerequisites to undertaking projects.**

(a) Each joint agency shall have all of the rights and powers necessary or convenient to carry out and effectuate the purposes and provisions of this Chapter, including, but without limiting the generality of the foregoing, the rights and powers:

(1) To adopt bylaws for the regulation of the affairs and the conduct of its business, and to prescribe rules, regulations and policies in connection with the performance of its functions and ~~duties;~~duties.

(2) To adopt an official seal and alter the same at ~~pleasure;~~pleasure.

(3) To acquire and maintain an administrative office building or office at such place or places as it may determine, which building or office may be used or

owned alone or together with any other joint agency or agencies, joint municipal assistance agency, municipalities, corporations, associations or persons under such terms and provisions for sharing costs and otherwise as may be ~~determined;~~determined.

(4) To sue and be sued in its own name, and to plead and be ~~impleaded;~~impleaded.

(5) To receive, administer and comply with the conditions and requirements respecting any gift, grant or donation of any property or ~~money;~~money.

(6) To acquire by purchase, lease, gift, or otherwise, or to obtain options for the acquisition of, any property, real or personal, improved or unimproved, including an interest in land less than the fee ~~thereof;~~thereof.

(7) To sell, lease, exchange, transfer or otherwise dispose of, or to grant options for any such purposes with respect to, any real or personal property or interest ~~therein;~~therein.

(8) To pledge, assign, mortgage or otherwise grant a security interest in any real or personal property or interest therein, including the right and power to pledge, assign or otherwise grant a security interest in any money, rents, charges or other revenues and any proceeds derived by the joint agency from the sales of property, insurance or condemnation ~~awards;~~awards.

(9) To issue bonds of the joint agency for the purpose of providing funds for any of its corporate ~~purposes;~~purposes.

(10) To study, plan, finance, construct, reconstruct, acquire, improve, enlarge, extend, better, own, operate and maintain one or more projects, either individually or jointly with one or more municipalities in this State or any state contiguous to this State owning electric distribution facilities or with any political subdivisions, agencies or instrumentalities of any state contiguous to this State or with other joint agencies created pursuant to this Chapter, and to pay all or any part of the costs thereof from the proceeds of bonds of the joint agency or from any other available funds of the joint agency; no provisions of law with respect to the acquisition, construction, or operation of property by other public bodies shall be applicable to any project as defined in this Chapter and as authorized by this subdivision unless the General Assembly shall specifically so ~~state;~~state.

(11) To authorize the construction, operation or maintenance of any project or projects by any person, firm, association, or corporation, public or ~~private;~~private.

(12) To acquire by private negotiated purchase or lease or otherwise an existing project, a project under construction, or other property, either individually or jointly, with one or more municipalities or joint agencies in this State or any state contiguous to this State owning electric distribution facilities or with any political subdivisions, agencies or instrumentalities of any state contiguous to this State or with other joint agencies created pursuant to this Chapter; to acquire by private negotiated purchase or lease or otherwise any facilities for the development, production, manufacture, procurement, handling, storage, fabrication, enrichment, processing or reprocessing of fuel of any kind or any facility or rights with respect to the supply of water, and to enter into agreements by private negotiation or otherwise, for a period not exceeding fifty (50) years, for the development, production, manufacture, procurement, handling, storage, fabrication, enrichment, processing or reprocessing of fuel of any kind or any facility or rights with respect to the supply of water; no provisions of law with respect to the acquisition,

construction or operation of property by other public bodies shall be applicable to any agency created pursuant to this Chapter unless the legislature shall specifically so ~~state:~~state.

(13) To dispose of by private negotiated sale or lease, or otherwise, an existing project or a project under construction, or to dispose of by private negotiated sale or lease, or otherwise any facilities for the development, production, manufacture, procurement, handling, storage, fabrication, enrichment, processing or reprocessing of fuel of any kind or any facility or rights with respect to the supply of water; no provisions of law with respect to the disposition of property by other public bodies shall be applicable to an agency created pursuant to this Chapter unless the legislature shall specifically so ~~state:~~state.

(14) To fix, charge and collect rents, rates, fees and charges for electric power or energy and other services, facilities and commodities sold, furnished or supplied through any project or activity permitted in this ~~Chapter:~~Chapter.

(14a) To fix, charge, and collect payments pursuant to support contracts authorized by G.S. 159B-12(b).

(15) To generate, produce, transmit, deliver, exchange, purchase, sell for resale only, electric power or energy, and to enter into contracts for any or all such ~~purposes:~~purposes.

(16) To negotiate and enter into contracts for the purchase, sale for resale only, exchange, interchange, wheeling, pooling, transmission or use of electric power and energy with any person, firm, association, or corporation, public or ~~private:~~private.

(17) To make and execute contracts and other instruments necessary or convenient in the exercise of the powers and functions of the joint agency under this Chapter, including contracts with persons, firms, associations, or corporations, public or ~~private:~~private.

(18) To apply to the appropriate agencies of the State, the United States or any state thereof, and to any other proper agency, for such permits, licenses, certificates or approvals as may be necessary, and to construct, maintain and operate projects and undertake other activities permitted in this Chapter in accordance with such licenses, permits, certificates or approvals, and to obtain, hold and use such licenses, permits, certificates and approvals in the same manner as any other person or operating unit of any other ~~person:~~person.

(19) To employ engineers, architects, attorneys, real estate counselors, appraisers, financial advisors and such other consultants and employees as may be required in the judgment of the joint agency and to fix and pay their compensation from funds available to the joint agency therefor and to select and retain subject to approval of the Local Government Commission the financial consultants, underwriters and bond attorneys to be associated with the issuance of any bonds and to pay for services rendered by underwriters, financial consultants or bond attorneys out of the proceeds of any such issue with regard to which the services were ~~performed:~~performed.

(19a) To purchase power and energy, and services and facilities relating to the utilization of power and energy, from any source on behalf of its members and other customers and to furnish, sell, lease, exchange, transfer, or otherwise dispose of, or to grant options for any such purposes with respect to the same, to its members and other customers in such amounts, with such

characteristics, for such periods of time and under such terms and conditions as the governing board of the joint agency shall ~~determine;~~determine.

(19b) To provide aid and assistance to municipalities, and to act for or on behalf of any municipality, in any activity related to the development and implementation of integrated resource planning, including, but not limited to, the evaluation of resources, generating facilities, alternative energy resources, conservation and load management programs, transmission and distribution facilities, and purchased power options, and related to the development, construction and operation of supply-side and demand-side resources, and to do such other acts and things as provided in Article 3 of this Chapter as if the joint agency were a joint municipal assistance agency, and to carry out the powers granted in this Chapter in relation thereto; to provide aid and assistance to any joint municipal assistance agency in the exercise of its respective powers and ~~functions; and~~functions.

(20) To do all acts and things necessary, convenient or desirable to carry out the purposes, and to exercise the powers granted to the joint agency in this Chapter.

(b) No joint agency shall undertake any project required to be financed, in whole or in part, with the proceeds of bonds without the approval of a majority of its members. Before undertaking any project, a joint agency shall, based upon engineering studies and reports, determine that such project is required to provide for the projected needs for power and energy of its members from and after the date the project is estimated to be placed in normal and continuous operation and for a reasonable period of time thereafter. Prior to or simultaneously with granting a certificate of public convenience and necessity for any such generation project the North Carolina Utilities Commission, in a proceeding instituted pursuant to G.S. 159B-24 of this Chapter, shall approve such determination. In determining the future power requirements of the members of a joint agency, there shall be taken into account the following:

(1) The economies and efficiencies to be achieved in constructing on a large scale facilities for the generation of electric power and energy;

(2) Needs of the joint agency for reserve and peaking capacity and to meet obligations under pooling and reserve-sharing agreements reasonably related to its needs for power and energy to which the joint agency is or may become a party;

(3) The estimated useful life of such project;

(4) The estimated time necessary for the planning, development, acquisition, or construction of such project and the length of time required in advance to obtain, acquire or construct additional power supply for the members of the joint agency;

(5) The reliability and availability of existing alternative power supply sources and the cost of such existing alternative power supply sources.

A determination by the joint agency approved by the North Carolina Utilities Commission based upon appropriate findings of the foregoing matters shall be conclusive as to the appropriateness of a project to provide the needs of the members of a joint agency for power and energy unless a party to the proceeding aggrieved by the determination of said Commission shall file notice of appeal pursuant to Article 5 of Chapter 62 of the General Statutes of North Carolina.

Nothing herein contained shall prevent a joint agency from undertaking studies to determine whether there is a need for a project or whether such project is feasible."

SECTION 4. G.S. 159B-12 reads as rewritten:

"**§ 159B-12. Sale of capacity and output by a joint agency; support contracts; other contracts with a joint agency.**

(a) Any municipality which is a member of the joint agency may contract to buy from the joint agency power and energy for its present or future requirements, including the capacity and output of one or more specified projects. As the creation of a joint agency is an alternative method whereby a municipality may obtain the benefits and assume the responsibilities of ownership in a project, any such contract may provide that the municipality so contracting shall be obligated to make the payments required by the contract whether or not a project is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of a project or the power and energy contracted for, and that such payments under the contract shall not be subject to any reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or nonperformance of the joint agency or any other member of the joint agency under the contract or any other instrument. Any contract with respect to the sale or purchase of capacity or output of a project entered into between a joint agency and its member municipalities may also provide that if one or more of such municipalities shall default in the payment of its or their obligations with respect to the purchase of said capacity or output, then in that event the remaining member municipalities which are purchasing capacity and output under the contract shall be required to accept and pay for and shall be entitled proportionately to and may use or otherwise dispose of the capacity or output which was to be purchased by the defaulting municipality. Notwithstanding the provisions of any other law to the contrary, any such contract with respect to the sale or purchase of capacity, output, power, or energy from a project may extend for a period not exceeding 50 years from the date a project is estimated to be placed in normal continuous operation.

(b) If any municipality which is a member of the joint agency has contracted to buy from the joint agency the capacity and output of one or more specified projects as contemplated by and containing characteristics authorized by subsection (a) of this section, and if the joint agency has acquired one or more projects and financed the acquisition of any project by issuing bonds pursuant to the provisions of this Chapter, and if the joint agency sells or otherwise disposes of any project, and if the proceeds of the sale or other disposition of any project, together with other moneys available to the joint agency for the purpose of paying the bonds, are not sufficient to pay or provide for the payment of the principal of, premium, if any, and interest on all of such bonds issued to finance the acquisition of the existing project or projects, the municipality may enter into a support contract with the joint agency to pay a proportionate share of the principal of, premium, if any, and interest on bonds issued by the joint agency to (i) refinance the bonds issued to finance the acquisition of any existing project being sold or otherwise disposed of that are not defeased from other sources, (ii) finance any collateral posting requirements of replacement power supply arrangements entered into by the joint agency, and (iii) finance any required reserves and other costs associated with the support contracts and the issuance of the bonds authorized by G.S. 159B-14.

As a support contract authorized by this subsection is a replacement for and in lieu of the payment obligations authorized by subsection (a) of this section related to an existing project or projects, any support contract may provide that the contracting municipality is obligated to make the payments required by the support contract unconditionally and without offset, counterclaim, or otherwise, and notwithstanding the performance or nonperformance of the joint agency under the support contract, or of any other municipality entering into a similar support contract with the joint agency, or the delivery of or failure to deliver power or energy or the performance or nonperformance by any party under any related power supply contract. Any support contract entered into between a joint agency and its member municipalities may also provide that if any municipality defaults in the payment of its obligations under the support contract, the remaining member municipalities subject to the contract are required to pay a proportionate share of the defaulted payments.

Notwithstanding the provisions of any other law to the contrary, the obligations of the municipality under a support contract may extend for a period of 30 years, except for accrued obligations as of the expiration of the period for which the contract may be continued until the accrued obligations are fully satisfied, and, with respect to administrative costs only, for a reasonable period of time thereafter.

Obligations under a support contract shall not be taken into account in computing any debt or other limitation that may be imposed by law. Being on account of the refinancing of obligations incurred in connection with the acquisition of a project or projects, the obligations of the municipality under any support contract shall constitute an operating expense of its municipal electric system for all purposes of G.S. 159-47 and other purposes, save only as may have been duly contracted with bondholders of the municipality.

(c) Any municipality may contract with a joint agency, or may contract indirectly with a joint agency through a joint municipal assistance agency, to implement the provisions of G.S. 159B-11(19a) and (19b). Notwithstanding the provisions of any law to the contrary, including, but not limited to, the provisions of G.S. 159B-44(13), any contract between a joint agency and a municipality or a joint municipal assistance agency (or between a municipality and a joint municipal assistance agency) to implement the provisions of G.S. 159B-11(19b) may extend for a period not exceeding 30 years; provided, that any such contract in respect of a capital project to be used by or for the benefit of a municipality shall be subject to the prior approval of the Local Government Commission of North Carolina. In reviewing any such contract for approval, said Local Government Commission shall consider the municipality's debt management procedures and policies, whether the municipality is in default with respect to its debt service obligations and such other matters as said Local Government Commission may believe to have a bearing on whether the contract should be approved.

(d) Notwithstanding the provisions of any law to the contrary, the execution and effectiveness of any contracts authorized by this section shall not be subject to any authorizations or approvals by the State or any agency, commission or instrumentality or political subdivision thereof except as in this Chapter specifically required and provided.

Payments by a municipality under any contract authorized by this section shall be made solely from the revenues derived from the ownership and operation of the electric system of said municipality and any obligation under such contract shall not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the municipality or upon any of its income, receipts, or revenues, except the revenues of its electric system, and neither the faith and credit nor the taxing power of the municipality are, or may be, pledged for the payment of any obligation under any such contract. A municipality or joint agency, pursuant to an agreement with a municipality, shall be obligated to fix, charge and collect rents, rates, fees and charges for electric power and energy and other services, activities permitted in this Chapter, facilities and commodities sold, furnished or supplied through the electric system of the municipality sufficient to provide revenues adequate to meet its obligations under any such contract and to pay any and all other amounts payable from or constituting a charge and lien upon such revenues, including amounts sufficient to pay the principal of and interest on general obligation bonds heretofore or hereafter issued by the municipality for purposes related to its electric ~~system.~~system and payments pursuant to support contracts authorized by subsection (b) of this section. The willful or negligent failure by any municipality to comply with the obligations applicable to it shall constitute a failure or refusal to comply with the provisions of this Chapter for purposes of G.S. 159-181(c), and the financial powers of the governing board of the municipality that may be vested in the Local Government Commission pursuant to G.S. 159-181(c) shall include those powers incident to carrying out the requirements and obligations specified in this section.

Payments by any joint municipal assistance agency to any joint agency under any contract or contracts authorized by this section, shall be made solely from the sources specified in such

contract or contracts and no other, and any obligation under such contract shall not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the joint municipal assistance agency or upon any of its income, receipts, or revenues, or upon any property of any municipality with which the joint agency or joint municipal assistance agency contracts or upon any of such municipality's income, receipts, or revenues in each case except such sources so specified. A joint municipal assistance agency shall be obligated to fix, charge and collect rents, rates, fees, and charges for providing aid and assistance sufficient to provide revenues adequate to meet its obligations under such contract.

Any municipality which is a member of a joint agency may furnish the joint agency with money derived solely from the ownership and operation of its electric system or facilities and provide the joint agency with personnel, equipment and property, both real and personal. Any municipality may also provide any services to a joint agency.

Any member of a joint agency may contract for, advance or contribute funds derived solely from the ownership and operation of its electric system or facilities to a joint agency as may be agreed upon by the joint agency and the member, and the joint agency shall repay such advances or contributions from proceeds of bonds, from operating revenues or from any other funds of the joint agency, together with interest thereon as may be agreed upon by the member and the joint agency."

SECTION 5. G.S. 159B-14 reads as rewritten:

"**§ 159B-14. Bonds of a joint agency.**

(a) A joint agency may issue bonds for the purpose of paying the cost of a project and secure both the principal of and interest on the bonds by a pledge of part or all of the revenues derived or to be derived from all or any of its projects, and any additions and betterments thereto or extensions thereof, or from the sale of power and energy and services and facilities related to the utilization of power and energy, or from other activities or facilities permitted in this Chapter, or from contributions or advances from its members. A joint agency may issue bonds that are not for the purpose of paying the cost of a project and secure the bonds solely by a pledge of revenues, solely by a security interest in real or personal property, or by both a pledge of revenues and a security interest in real or personal property. Bonds of a joint agency shall be authorized by a resolution adopted by its governing board and spread upon its minutes.

(b) A joint agency may issue bonds for the purpose of refinancing bonds issued for the purpose of paying the cost of a project, including, but not limited to, paying or providing for the payment of the principal of, premium, if any, and interest on bonds theretofore issued by a joint agency for the purpose of paying the cost of a project which is being sold or otherwise disposed of by the joint agency in whole or in part, and for the purpose of financing any collateral posting requirements of replacement power supply arrangements authorized in G.S. 159B-12, and secure the principal of, premium, if any, and interest on the bonds by a pledge of part or all of the revenues derived or to be derived from all or any of its projects, and any additions and betterments thereto or extensions thereof, or from the sale of power and energy and services and facilities related to the utilization of power and energy, or from other activities or facilities permitted in this Chapter, or by a pledge of payments derived from support contracts authorized by G.S. 159B-12, or from contributions or advances from its members. Bonds of a joint agency shall be authorized by a resolution adopted by its governing board and spread upon its minutes."

SECTION 6. G.S. 159B-16(1) reads as rewritten:

"(1) The pledge of all or any part of the revenues derived or to be derived from the project or projects to be financed by the bonds, or from the sale or other disposition of power and energy and services and facilities related to the utilization of power and energy, or from other services or activities permitted in this Chapter, or from payments derived from support contracts authorized by G.S. 159B-12, or from contributions and advances from members of a

joint agency, or from the electric system or other facilities of a municipality or a joint agency."

SECTION 7. G.S. 159B-16.1 reads as rewritten:

"**§ 159B-16.1. Revenues – NCEMPA members.**

(a) A municipality is hereby authorized to fix, charge and collect rents, rates, fees and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of its electric system or its interest in any joint project. Before it revises its rates, fees or charges as authorized under this subsection, a municipality shall hold a public hearing on the matter. A notice of the hearing shall be published at least once a week for two successive weeks in a newspaper having general circulation in the municipality. The notice shall state that the public hearing will be held in connection with the municipality's action to revise its rates, fees, or charges authorized in this section and state the amount of the proposed revision. At the hearing, any retail electric customer of the municipality may appear and be heard on the proposed revision to the rates, fees, or charges. The provisions of G.S. 160A-81 shall apply to any public hearing held under this subsection. The provisions of this subsection relating to a public hearing shall not apply to action required to be taken for a municipality by the Local Government Commission, in accordance with G.S. 159-181(c), or to action required to be taken by a municipality to revise its rates, fees or charges authorized in this subsection if the revision is required to be implemented immediately as a result of a catastrophic event or to avoid impairing the ability of the municipality to comply with applicable law or its contractual obligations relating to its outstanding bonds or other indebtedness. For so long as any bonds of a municipality ~~are outstanding~~ or amounts payable or to become payable by a municipality to a joint agency are ~~and~~ unpaid, or the payment of which is not fully provided for, the rents, rates, fees and charges shall be so fixed as to provide revenues sufficient to pay all costs of and charges and expenses in connection with the proper operation and maintenance of its electric system, and its interest in any joint project, and all necessary repairs, replacements or renewals thereof, to pay when due the principal of, premium, if any, and interest on all bonds and other evidences of indebtedness payable from said revenues, to create and maintain reserves as may be required by any resolution or trust agreement authorizing and securing bonds, to pay when due the principal of, premium, if any, and interest on all general obligation bonds heretofore or hereafter issued to finance additions, improvements and betterments to its electric system, and to pay any and all amounts which the municipality may be obligated to pay from said revenues by law or ~~contract.~~contract, including, but not limited to, a support contract authorized by G.S. 159B-12.

(b) A joint agency is hereby authorized to fix, charge, and collect rents, rates, fees and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of its projects or otherwise as authorized by this Chapter. A joint agency may only take action to change the rates, fees, or charges authorized in this subsection in a public meeting. Notice of the public meeting shall be given to each municipality that is a member of the joint agency. A notice of the meeting shall be published at least once a week for two successive weeks in a newspaper having general circulation in each municipality that is a member of the joint agency. The notice shall state that the public meeting will be held in connection with the joint agency's action to revise its rates, fees, or charges authorized in this subsection and state the amount of the proposed revision. The provisions of this subsection relating to publication of a notice shall not apply to action required to be taken by a joint agency to revise its rates, fees or charges authorized in this subsection if the revision is required to be implemented immediately as a result of a catastrophic event or to avoid impairing the ability of the joint agency to comply with applicable law or its contractual obligations relating to its outstanding bonds or other indebtedness. For so long as any bonds of a joint agency are outstanding and unpaid, the rents, rates, fees and charges shall be so fixed as to provide revenues sufficient to pay all costs of and charges and expenses in connection with

the proper operation and maintenance of its projects, and all necessary repairs, replacements or renewals thereof, to pay when due the principal of, premium, if any, and interest on all bonds and other evidences of indebtedness payable from said revenues, to create and maintain reserves as may be required by any resolution or trust agreement authorizing and securing bonds, and to pay any and all amounts which the joint agency may be obligated to pay from said revenues by law or contract.

(c) Any pledge of revenues, ~~securities~~ securities, payments derived by support contracts authorized by G.S. 159B-12, or other moneys made by a municipality, joint agency or joint municipal assistance agency pursuant to this Chapter shall be valid and binding from the date the pledge is made. The revenues, securities, support contract payments, and other moneys so pledged and then held or thereafter received by the municipality, joint agency or joint municipal assistance agency or any fiduciary or other depository shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the municipality, joint agency or joint municipal assistance agency without regard to whether such parties have notice thereof. The resolution or trust agreement or any financing statement, continuation statement or other instrument by which a pledge of revenues, securities or other moneys is created need not be filed or recorded in any manner.

(d) This section applies only to all rates, fees, or charges for electric service provided by the North Carolina Eastern Municipal Power Agency (NCEMPA) or a member city or town of the NCEMPA on or after October 1, 2012. The following cities and towns are members of the North Carolina Eastern Municipal Power Agency: Apex, Ayden, Belhaven, Benson, Clayton, Edenton, Elizabeth City, Farmville, Fremont, Greenville, Hamilton, Hertford, Hobgood, Hookerton, Kinston, LaGrange, Laurinburg, Louisburg, Lumberton, New Bern, Pikeville, Red Springs, Robersonville, Rocky Mount, Scotland Neck, Selma, Smithfield, Southport, Tarboro, Wake Forest, Washington, and Wilson."

SECTION 8. G.S. 159B-17 reads as rewritten:

"**§ 159B-17. Revenues – other municipalities.**

(a) A municipality is hereby authorized to fix, charge and collect rents, rates, fees and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of its electric system or its interest in any joint project. For so long as any bonds of a municipality or amounts payable or to become payable to a joint agency ~~are outstanding and~~ are unpaid, or the payments of which is not fully provided for, the rents, rates, fees and charges shall be so fixed as to provide revenues sufficient to pay all costs of and charges and expenses in connection with the proper operation and maintenance of its electric system, and its interest in any joint project, and all necessary repairs, replacements or renewals thereof, to pay when due the principal of, premium, if any, and interest on all bonds and other evidences of indebtedness payable from said revenues, to create and maintain reserves as may be required by any resolution or trust agreement authorizing and securing bonds, to pay when due the principal of, premium, if any, and interest on all general obligation bonds heretofore or hereafter issued to finance additions, improvements and betterments to its electric system, and to pay any and all amounts which the municipality may be obligated to pay from said revenues by law or ~~contract.~~ contract, including, but not limited to, a support contract authorized by G.S. 159B-12.

(b) A joint agency is hereby authorized to fix, charge, and collect rents, rates, fees and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of its projects or otherwise as authorized by this Chapter. For so long as any bonds of a joint agency are outstanding and unpaid, the rents, rates, fees and charges shall be so fixed as to provide revenues sufficient to pay all costs of and charges and expenses in connection with the proper operation and maintenance of its projects,

and all necessary repairs, replacements or renewals thereof, to pay when due the principal of, premium, if any, and interest on all bonds and other evidences of indebtedness payable from said revenues, to create and maintain reserves as may be required by any resolution or trust agreement authorizing and securing bonds, and to pay any and all amounts which the joint agency may be obligated to pay from said revenues by law or contract.

(c) Any pledge of revenues, ~~securities~~ securities, payments derived from support contracts authorized by G.S. 159B-12, or other moneys made by a municipality, joint agency or joint municipal assistance agency pursuant to this Chapter shall be valid and binding from the date the pledge is made. The revenues, securities, support contract payments, and other moneys so pledged and then held or thereafter received by the municipality, joint agency or joint municipal assistance agency or any fiduciary or other depository shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the municipality, joint agency or joint municipal assistance agency without regard to whether such parties have notice thereof. The resolution or trust agreement or any financing statement, continuation statement or other instrument by which a pledge of revenues, securities support contract payment, or other moneys is created need not be filed or recorded in any manner."

SECTION 9. This act is effective when it becomes law.

Sgt-at-Arms

1) Marcus Kitts

2) Canton Lewis

- PAGES
- Rep. Jeff Collins
- Favorable Report w/ referral to Finance

PAGES ATTENDING

Date: 3-18 | 11 Am

Committee: Commerce " **Room:** 544

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March 18, 2015
Date

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Margaret Schneider	Senate Intern
Jorge Benitez	Senate Intern
Mia D. Bailey	ElectriCities
[illegible]	Misc
[illegible]	SA
Tony Stimatz	Councilman Elizabeth City
Yaidee Fox	Lobbyist City of Hickory

VISITOR REGISTRATION SHEET

Senate Commerce — March 18, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Tim Jones	Electricities of NC
Graham Edwards	Electricities of NC
Drew Saunders	Saunders & Assoc.
Joe Padilla	REBIC
	MWC
DAVID BARNES	Electric Cities
Rick Olson	City of Greenville City
Ha Nguyen	NCCOB
Sara Weed	NCCOB
Roy Jones	ELECTRICITIES OF NC
Bruce Rose	City of Wilson

VISITOR REGISTRATION SHEET

Senate Commerce — March 18, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
George Everett	Duke Energy
Kathy Hawkins	Duke Energy
Harold James	Duke Energy
Kathy Hawkins	Duke Energy
Joe McClure	McClure's Consulting
Dan Conrad	NCUC
Tony Wike	NCUC-PS
Dianna Downey	PSNCUC
Chris Ayers	PSNCUC
John McMillan	Nucor
Donna Clark	UNC Dept Govt.

VISITOR REGISTRATION SHEET

Senate Commerce — March 18, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Graham Edwards	ElectriCities of NC, Inc.
Doug Lassiter	NCSTA
T Fullam	Pilot
J Goodman	NC Chamber
Harry Hunt	NCEA
Henry Jones	Alden Price et al
D Peters	CSS
Judy Jenkins	OAPI
Erin Jones	TWC
Sammy Fisher	TWC
Hayden Burgess	FSP

VISITOR REGISTRATION SHEET

Senate Commerce — March 18, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Rhian Merwald	Williams Mullen
Curtis McDonald	BMJ
Mary [illegible]	ACJ
Chris Emanuel	The C.G. Emanuel Group
Gary Salamido	NC Chamber
Mary Gardner	GSK
Dana Simpson	SA
Kara Weishaar	SA
Alice [illegible]	[illegible]
[illegible]	[illegible]
Kelli Kuhn	Duke Energy

Senate Committee on Commerce
Tuesday, April 14, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on April 14, 2015 in Room 1027/1128 of the Legislative Building. Twenty five members were present.

Senator Wesley Meredith, Chair, presided.

Luke Evans from Asheboro and Gabriella Scala from Greensboro served as pages.

SB 455 Iran Divestment Act. (Senator Gunn)
Senator Tillman moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Senator Gunn introduced Lt. Governor Dan Forest to speak. Lt. Governor Forest spoke in favor of the bill and thanked the committee for addressing it. Senator Gunn explained the bill. There were several questions from the members and they were addressed by Sen. Gunn and Wendy Graf Ray an attorney from the Research Department. Sen. Meredith asked the following people from the Department of the Treasurer to assist with the responses:

Edgar V. Starnes/Senior Policy Advisor and Legislative Liaison, Anthony Solari/Director of Government Relations and Blake W. Thomas/Assistant General Counsel.

Senator Tillman moved unfavorable to the bill – favorable to the PCS and it carried.

SB 679 NC Consumer Finance Act Amendments. (Senators Gunn, Newton, D. Davis)
Senator Tillman moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Senator Gunn introduced the bill then asked Sen. Don Davis (one of the other primary sponsors) to assist with the explanation of the bill. Wendy Graf Ray an attorney from the Research Department was asked to further clarify the bill. Questions from the members were answered by Sen. Gunn and Ms. Graf Ray. Senator Meredith called on the following people to assist with the responses from the members:

L. McNeil Chestnut, ESQ./an attorney representing the residential lenders of North Carolina and Katherine M. R. Bosken/Bank Supervision Attorney for the NC Office of the Commissioner of Banks

Senator Tillman moved unfavorable to the bill – favorable to the PCS and it carried.

SB 682 Modify Sunset Re: Contingent Audits. (Senators Gunn, Clark)
Sen. Gunn introduced the bill and there were no questions form the members. Senator Tillman moved favorable to the bill and it carried.

SB 7 Allow Seating for Food Stand Customers. (Senator Tillman)

Senator Newton moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Senator Tillman explained the bill and also answered the questions from the members. Senator Newton moved unfavorable to the bill – favorable to the PCS and it carried.

SB 22 Historic Artifact Mgt. and Patriotism Act. (Senators Soucek, Tucker, J. Davis)

Senate Bill 22 was not heard during this committee due to the lack of time.

The meeting adjourned at 11:58 AM.

Senator Wesley Meredith, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Tuesday, April 14, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 455	Iran Divestment Act.	Senator Gunn
SB 679	NC Consumer Finance Act Amendments.	Senator Gunn Senator Newton Senator D. Davis
SB 682	Modify Sunset Re: Contingent Audits.	Senator Gunn Senator Clark
SB 7	Allow Seating for Food Stand Customers.	Senator Tillman
SB 22	Historic Artifact Mgt. and Patriotism Act.	Senator Soucek Senator Tucker Senator J. Davis

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, April 14, 2015

Senator Meredith,
submits the following with recommendations as to passage:

FAVORABLE

SB **682** Modify Sunset Re: Contingent Audits.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator Richard Gunn will handle SB 682

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Wednesday, April 15, 2015

Senator Meredith,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE BILL

SB **455** Iran Divestment Act.

Draft Number:	S455-PCS25224-SU-11
Sequential Referral:	Pensions & Retirement and Aging
Recommended Referral:	None
Long Title Amended:	No

SB **679** NC Consumer Finance Act Amendments.

Draft Number:	S679-PCS25223-SU-12
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	Yes

UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 2

SB **7** **(CS#1)** Allow Seating for Food Stand Customers.

Draft Number:	S7-PCS25225-SU-6
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 3

Senator Richard Gunn will handle SB 455
Senator Richard Gunn will handle SB 679
Senator Jerry Tillman will handle SB 7

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S D

SENATE BILL 455
PROPOSED COMMITTEE SUBSTITUTE S455-CSSU-11 [v.5]

4/13/2015 5:34:50 PM

Short Title: Iran Divestment Act. (Public)

Sponsors:

Referred to:

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE IRAN DIVESTMENT ACT.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 143C of the General Statutes is amended by adding a new Article to read:

"Article 6A.

"Iran Divestment Act.

"**§ 143C-6A-1. Article title.**

This Article may be cited as the "Iran Divestment Act of 2015."

"**§ 143C-6A-2. Findings.**

The General Assembly finds that:

(1) Congress and the President have determined that the illicit nuclear activities of the Government of Iran, combined with its development of unconventional weapons and ballistic missiles, and its support of international terrorism, represent a serious threat to the security of the United States, Israel, and other United States allies in Europe, the Middle East, and around the world.

(2) The International Atomic Energy Agency has repeatedly called attention to Iran's unlawful nuclear activities, and, as a result, the United Nations Security Council has adopted a range of sanctions designed to encourage the Government of Iran to cease those activities and comply with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons.

(3) On July 1, 2010, President Barack Obama signed into law H.R. 2194, the "Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010" (Public Law 111-195), which expressly authorizes states and local governments to prevent investment in, including prohibiting entry into or renewing contracts with, companies operating in Iran's energy sector with investments that have the result of directly or indirectly supporting the efforts of the Government of Iran to achieve nuclear weapons capability.

(4) The serious and urgent nature of the threat from Iran demands that states, local governments, and private institutions work together with the federal government and American allies to do everything possible diplomatically, politically, and economically to prevent Iran from acquiring nuclear weapons capability.

(5) Respect for human rights in Iran has steadily deteriorated as demonstrated by transparently fraudulent elections and the brutal repression and murder, arbitrary arrests, and show trials of peaceful dissidents.

(6) The concerns of the State of North Carolina regarding Iran are strictly the result of the actions of the Government of Iran and should not be construed as enmity towards the Iranian people.

(7) In order to effectively address the need for this State to respond to the policies of Iran in a uniform fashion, prohibiting contracts with persons engaged in investment activities in the energy sector of Iran must be accomplished on a statewide basis.

(8) It is the intent of the General Assembly to fully implement the authority granted under Section 202 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Public Law 111-195).

"**§ 143C-6A-3. Definitions.**

As used in this Article:

(1) "Energy sector of Iran" means activities to develop petroleum or natural gas resources or nuclear power in Iran.

(2) "Financial institution" means the term as used in Section 14 of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 § note).

(3) "Investment" means a commitment or contribution of funds or property, whatever the source, a loan or other extension of credit, and the entry into or renewal of a contract for goods or services. It does not include indirect beneficial ownership through index funds, commingled funds, limited partnerships, derivative instruments, or the like.

(4) "Investment activities in Iran" means a person engages in investment activities in Iran if:

a. The person provides goods or services of twenty million dollars ($20,000,000) or more in the energy sector of Iran, including a person that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran; or

b. The person is a financial institution that extends twenty million dollars ($20,000,000) or more in credit to another person, for 45 days or more, if that person will use the credit to provide goods or services in the energy sector in Iran and is identified on a list, created pursuant to G.S. 143C-6A-6, as a person engaging in investment activities in Iran as described in this section.

(5) "Iran" includes the Government of Iran and any agency or instrumentality of Iran.

(6) "Person" means any of the following:

a. A natural person, corporation, company, limited liability company, business association, partnership, society, trust, or any other nongovernmental entity, organization, or group.

b. Any governmental entity or instrumentality of a government, including a multilateral development institution, as defined in section 1701(c)(3) of the International Financial Institutions Act (22 U.S.C. § 262r(c)(3)).

c. Any successor, subunit, parent entity, or subsidiary of, or any entity under common ownership or control with, any entity described in sub-subdivisions (a) and (b) of this subdivision.

(7) "State agency" means any board, commission, department, executive department, officer, institution, and any political subdivision of the State.

"**§ 143C-6A-4. Prohibitions on State investment.**

No more than 30 days after the effective date of this act, the State Treasurer shall adopt a policy prohibiting the North Carolina Retirement Systems or the Department of the State Treasurer from investing funds with a person engaging in investment activities in Iran. At a minimum the policy shall provide:

(1) List of persons engaged in investment. – Within 120 days of adoption of the policy, the State Treasurer shall develop and make publically available a list of persons it determines, using federal sanctions lists and any other credible information available to the public, a list of persons it determines engage in investment activities in Iran. The State Treasurer shall make every effort to avoid erroneously including a person on the list. The State Treasurer shall update the list every 180 days. Before finalizing an initial list or an updated list, the State Treasurer must do all of the following before a person is included on the list:

a. Provide 90 days' written notice of the State Treasurer's intent to include the person on the list. The notice shall inform the person that inclusion on the list would make the person ineligible for State investment and may affect the person's ability to conduct other business with the State of North Carolina and its subdivisions. The notice shall specify that the person, if it ceases its engagement in investment activities in Iran, may be removed from the list.

b. The State Treasurer shall provide a person with an opportunity to comment in writing that it is not engaged in investment activities in Iran. If the person demonstrates to the State Treasurer that the person is not engaged in investment activities in Iran, the person shall not be included on the list.

(2) Investments prohibited. – Neither the North Carolina Retirement Systems nor the State Treasurer may invest funds with a person that is identified on a list created pursuant to subdivision (1) of this section as a person engaging in investment activities in Iran.

(3) Existing investments. – Any existing investment with a person that is identified on a list created pursuant to subdivision (1) of this section as a person engaging in investment activities in Iran must be divested within 180 days of the adoption of the policy.

(4) Fiduciary duties. – Nothing in the policy shall require the North Carolina Retirement Systems or the State Treasurer to take action unless it is determined by the State Treasurer, in good faith, that the action is consistent with the fiduciary responsibilities of the Retirement Systems and the State Treasurer.

(5) Exceptions. – Notwithstanding the policy, an investment may be made in a person engaged in investment activities in Iran, on a case-by-case basis, if:

a. The investment activities in Iran were made before the effective date of this act, the investment activities in Iran have not been expanded or renewed after the effective date of this act, and the person has adopted, publicized, and is implementing a formal plan to cease the investment activities in Iran and to refrain from engaging in any new investments in Iran; or

b. The State Treasurer makes a good faith determination that the investments are necessary to perform its functions.

"**§ 143C-6A-5. Certification required.**

(a) A State agency shall require a person that attempts to contract with the State or political subdivision of the State, including a contract renewal or assumption, to certify, at the time the bid is submitted or the contract is entered into, renewed, or assigned, that the person or the assignee is not identified on a list created by the State Treasurer pursuant to G.S. 143C-6A-4. A State agency shall include certification information in the procurement record.

(b) A person that contracts with the State or a political subdivision of the State, including a contract renewal or assumption, shall not utilize, on the contract with the State agency any subcontractor that is identified on a list created pursuant to G.S. 143C-6A-4.

(c) Upon receiving information that a person who has made the certification required by subsection (a) of this section is in violation thereof, the State agency shall review the information and offer the person an opportunity to respond. If the person fails to demonstrate that it has ceased its engagement in the investment which is in violation of this act within 90 days after the determination of the violation, then the State agency shall take action as may be appropriate and provided for by law, rule, or contract.

"**§ 143C-6A-6. Restrictions on contracts with the State or subdivisions of the State.**

(a) A person that is identified on a list created by the State Treasurer pursuant to G.S. 143C-6A-4 as a person engaging in investment activities in Iran is ineligible to contract with the State or any political subdivision of the State.

(b) Any contract entered into with a person that is ineligible to contract with the State or any political subdivision of the State is void ab initio.

"**§ 143C-6A-7. Exceptions.**

(a) G.S. 143C-6A-6 does not apply to contracts valued at one thousand dollars ($1,000) or less.

(b) Notwithstanding G.S. 143C-6A-6, a person engaged in investment activities in Iran may contract with the State or a political subdivision of the State, on a case-by-case basis, if:

(1) The investment activities in Iran were made before the effective date of this act, the investment activities in Iran have not been expanded or renewed after the effective date of this act, and the person has adopted, publicized, and is implementing a formal plan to cease the investment activities in Iran and to refrain from engaging in any new investments in Iran; or

(2) The State agency makes a good faith determination that the commodities or services are necessary to perform its functions and that, absent such an exemption, the State agency would be unable to obtain the commodities or services for which the contract is offered. The determination shall be entered into the procurement record.

"**§ 143C-6A-8. Report; application.**

(a) The State Treasurer shall report to the Joint Legislative Commission on Governmental Operations and the Governor annually by October 1, on the status of the federal "Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010" (Public Law 111-195), the "Iran Divestment Act of 2015," and any rules or regulations adopted thereunder.

(b) The restrictions provided for in this Article apply only until:

(1) The President or Congress of the United States, by means including, but not limited to, legislation, executive order, or written certification, declares that divestment of the type provided for in this Article interferes with the conduct of United States foreign policy; or

(2) Congress revokes authority to divest in the manner provided for in this Article."

SECTION 2. Nothing in this act is intended to create a fiduciary relationship between the State Treasurer and any party who uses the list or any fiduciary duty on the part of the State Treasurer where one does not otherwise exist by law.

SECTION 3. The State Treasurer shall submit to the Attorney General of the United States a written notice describing this act within 30 days after the effective date of this act.

SECTION 4. This act becomes effective October 1, 2015.

SENATE PCS 455:
Iran Divestment Act

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Pensions & Retirement and Aging	**Date:**	April 13, 2015
Introduced by:	Sen. Gunn	**Prepared by:**	Layla Cummings Committee Counsel
Analysis of:	PCS to First Edition S455-CSSU-11		

SUMMARY: Senate Bill 455 would prohibit certain investments and contracts with persons determined to be engaging in investment activities in Iran.

The PCS would change the implementing state agency from the Secretary of State to the State Treasurer and direct the State Treasurer to adopt a policy on divestment consistent with its current policy.

CURRENT LAW: The federal Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 expressly authorizes states and local governments to prevent investment in companies operating in Iran's energy sector with investments that have the result of supporting the efforts of the government of Iran to achieve nuclear weapons capability. The North Carolina Department of the State Treasurer currently has an Iran Divestment Policy consistent with this act.

BILL ANALYSIS:

Section 1 of the PCS for Senate Bill 455 would create a new article under Chapter 143C of the General Statutes entitled the Iran Divestment Act of 2015. The PCS states the intent of the General Assembly to implement the authority granted under Section 202 of the federal Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 by prohibiting certain investments and contracts with persons engaged in investment activities in the energy sector of Iran on a statewide basis.

The PCS directs the State Treasurer to adopt a policy to identify persons engaged in investment activities in Iran, to prohibit investment of State funds with those persons, and prohibits persons on the list from contracting with the State.

List of persons: The State Treasurer would be required to create a list of persons engaging in investment activities in the energy sector of Iran. Investment activities in the energy sector of Iran are defined as activities to develop petroleum, natural gas resources, or nuclear power by: a person providing goods or services of 20 million dollars to the energy sector of Iran; or a person that extends 20 million dollars or more in credit that will be used to provide goods or services in the energy sector of Iran.

The State Treasurer would create the list within 120 days of adoption of the policy and update it every 180 days. The State Treasurer would provide 90 days' written notice to inform any person of the intent of the State Treasurer to include that person on the list and provide that person with the opportunity to deny in writing its engagement in investment activities in the energy sector of Iran.

Prohibited Investments: The PCS would prohibit the North Carolina Retirement System or the Department of the State Treasurer from investing funds with a person identified on the list created by the State Treasurer. The PCS would also require that any existing investment with a person on the list be divested within 180 days of the adoption of the policy.

The PCS clarifies that nothing in the divestment policy will require the North Carolina Retirement System or the State Treasurer to take action unless the State Treasurer determines in good faith that the action is consistent with the fiduciary duties of those agencies.

An investment may be made in a person identified on the list on a case by case basis if:

- The investment activities in Iran were made before the effective date of this act. The person must demonstrate that it has not expanded or renewed the investment activities and it has adopted a formal plan to cease the investment and to refrain from engaging in new investments in Iran; or
- The State Treasurer makes a good faith determination that the investments are necessary to perform its functions.

Prohibited Contracts: The PCS would make any person on the list created by the State Treasurer ineligible to contract with the State. The PCS would require a person that contracts with the State to certify that the person is not identified on the list created by the State Treasurer. The State agency would be required to maintain a record of the certification.

The PCS would not apply to contracts valued at $1,000 or less. The State may contract with a person identified by the list on a case by case basis if:

- The investment activities in Iran were made before the effective date of this act. The person must demonstrate that it has not expanded or renewed the investment activities and it has adopted a formal plan to cease the investment and to refrain from engaging in new investments in Iran; or
- The State agency makes a good faith determination that the commodities or services provided by the contract are necessary to perform its functions and the agency would otherwise be unable to obtain the commodities or services.

Reporting and Application: The State Treasurer would report to Joint Legislative Commission on Governmental Operations and the Governor annually on the status of the federal law and the implementation of the act.

The restrictions in this act would apply only until: (1) the President or Congress declares that divestment of this type interferes with the conduct of United States foreign policy; or (2) Congress revokes authority to divest in the manner provided for in the act.

Section 2 would clarify that nothing in this act is intended to create a fiduciary relationship between the State Treasurer and anyone who uses the list or any fiduciary duty on the part of the State Treasurer where one does not otherwise exist by law.

Section 3 would require the State Treasurer to report a description of this act to the Attorney General of the United States within 30 days, as required by federal law.

EFFECTIVE DATE: This act becomes effective October 1, 2015.

BACKGROUND: Other states with Iran divestment or contracting prohibition legislation include: Alaska, Arizona, California, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, and Utah.

The North Carolina Department of State Treasurer's Policy on Iran Divestment can be found here: https://www.nctreasurer.com/inv/Policies/Iran%20Divestment%20Policy%20-%20enacted%202012-07-19.pdf.

SENATE BILL 455

Short Title:	Iran Divestment Act.	(Public)
Sponsors:	Senators Gunn (Primary Sponsor); Brock, Daniel, Hise, McInnis, Rabin, and Soucek.	
Referred to:	Rules and Operations of the Senate.	

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE IRAN DIVESTMENT ACT.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 143C of the General Statutes is amended by adding a new Article to read:

"Article 6A.

"Iran Divestment Act.

"**§ 143C-6A-1. Article title.**

This Article may be cited as the "Iran Divestment Act of 2015."

"**§ 143C-6A-2. Findings.**

The General Assembly finds that:

(1) Congress and the President have determined that the illicit nuclear activities of the Government of Iran, combined with its development of unconventional weapons and ballistic missiles, and its support of international terrorism, represent a serious threat to the security of the United States, Israel, and other United States allies in Europe, the Middle East, and around the world.

(2) The International Atomic Energy Agency has repeatedly called attention to Iran's unlawful nuclear activities, and, as a result, the United Nations Security Council has adopted a range of sanctions designed to encourage the Government of Iran to cease those activities and comply with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons.

(3) On July 1, 2010, President Barack Obama signed into law H.R. 2194, the "Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010" (Public Law 111-195), which expressly authorizes states and local governments to prevent investment in, including prohibiting entry into or renewing contracts with, companies operating in Iran's energy sector with investments that have the result of directly or indirectly supporting the efforts of the Government of Iran to achieve nuclear weapons capability.

(4) The serious and urgent nature of the threat from Iran demands that states, local governments, and private institutions work together with the federal government and American allies to do everything possible diplomatically, politically, and economically to prevent Iran from acquiring a nuclear weapons capability.

(5) Respect for human rights in Iran has steadily deteriorated as demonstrated by transparently fraudulent elections and the brutal repression and murder, arbitrary arrests, and show trials of peaceful dissidents.

(6) The concerns of the State of North Carolina regarding Iran are strictly the result of the actions of the Government of Iran and should not be construed as enmity towards the Iranian people.

(7) In order to effectively address the need for this State to respond to the policies of Iran in a uniform fashion, prohibiting contracts with persons engaged in investment activities in the energy sector of Iran must be accomplished on a statewide basis.

(8) It is the intent of the General Assembly to fully implement the authority granted under Section 202 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Public Law 111-195).

"**§ 143C-6A-3. Definitions.**

As used in this Article:

(1) "Energy sector of Iran" means activities to develop petroleum or natural gas resources or nuclear power in Iran.

(2) "Financial institution" means the term as used in Section 14 of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 § note).

(3) "Investment" means a commitment or contribution of funds or property, whatever the source, a loan or other extension of credit, and the entry into or renewal of a contract for goods or services. It does not include indirect beneficial ownership through index funds, commingled funds, limited partnerships, derivative instruments, or the like.

(4) "Investment activities in Iran" means a person engages in investment activities in Iran if:

a. The person provides goods or services of twenty million dollars ($20,000,000) or more in the energy sector of Iran, including a person that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran; or

b. The person is a financial institution that extends twenty million dollars ($20,000,000) or more in credit to another person, for 45 days or more, if that person will use the credit to provide goods or services in the energy sector in Iran and is identified on a list, created pursuant to G.S. 143C-6A-6, as a person engaging in investment activities in Iran as described in this section.

(5) "Iran" includes the Government of Iran and any agency or instrumentality of Iran.

(6) "Person" means any of the following:

a. A natural person, corporation, company, limited liability company, business association, partnership, society, trust, or any other nongovernmental entity, organization, or group.

b. Any governmental entity or instrumentality of a government, including a multilateral development institution, as defined in section 1701(c)(3) of the International Financial Institutions Act (22 U.S.C. § 262r(c)(3)).

c. Any successor, subunit, parent entity, or subsidiary of, or any entity under common ownership or control with, any entity described in sub-subdivisions (a) and (b) of this subdivision.

(7) "State agency" means any board, commission, department, executive department, officer, institution, and any political subdivision of the State.

"**§ 143C-6A-4. List of persons engaged in investment.**

(a) No more than 120 days after the effective date of this act, the Secretary of State shall develop or contract to develop, using credible information available to the public, a list of persons it determines engage in investment activities in Iran.

(b) The Secretary of State shall update the list every 180 days.

(c) Before finalizing an initial list or an updated list, the Secretary of State must do all of the following before a person is included on the list:

(1) Provide 90 days' written notice of the Secretary of State's intent to include the person on the list. The notice shall inform the person that inclusion on the list would make the person ineligible to contract with the State. The notice shall specify that the person, if it ceases its engagement in investment activities in Iran, may be removed from the list.

(2) The Secretary of State shall provide a person with an opportunity to comment in writing that it is not engaged in investment activities in Iran. If the person demonstrates to the Secretary of State that the person is not engaged in investment activities in Iran, the person shall not be included on the list.

(d) The Secretary of State shall make every effort to avoid erroneously including a person on the list.

"**§ 143C-6A-5. Certification required.**

(a) A State agency shall require a person that attempts to contract with the State or political subdivision of the State, including a contract renewal or assumption, to certify, at the time the bid is submitted or the contract is entered into, renewed, or assigned, that the person or the assignee is not identified on a list created pursuant to G.S. 143C-6A-5. A State agency shall include certification information in the procurement record.

(b) A person that contracts with the State or a political subdivision of the State, including a contract renewal or assumption, shall not utilize, on the contract with the State agency any subcontractor that is identified on a list created pursuant to G.S. 143C-6A-5.

(c) Upon receiving information that a person who has made the certification required by subsection (a) of this section is in violation thereof, the State agency shall review such information and offer the person an opportunity to respond. If the person fails to demonstrate that it has ceased its engagement in the investment which is in violation of this act within 90 days after the determination of such violation, then the State agency shall take such action as may be appropriate and provided for by law, rule, or contract.

"**§ 143C-6A-6. Restrictions on contracts with the State or subdivisions of the State.**

(a) A person that is identified on a list created pursuant to G.S. 143C-6A-4(a) as a person engaging in investment activities in Iran is ineligible to contract with the State or any political subdivision of the State.

(b) Any contract entered into with a person that is ineligible to contract with the State or any political subdivision of the State shall be void ab initio.

"**§ 143C-6A-7. Prohibition on State investment.**

(a) Neither the North Carolina Retirement Systems or the State Treasurer may invest funds with a person that is identified on a list created pursuant to G.S. 143C-6A-5 as a person engaging in investment activities in Iran.

(b) Any existing investments in violation of subsection (a) of this section as of the effective date of this act, must be divested within 120 days of the effective date of this act.

(c) Nothing in this section requires the North Carolina Retirement Systems or the State Treasurer to take action unless it is determined, in good faith, that the action is consistent with

the fiduciary responsibilities of the Retirement Systems and the State Treasurer and there are appropriated funds of the State to absorb the expenses necessary to implement this section.

"**§ 143C-6A-8. Exceptions.**

(a) G.S. 143C-6A-6 does not apply to contracts valued at one thousand dollars ($1,000) or less.

(b) Notwithstanding G.S. 143C-6A-6, a person engaged in investment activities in Iran may contract with the State or a political subdivision of the State, on a case-by-case basis, if:

(1) The investment activities in Iran were made before the effective date of this act, the investment activities in Iran have not been expanded or renewed after the effective date of this act, and the person has adopted, publicized, and is implementing a formal plan to cease the investment activities in Iran and to refrain from engaging in any new investments in Iran; or

(2) The State agency makes a determination that the commodities or services are necessary to perform its functions and that, absent such an exemption, the State agency would be unable to obtain the commodities or services for which the contract is offered. Such determination shall be entered into the procurement record.

(c) Notwithstanding G.S. 143C-6A-7, an investment may be made in a person engaged in investment activities in Iran, on a case-by-case basis, if:

(1) The investment activities in Iran were made before the effective date of this act, the investment activities in Iran have not been expanded or renewed after the effective date of this act, and the person has adopted, publicized, and is implementing a formal plan to cease the investment activities in Iran and to refrain from engaging in any new investments in Iran; or

(2) The investor makes a determination that the investments are necessary to perform its functions.

"**§ 143C-6A-9. Report; application.**

(a) The Secretary of State shall report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Governor annually by October 1, on the status of the federal "Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010" (Public Law 111-195), the "Iran Divestment Act of 2015," and any rules or regulations adopted thereunder.

(b) The restrictions provided for in this Article apply only until:

(1) the President or Congress of the United States, by means including, but not limited to, legislation, executive order, or written certification, declares that divestment of the type provided for in this Article interferes with the conduct of United States foreign policy; or

(2) Congress revokes authority to divest in the manner provided for in this Article."

SECTION 2. The Secretary of State shall submit to the Attorney General of the United States a written notice describing this act within 30 days after the effective date of this act.

SECTION 3. This act becomes effective October 1, 2015.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 679
PROPOSED COMMITTEE SUBSTITUTE S679-CSSU-12 [v.3]

4/13/2015 3:56:58 PM

Short Title: NC Consumer Finance Act Amendments. (Public)

Sponsors:

Referred to:

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR THE RECOVERY OF COURT COSTS AND RELATED COSTS UPON VOLUNTARY DISMISSAL AT THE REQUEST OF A BORROWER OF AN ACTION TO RECOVER A LOAN GRANTED UNDER THE NORTH CAROLINA CONSUMER FINANCE ACT OR UPON REDUCTION OF A LOAN MADE UNDER THE ACT TO JUDGMENT; TO CLARIFY THE MULTIPLE LOAN LIMITATIONS UNDER THE ACT; TO CLARIFY THE STATUTE RELATED TO WHETHER OR NOT BORROWERS ARE MEMBERS OF THE MILITARY PRIOR TO MAKING LOANS UNDER THE ACT; AND TO MAKE TECHNICAL AND CONFORMING CHANGES TO THE ACT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 53-177 is amended by adding a new subsection to read:

"(e) Recovery of Costs. – If a lender agrees, upon the written request of the borrower, to take a voluntary dismissal of an action to recover a loan made under this Article or if such a loan is reduced to a judgment, the lender may recover the statutory court costs incurred as well as any other reasonable and bona fide costs incurred in the course of bringing the action."

SECTION 2. G.S. 53-178 reads as rewritten:

"**§ 53-178. No further charges; no splitting contracts; certain contracts void.**

No further or other charges or insurance commissions shall be directly or indirectly contracted for or received by any ~~licensee~~ licensee, affiliate, parent, subsidiary or licensee under the same ownership, management, or control, whether partial or complete except those specifically authorized by this ~~Article or~~ Article, by the Commissioner under ~~G.S. 53-172.~~ G.S. 53-172 or any other statute. No licensee shall divide into separate parts any contract made for the purpose of or with the effect of obtaining interest or charges in excess of those authorized by this Article. All balances due to a licensee from any person as a borrower or as an endorser, guarantor or surety for any borrower or ~~otherwise, or due from any husband or wife,~~ otherwise jointly or severally, shall be considered a part of any loan being made by a licensee to such person for the purpose of computing interest or charges."

SECTION 3. G.S. 53-179 is repealed.

SECTION 4. G.S. 53-180.1 reads as rewritten:

"**§ 53-180.1. Military service members limitation.**

(a) Definition. – For purposes of this section, the term ~~"military~~ "covered military service member" means a member of the Armed Forces who is either (i) on active duty under a call or order that does not specify a period of 30 days or fewer or (ii) on active Guard and Reserve Duty, as that term is defined in ~~10 U.S.C. § 101(d)(6).~~ 10 U.S.C. § 101(d)(6), with a rank of E4 or below.

(b) ~~Verification;~~ Requirements for Granting Loan. – ~~Prior to making a loan under this Article, a licensee will confirm whether the borrower is a military service member and document this in the person's loan file.~~ A licensee may not make a loan to a borrower who is a covered military service member with a rank of E4 or below ~~("covered member")~~ unless the following requirements are met:

(1) The licensee notifies the borrower's ~~company-level commander~~ Commanding Officer or Executive Officer or equivalent designee of the covered member before the loan is consummated. Notification may occur verbally, by electronic means, United States mail, or other equivalent methods of notification. The notification method and date shall be recorded in writing and included in the loan file along with the name of the company-level commander or equivalent designee communicated with and the date of the communication with the ~~company-level commander~~ Commanding Officer or Executive Officer or equivalent designee.

(2) The licensee shall deposit in the United States mail a copy of the federal Truth in Lending Act, 15 U.S.C. § 1601, et seq., disclosures and the complete contract for the loan addressed to the borrower's company-level commander or equivalent designee of the covered member within five business days of the consummation of the loan.

(3) A covered member who has entered into a loan contract made pursuant to this Article may, within 30 days of entering into the loan contract, rescind the loan contract by returning to the licensee in cash or by certified bank check the amount advanced to or for the benefit of the covered member under the loan contract, and upon delivery of those funds to the licensee, the borrower shall have no further liability or obligations under the loan contract. Nothing in this provision shall be construed to restrict or eliminate any other penalties provided by State or federal law.

(4) The licensee shall give the covered member a separate disclosure that includes the statements and information required under G.S. 53-181(a). The licensee shall include the name and address of the North Carolina Commissioner of Banks, the Consumer Protection Division of the North Carolina Department of Justice, and the Consumer Financial Protection Bureau. The licensee may include internal compliance information on the same disclosure.

(5) Notwithstanding section 2 of Title 9 of the United States Code, 9 U.S.C. § 2, or any other federal or State law, rule, or regulation, no agreement to arbitrate any dispute involving the extension of consumer credit shall be enforceable against any covered member or dependent of such a member or any person who was a covered member or dependent of that member when the agreement was made.

~~(6) A licensee shall take reasonable precaution to prevent making loans in violation of this section. In the event that a licensee does not take reasonable precautions to identify covered members prior to making a loan, such loans granted to covered members shall have the interest rate on the loan adjusted to eight percent (8%) per annum.~~

(b1) Reasonable Precautions to Identify Covered Members. – A licensee shall take reasonable precautions to prevent making loans in violation of this section. In the event that a licensee does not take reasonable precautions to identify covered members prior to making a loan, such loans granted to covered members shall have the interest rate on the loan adjusted to eight percent (8%) per annum. Reasonable precautions may include obtaining a copy of a

Department of Defense certificate verifying the borrower is not in the military, obtaining a copy of a most recent payroll or leave and earnings statement, or verification of income.

(c) Penalties and Remedies. –

(1) The remedies and rights provided under this section are in addition to and do not preclude any remedy otherwise available under law to the person claiming relief under this section, including any incidental, consequential, or punitive damages.

(2) Any credit agreement, promissory note, or other contract prohibited under this section is null and void.

(3) Nothing in this section may be construed to limit or otherwise affect the applicability of section 207 of the Servicemembers Civil Relief Act, 50 U.S.C. App. § 527.

(d) Additional Restriction. – When a military servicemember has been deployed to a theater of combat, combat supporting role, an area where hostile fire and/or when Imminent Danger Pay is authorized to the servicemember, a licensee shall not contact the military servicemember or member's spouse by telephone or electronic mail for purposes of collecting on the loan upon receiving sufficient proof of the military servicemember's deployment. An official copy of the military service member's orders for deployment or written verification from the servicemember's commanding officer shall constitute sufficient proof."

SECTION 5. G.S. 53-190 reads as rewritten:

"**§ 53-190. Loans made elsewhere.**

(a) No loan contract made outside this State in the amount or of the value of ~~ten thousand dollars ($10,000)~~ fifteen thousand dollars ($15,000) or less, for which greater consideration or charges than are authorized by G.S. 53-173 and G.S. 53-176 of this Article have been charged, contracted for, or received, shall be enforced in this State. Provided, the foregoing shall not apply to loan contracts in which all contractual activities, including solicitation, discussion, negotiation, offer, acceptance, signing of documents, and delivery and receipt of funds, occur entirely outside North Carolina.

(b) If any lender or agent of a lender who makes loan contracts outside this State in the amount or of the value of ~~ten thousand dollars ($10,000)~~ fifteen thousand dollars ($15,000) or less, comes into this State to solicit or otherwise conduct activities in regard to such loan contracts, then such lender shall be subject to the requirements of this Article.

(c) No lender licensed to do business under this Article may collect, or cause to be collected, any loan made by a lender in another state to a borrower, who was a legal resident of North Carolina at the time the loan was made. The purchase of a loan account shall not alter this prohibition."

SECTION 6. This act becomes effective July 1, 2015.

SENATE BILL 679:
NC Consumer Finance Act Amendments

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 14, 2015
Introduced by:	Sens. Gunn, Newton, D. Davis	**Prepared by:**	Wendy Graf Ray Committee Counsel
Analysis of:	PCS to First Edition S679-CSSU-12		

SUMMARY: The Proposed Committee Substitute for Senate Bill 679 would make the following changes to the Consumer Finance Act:

- ***Allow for recovery of court costs by lenders in certain actions to recover loans.***
- ***Make clarifying changes to provisions pertaining to multiple loan contracts and repeal a separate statute limiting loans in multiple offices that refers to loan limits that no longer exist after the Act was amended in 2013.***
- ***Make clarifying changes to provisions that require additional notice and restrictions for borrowers who are military service members.***
- ***Make a conforming change to a provision on enforcement of loans made outside of the State to match the loan amounts allowed under the Act as amended in 2013.***

CURRENT LAW: Under current law, the North Carolina Consumer Finance Act (Article 15, Chapter 53) is the only State law that specifically authorizes nonbank lenders to make small unsecured loans. This Act authorizes the Commissioner of Banks to license and to supervise loan companies that make direct consumer loans of $15,000 or less. The Act sets out terms and interest rates and permissible fees and charges, provides limitations on agreements and practices, and provides for additional requirements and restrictions for lenders making loans to military service members. Lenders that do not charge interest rates higher than those permitted by Chapter 24 are exempt from this Act. Also exempted are banks, trust companies, savings and loan associations, cooperative credit unions, agricultural credit corporations, production credit associations, pawnbrokers, and installment paper dealers.

In 2013, the General Assembly passed legislation that amended the Consumer Finance Act. S.L. 2013-162 increased the maximum loan amount authorized under the act, modified the interest rates, authorized some additional fees, placed additional requirements on lenders, and specifically provided requirements and restrictions for lenders entering into loan agreements with military service members.

BILL ANALYSIS: The PCS for Senate Bill 679 would make clarifying changes to the North Carolina Consumer Finance Act following the 2013 revision of the Act.

Recovery of costs. Section 1 would allow a lender to recover court costs and other reasonable costs incurred in bringing an action to recover a loan if the lender agrees to a voluntary dismissal of the action or if the loan is reduced to a judgment.

Multiple loans. Sections 2 and 3 would make clarifying changes to provisions prohibiting splitting contracts and multiple contracts and repeal a separate section, G.S. 53-179, which prohibits multiple contracts in multiple offices but references loan limits that were repealed in 2013.

Limitations for military members. Section 4 would make clarifying changes to protections that were put into place in 2013 specific to borrowers who are military service members. It would reorganize language to make clear the definition of "covered" member is a military service member with a rank of E4 or below, allow for notification of the borrower's Commanding Officer or Executive Officer, and give specific examples of acceptable documentation for identifying covered members.

Out of state loans. Section 5 would make a conforming change to the statutory provision in the Act related to enforcement of loans made out of State by raising the maximum amount for those loans to match the maximum now allowed in North Carolina under the Act.

EFFECTIVE DATE: The act would become effective July 1, 2015.

SENATE BILL 679

Short Title:	NC Consumer Finance Act Amendments.	(Public)
Sponsors:	Senators Gunn, Newton, and D. Davis (Primary Sponsors).	
Referred to:	Commerce.	

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR THE RECOVERY OF COURT COSTS AND RELATED COSTS UPON VOLUNTARY DISMISSAL AT THE REQUEST OF A BORROWER OF AN ACTION TO RECOVER PAYMENTS DUE UNDER A LOAN GRANTED UNDER THE NORTH CAROLINA CONSUMER FINANCE ACT OR UPON REDUCTION OF A LOAN ISSUED UNDER THE ACT TO JUDGMENT; TO CLARIFY THE MULTIPLE LOAN LIMITATIONS UNDER THE ACT; TO CLARIFY THE STATUTE RELATED TO WHETHER OR NOT BORROWERS ARE MEMBERS OF THE MILITARY PRIOR TO MAKING LOANS UNDER THE ACT; AND TO MAKE TECHNICAL AND CONFORMING CHANGES TO THE ACT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 53-177 is amended by adding a new subsection to read:

"(e) Recovery of Costs. – If a lender agrees, upon the written request of the borrower, to take a voluntary dismissal of an action to recover payments due under a loan issued pursuant to this Article or if such a loan is reduced to a judgment, the lender may recover the statutory court costs incurred as well as any other reasonable and bona fide costs incurred in the course of bringing the action."

SECTION 2. G.S. 53-178 reads as rewritten:

"**§ 53-178. No further charges; no splitting contracts; certain contracts void.**

No further or other charges or insurance commissions shall be directly or indirectly contracted for or received by any ~~licensee~~ licensee, affiliate, parent, subsidiary or licensee under the same ownership, management, or control, whether partial or complete except those specifically authorized by this ~~Article or~~ Article, by the Commissioner under ~~G.S. 53-172.~~ G.S. 53-172 or any other statute. No licensee shall divide into separate parts any contract made for the purpose of or with the effect of obtaining interest or charges in excess of those authorized by this Article. All balances due to a licensee from any person as a borrower or as an endorser, guarantor or surety for any borrower or ~~otherwise, or due from any husband or wife,~~ otherwise jointly or severally, shall be considered a part of any loan being made by a licensee to such person for the purpose of computing interest or charges."

SECTION 3. G.S. 53-179 is repealed.

SECTION 4. G.S. 53-180.1 reads as rewritten:

"**§ 53-180.1. Military service members limitation.**

(a) Definition. – For purposes of this section, the term "military service member" means a member of the Armed Forces who is either (i) on active duty under a call or order that does not specify a period of 30 days or fewer or (ii) on active Guard and Reserve Duty, as that term is defined in ~~10 U.S.C. § 101(d)(6).~~10 U.S.C. § 101(d)(6), with a rank of E4 or below.

(b) ~~Verification;~~ Requirements for Granting Loan. – ~~Prior to making a loan under this Article, a licensee will confirm whether the borrower is a military service member and document this in the person's loan file.~~ A licensee may not make a loan to a borrower who is a covered military service member with a rank of E4 or below ~~("covered member")~~ unless the following requirements are met:

(1) The licensee notifies the borrower's company-level commander or equivalent designee of the covered member before the loan is consummated. Notification may occur verbally, by electronic means, United States mail, or other equivalent methods of notification. The notification method and date shall be recorded in writing and included in the loan file along with the name of the company-level commander or equivalent designee communicated with and the date of the communication with the company-level commander or equivalent designee.

(2) The licensee shall deposit in the United States mail a copy of the federal Truth in Lending Act, 15 U.S.C. § 1601, et seq., disclosures and the complete contract for the loan addressed to the borrower's company-level commander or equivalent designee of the covered member within five business days of the consummation of the loan.

(3) A covered member who has entered into a loan contract made pursuant to this Article may, within 30 days of entering into the loan contract, rescind the loan contract by returning to the licensee in cash or by certified bank check the amount advanced to or for the benefit of the covered member under the loan contract, and upon delivery of those funds to the licensee, the borrower shall have no further liability or obligations under the loan contract. Nothing in this provision shall be construed to restrict or eliminate any other penalties provided by State or federal law.

(4) The licensee shall give the covered member a separate disclosure that includes the statements and information required under G.S. 53-181(a). The licensee shall include the name and address of the North Carolina Commissioner of Banks, the Consumer Protection Division of the North Carolina Department of Justice, and the Consumer Financial Protection Bureau. The licensee may include internal compliance information on the same disclosure.

(5) Notwithstanding section 2 of Title 9 of the United States Code, 9 U.S.C. § 2, or any other federal or State law, rule, or regulation, no agreement to arbitrate any dispute involving the extension of consumer credit shall be enforceable against any covered member or dependent of such a member or any person who was a covered member or dependent of that member when the agreement was made.

~~(6) A licensee shall take reasonable precaution to prevent making loans in violation of this section. In the event that a licensee does not take reasonable precautions to identify covered members prior to making a loan, such loans granted to covered members shall have the interest rate on the loan adjusted to eight percent (8%) per annum.~~

(b1) Reasonable Precautions to Identify Covered Members. – A licensee shall take reasonable precaution to prevent making loans in violation of this section. In the event that a licensee does not take reasonable precautions to identify covered members prior to making a loan, such loans granted to covered members shall have the interest rate on the loan adjusted to eight percent (8%) per annum. Reasonable precaution may include obtaining a copy of a Department of Defense certificate verifying the borrower is not in the military, obtaining a

copy of a military service member's most recent leave and earnings statement, or verification of income.

(c) Penalties and Remedies. –

(1) The remedies and rights provided under this section are in addition to and do not preclude any remedy otherwise available under law to the person claiming relief under this section, including any incidental, consequential, or punitive damages.

(2) Any credit agreement, promissory note, or other contract prohibited under this section is null and void.

(3) Nothing in this section may be construed to limit or otherwise affect the applicability of section 207 of the Servicemembers Civil Relief Act, 50 U.S.C. App. § 527.

(d) Additional Restriction. – When a military servicemember has been deployed to a theater of combat, combat supporting role, an area where hostile fire and/or when Imminent Danger Pay is authorized to the servicemember, a licensee shall not contact the military servicemember or member's spouse by telephone or electronic mail for purposes of collecting on the loan upon receiving sufficient proof of the military servicemember's deployment. An official copy of the military service member's orders for deployment or written verification from the servicemember's commanding officer shall constitute sufficient proof."

SECTION 5. G.S. 53-190 reads as rewritten:

"**§ 53-190. Loans made elsewhere.**

(a) No loan contract made outside this State in the amount or of the value of ~~ten thousand dollars ($10,000)~~ fifteen thousand dollars ($15,000) or less, for which greater consideration or charges than are authorized by G.S. 53-173 and G.S. 53-176 of this Article have been charged, contracted for, or received, shall be enforced in this State. Provided, the foregoing shall not apply to loan contracts in which all contractual activities, including solicitation, discussion, negotiation, offer, acceptance, signing of documents, and delivery and receipt of funds, occur entirely outside North Carolina.

(b) If any lender or agent of a lender who makes loan contracts outside this State in the amount or of the value of ~~ten thousand dollars ($10,000)~~ fifteen thousand dollars ($15,000) or less, comes into this State to solicit or otherwise conduct activities in regard to such loan contracts, then such lender shall be subject to the requirements of this Article.

(c) No lender licensed to do business under this Article may collect, or cause to be collected, any loan made by a lender in another state to a borrower, who was a legal resident of North Carolina at the time the loan was made. The purchase of a loan account shall not alter this prohibition."

SECTION 6. This act becomes effective July 1, 2015.

SENATE BILL 682:
Modify Sunset Re: Contingent Audits

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 14, 2015
Introduced by:	Sens. Gunn, Clark	**Prepared by:**	Trina Griffin
Analysis of:	First Edition		Committee Counsel

SUMMARY: ***Senate Bill 682 would make permanent the prohibition, established in 2012, on local governments from using third-party contractors paid on a contingent fee basis for audit and assessment purposes.***

CURRENT LAW: In 2012, the General Assembly enacted legislation prohibiting the Department of Revenue, local governments, and the Treasurer's Office from using third parties paid on a contingent fee basis for audit and assessment purposes. Specifically, the limitations were as follows:

Department of Revenue. – Effective October 1, 2012, the Department is prohibited from employing an agent paid on a contingent fee basis to determine the tax liability of any taxpayer. This prohibition does not apply to the use of third parties by the Department for the collection of tax debts owed.

Treasurer's Office. – Effective October 1, 2012, the Treasurer's Office is prohibited from contracting with entities paid on a contingent fee basis for administration of the Unclaimed Property Act. The Treasurer's Office may contract on a contingent fee basis with entities to conduct audits of life insurance companies where the audit is being conducted for the purpose of identifying unclaimed death benefits or to conduct audits of holders of unredeemed bond funds. The Treasurer's Office may also use funds from the Escheat Fund to pay for consultants possessing specialized skills or knowledge to conduct audits for the administration of the Unclaimed Property Act.

Local Governments. – Effective July 1, 2013, counties are prohibited from employing entities paid on a contingency basis to assist a county tax assessor. Cities and counties are also prohibited from employing agents paid on a contingent fee basis to determine the tax liability of any taxpayer. These prohibitions are scheduled to sunset on July 1, 2015.

BILL ANALYSIS: Senate Bill 682 would remove the sunset with respect to the prohibition on local governments from using third parties on a contingent fee basis, making the prohibition permanent.

EFFECTIVE DATE: This act is effective when it becomes law.

SENATE BILL 682

Short Title:	Modify Sunset Re: Contingent Audits.	(Public)
Sponsors:	Senators Gunn and Clark (Primary Sponsors).	
Referred to:	Commerce.	

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO LIMIT USE OF CONTINGENT-BASED CONTRACTS FOR AUDIT OR ASSESSMENT PURPOSES.

The General Assembly of North Carolina enacts:

SECTION 1. Section 6 of S.L. 2012-152, as amended by Section 61.5(b) of S.L. 2012-194, reads as rewritten:

"**SECTION 6.** Sections 1, 3, and 3.1 of this act become effective October 1, 2012. The Treasurer shall not renew any contingency fee-based contracts for these services after October 1, 2012. The Treasurer shall not assign further audits on a contingency fee basis to an auditing firm under a contract that meets all the following conditions: (i) the contract would have been prohibited under this act had the contract been entered into after October 1, 2012, and (ii) the contract allows the assignment of audits on a discretionary basis by the Treasurer. Sections 2, 4, and 5 of this act become effective July 1, ~~2013, and expire July 1, 2015. From~~2013. After July 1, 2013, ~~until July 1, 2015,~~ cities and counties shall not renew any contingency fee-based contracts for these services. ~~From~~ After July 1, 2013, ~~until July 1, 2015,~~ cities and counties shall not assign further audits on a contingency fee basis to an auditing firm under a contract that meets all the following conditions: (i) the contract would have been prohibited under this act had the contract been entered into after July 1, 2013, and (ii) the contract allows the assignment of audits on a discretionary basis. The remainder of the act is effective when the act becomes law."

SECTION 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 7
Health Care Committee Substitute Adopted 3/10/15
PROPOSED COMMITTEE SUBSTITUTE S7-CSSU-6 [v.3]
4/13/2015 5:19:34 PM

Short Title: Allow Seating for Food Stand Customers. (Public)

Sponsors:

Referred to:

February 2, 2015

A BILL TO BE ENTITLED

AN ACT ALLOWING FOOD STANDS TO PROVIDE TABLES AND CHAIRS FOR CUSTOMERS TO USE WHILE CONSUMING DRINKS OR FOOD UPON THE PREMISES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-248 is amended by adding a new subsection to read:

"(a6) Notwithstanding any provision of this Part or any rules adopted pursuant to G.S. 130A-335(e), a permitted food stand may elect to provide tables and not more than eight seats for customers to use while eating or drinking on the premises. Addition of seats under this subsection shall not require further evaluation of the adequacy of the approved sanitary sewage system."

SECTION 2. This act becomes effective October 1, 2015.

SENATE BILL 7:
Allow Seating for Food Stand Customers

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 14, 2015
Introduced by:	Sen. Tillman	**Prepared by:**	Wendy Graf Ray
Analysis of:	PCS to Second Edition S7-CSSU-6		Committee Counsel

SUMMARY: ***The Proposed Committee Substitute for Senate Bill 7 would allow a food stand to provide tables and up to eight seats for customers eating or drinking on the premises without requiring the additional sewage capacity that would apply to restaurants.***

CURRENT LAW: G.S. 130A-248 requires the Commission for Public Health to adopt rules governing the sanitation of establishments that prepare or serve drink or food for pay. All food establishments must obtain a permit, and no permit is issued until an evaluation by the regulatory authority shows that the establishment is in compliance. Under current rules, a "food stand" is defined as a food establishment that prepares or serves food and that does not provide seating facilities for customers to use while eating or drinking. A "restaurant" is a food establishment that prepares or serves food and provides seating.

G.S. 130A-335 requires the rules of the Commission and the rules of the local board of health to address specified items related to wastewater collection, treatment, and disposal systems. The design of a sewage treatment and disposal system is based on the type and use of the establishment. Flow rates for various establishments including restaurants and food stands are outlined in the rules, and restaurants require a higher level of sewage capacity than food stands.

BILL ANALYSIS: The PCS for Senate Bill 7 would allow a permitted food stand to provide tables and up to eight seats for customers without requiring further evaluation of the adequacy of the approved sewage system, as would be required generally for food establishments that provide seating.

EFFECTIVE DATE: The act would become effective October 1, 2015.

SENATE BILL 7
Health Care Committee Substitute Adopted 3/10/15

Short Title: Allow Seating for Food Stand Customers. (Public)

Sponsors:

Referred to:

February 2, 2015

A BILL TO BE ENTITLED

AN ACT ALLOWING FOOD STANDS TO PROVIDE TABLES AND CHAIRS FOR CUSTOMERS TO USE WHILE CONSUMING DRINKS OR FOOD UPON THE PREMISES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-248 is amended by adding a new subsection to read:

"(a6) Notwithstanding any provision of this Part or any rules adopted pursuant to G.S. 130A-335(e), a food stand may elect to provide tables and chairs for customers to use while eating or drinking on the premises without obtaining a restaurant permit, unless the Department of Health and Human Services demonstrates that this type of seating arrangement poses a threat to public health and safety."

SECTION 2. This act becomes effective October 1, 2015.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S D

SENATE BILL 22
PROPOSED COMMITTEE SUBSTITUTE S22-CSTU-7 [v.9]

4/13/2015 3:11:05 PM

Short Title: Historic Artifact Mgt. and Patriotism Act. (Public)

Sponsors:

Referred to:

February 4, 2015

A BILL TO BE ENTITLED

AN ACT TO ENSURE RESPECTFUL TREATMENT OF THE AMERICAN FLAG AND THE NORTH CAROLINA FLAG BY STATE AGENCIES AND OTHER POLITICAL SUBDIVISIONS OF THE STATE; TO ESTABLISH THE DIVISION OF VETERANS AFFAIRS AS THE CLEARINGHOUSE FOR THE DISPOSAL OF WORN, TATTERED, AND DAMAGED FLAGS; AND TO TRANSFER CUSTODY OF CERTAIN HISTORIC DOCUMENTS IN THE POSSESSION OF THE OFFICE OF THE SECRETARY OF STATE TO THE DEPARTMENT OF CULTURAL RESOURCES AND TO FACILITATE PUBLIC OPPORTUNITY TO VIEW THESE DOCUMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as the Cultural History Artifact Management and Patriotism Act of 2015.

SECTION 2. G.S. 144-5 reads as rewritten:

"**§ 144-5. Flags to conform to ~~law.~~law; display and handling of a flag of the United States of America or the State of North Carolina by State agencies and other political subdivisions of the State.**

(a) No State flag ~~shall be~~ is allowed in or over any building here mentioned unless ~~such~~ the flag conforms to the description of the State flag contained in this ~~chapter.~~ Chapter.

(b) A flag of the United States of America or the State of North Carolina in the possession of a State agency or a political subdivision of the State shall be handled, displayed, and stored in accordance with the federal Flag Code, 4 U.S.C. §§ 1-10. An employee of a State agency or a political subdivision who violates this subsection is responsible for an infraction."

SECTION 3. G.S. 144-9 reads as rewritten:

"**§ 144-9. Retirement of ~~State flag.~~of a flag of the United States of America or the State of North Carolina.**

(a) A State agency or a political subdivision of the State in possession of a flag of the United States of America or the State of North Carolina that is no longer a fitting emblem for display because it is worn, tattered, or otherwise damaged may deliver the flag to the Division of Veterans Affairs in the Department of Administration for disposal. The Division shall accept a flag delivered to it and shall make arrangements for its respectful disposal.

(b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or otherwise damaged flag of the United States of America or the State of North Carolina from a citizen of the State and shall make arrangements for its respectful disposal. The Division shall establish a flag retirement program to encourage citizens to send in or drop off such flags at the Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and may establish other locations for flag drop off as it deems appropriate. The Division shall

advertise the flag retirement program on its Web site and by printed posters placed at all flag drop off locations. On or before December 31, 2016, and annually thereafter, the Division shall report the number of flags received under the program to the Joint Legislative Committee on Governmental Operations.

(c) An official flag of the State that is no longer a fitting emblem for display because it is worn, tattered, or otherwise damaged may be respectfully retired by fire."

SECTION 4. G.S. 147-36 reads as rewritten:

"**§ 147-36. Duties of Secretary of State.**

It is the duty of the Secretary of State:

(1) To perform such duties as may then be devolved upon the Secretary by resolution of the two houses of the General Assembly or either of ~~them;~~them.

(2) To attend the Governor, whenever required by the Governor, for the purpose of receiving documents ~~which~~ that have passed the great ~~seal;~~seal.

(3) To receive and keep all conveyances and mortgages belonging to the ~~State;~~State.

(4) To distribute annually the statutes and the legislative ~~journals;~~ journals.

(5) To distribute the acts of Congress received at the Secretary's office in the manner prescribed for the statutes of the ~~State;~~State.

(6) To keep a receipt book, in which the Secretary shall take from every person to whom a grant shall be delivered, a receipt for the same; but may ~~inclose~~ enclose grants by mail in a registered letter at the expense of the grantee, unless otherwise directed, first entering the same upon the receipt ~~book;~~book.

(7) To issue charters and all necessary certificates for the incorporation, domestication, suspension, reinstatement, cancellation and dissolution of corporations as may be required by the corporation laws of the State and maintain a record ~~thereof;~~of the charters and necessary certificates issued.

(8) To issue certificates of registration of trademarks, labels and designs as may be required by law and maintain a record ~~thereof;~~of those certificates of registration.

(9) To maintain a Division of Publications to compile data on the State's several governmental agencies and for legislative ~~reference;~~reference.

(10) To receive, enroll and safely preserve the current edition of the State Constitution ~~of the State~~ and all amendments ~~thereto~~ to that edition, and to transfer previous editions of the State Constitution and amendments to those editions to the Department of Cultural Resources for preservation and safe keeping in the State Archives.

(11) To serve as a member of such boards and commissions as the Constitution and laws of the State may ~~designate;~~designate.

(12) To administer the Securities Law of the State, regulating the issuance and sale of securities, as is now or may be ~~directed;~~directed.

(13) To receive and keep all oaths of public officials required by law to be filed in the Secretary's office, and as Secretary of State, ~~is fully empowered~~ to administer official oaths to any public official of whom an oath is ~~required;~~required.

(14) To receive and maintain a journal of all appointments made to any State board, agency, commission, council or authority ~~which~~ that is filed in the office of the Secretary of ~~State;~~State.

(15) To regulate the solicitation of contributions pursuant to Chapter 131F of the General ~~Statutes; and~~Statutes.

(16) To apply for and accept grants from the federal government and its agencies and from any foundation, corporation, association, or individual in order to effectuate the purposes of the Nonprofit Corporation Act, Chapter 55A of the General Statutes, and to further aid in the operation and development of nonprofit corporations. The Secretary shall comply with the terms, conditions, and limitations of grants applied for and accepted and shall expend grant funds pursuant to Chapter 143C of the General Statutes, The State Budget Act."

SECTION 5. On or before August 1, 2015, the Department of Cultural Resources shall provide the Secretary of State with written guidelines to assist the Secretary in the preparation of a written inventory of all records of historical interest in the Secretary's custody. On or before December 31, 2015, the Secretary of State shall provide the Department of Cultural Resources a written inventory of all records of historical interest in the Secretary's custody in accordance with the guidelines provided by the Department. On or before March 1, 2016, the Department of Cultural Resources shall, based on the written inventory, identify the records that are appropriate for transfer to the Department for preservation and safekeeping in the State Archives.

SECTION 6. The Secretary of State shall transfer to the Department of Cultural Resources the original copies of the State Constitution and amendments to the State Constitution and ratified amendments to the United States Constitution. On or before July 1, 2016, the Secretary of State shall transfer any other historical records in its custody identified by the Department of Cultural Resources as being appropriate for preservation and safekeeping in the State Archives. The Department of Cultural Resources shall provide the Secretary with duplicate copies of all documents transferred from the Secretary to the Department.

SECTION 7. In 2016, the Department of Cultural Resources shall arrange for public displays of, and programs related to, the United States Constitution and amendments and related historical materials to commemorate the 240th anniversary of the signing of the Declaration of Independence. In 2016, the Department also shall arrange for public displays of, and programs related to, the State Constitutions and amendments, to coincide with the 240th anniversary of the ratification of North Carolina's first Constitution by the Fifth Provincial Congress. The Department also may consider taking all or part of the displays on a tour of the State. The Department is authorized to accept non-State funds including donations, fundraising sponsorships, and funding from other sources to defray the costs of these exhibits.

SECTION 8. Sections 2, 3, 4, and 6 of this act become effective December 1, 2015. The remainder of this act is effective when it becomes law.

SENATE BILL 22:
Historic Artifact Mgt. and Patriotism Act

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 14, 2015
Introduced by:	Sens. Soucek, Tucker, J. Davis	**Prepared by:**	Kristen Harris and Trina Griffin Committee Counsel
Analysis of:	PCS to First Edition S22-CSTU-7		

SUMMARY: The Proposed Committee Substitute to Senate Bill 22 would do the following:

- ***Establish laws for the handling, display, storage and retirement of both the United States and the North Carolina flags by State agencies and other political subdivisions of the State.***
- ***Require the Division of Veterans Affairs to establish a flag retirement program.***
- ***Require the Secretary of the State to transfer the historical editions of the State Constitution and certain other documents to the Department of Cultural Resources.***
- ***Require the Department of Cultural Resources in 2016 to arrange programs and public displays of the North Carolina and United States Constitutions and their amendments and related documents.***

HANDLING OF THE UNITED STATES AND NORTH CAROLINA FLAGS

CURRENT LAW: Chapter 144 of the General Statutes identifies the characteristics of the official North Carolina flag and sets out the requirements as to when the flag should be displayed in and on public buildings. It also provides that the preferred method for retiring a State flag no longer fit for display is by fire.

Federal guidelines related to the treatment of the United States flag are contained in Chapter 1, Title 4 of the United States Code, which is commonly referred to as the Flag Code (Code). The Code includes instruction and rules on topics such as the pledge of allegiance, display and use of the flag by civilians, time and occasions for display, position and manner of display, and how to show respect for the flag. The Code also grants to the President the authority to modify the rules governing the flag. The Code is designed for the use of civilian groups or organizations, which are not necessarily required to conform to regulations promulgated by one or more executive departments of the federal government. The Code does not prescribe any penalties for non-compliance, nor does it include enforcement provisions; rather, the Code functions as a guide to be voluntarily followed by civilians and civilian groups.

Like North Carolina law, the federal Code provides that when a flag is no longer a fitting emblem for display, it should be destroyed in a dignified way, preferably by burning. Organizations including the American Legion, the Veterans of Foreign Wars, the Boy Scouts of America, and the Girl Scouts of the USA conduct flag retirement ceremonies.

BILL ANALYSIS:

Handling of Flags

Section 2 would require State agencies and other political subdivisions of the State to handle, display and store North Carolina and United States flags in accordance with the Unites States Flag Code. A failure by a State or local employee to do so would be punishable as an infraction. An infraction is defined in G.S. 14-3.1 as a noncriminal violation of law, not punishable by imprisonment, subject to a penalty of not more than $100.

Retirement of Flags

Section 3 would do two things. First, it would permit State agencies and other political subdivisions of the State to deliver North Carolina and United States flags to the Division of Veterans Affairs when ready for retirement. The Division would be responsible for accepting and arranging for the flags' respectful disposal.

Second, it would require the Division to establish a flag retirement program in which citizens could send in or drop off flags at certain locations at no cost.[1] The Division would have to advertise the program and on or before December 31, 2016, and annually thereafter, report the number of flags it receives to the Joint Legislative Committee on Governmental Operations.

TRANSFER OF HISTORIC DOCUMENTS

CURRENT LAW: It is the duty of the Secretary of the State to receive, enroll, and preserve the State Constitution and all amendments.

BILL ANALYSIS:

Transfer of Documents

Sections 5 and 6 would require the Department of Cultural Resources, by August 1, 2015, to define guidelines to assist the Secretary of State with preparing a written inventory of all records of historic interest in possession of the Secretary that are appropriate to be transferred to the Department. By December 31, 2015, the Secretary of State would be required to provide to the Department of Cultural Resources, a written inventory of all records of historical interest in its possession using the Department's guidelines. The Department would then identify, from that inventory, the documents it believes should be transferred to the State Archives for preservation and safekeeping. By December 1, 2015, the Secretary would be required to transfer to the Department historical editions of the State Constitution, any amendments to those editions, and ratified amendments to the federal Constitution. The Secretary would have until July 1, 2016, to transfer other records of historical interest identified by the Department to be kept in the State Archives. The Secretary would receive copies of all documents transferred.

Section 4 modifies the duties of the Secretary of State to reflect the changes under this bill. Specifically, the Secretary would continue to receive, enroll, and preserve the currently adopted edition of the State Constitution and all of its amendments but would transfer previous editions and amendments to those editions to the Department of Cultural Resources.

2016 Displays and Programs

Section 7 would require the Department, in 2016, to arrange programs and public displays of the North Carolina and United States Constitutions and their amendments and related documents to commemorate the 240th anniversaries of the signing of the Declaration of Independence and the ratification of North Carolina's first Constitution. The Department would be authorized to participate in certain fundraising methods.

EFFECTIVE DATE: Sections 2, 3, 4, and 6 of the act would become effective December 1, 2015. The remainder of this act would be effective when it becomes law.

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[1] Locations include the Division's Raleigh office and its Veterans Homes and Cemeteries. The Homes are located in Fayetteville, Salisbury, Kinston, and Black Mountain. The Cemeteries are located in Jacksonville, Spring Lake, and Black Mountain with one under construction in Goldsboro.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 22

Short Title:	Historic Artifact Mgt. and Patriotism Act.	(Public)
Sponsors:	Senators Soucek, Tucker, J. Davis (Primary Sponsors); Daniel, B. Jackson, Krawiec, Newton, Pate, and Rabin.	
Referred to:	Rules and Operations of the Senate.	

February 4, 2015

A BILL TO BE ENTITLED

AN ACT TO ENSURE RESPECTFUL TREATMENT OF THE NORTH CAROLINA FLAG AND AMERICAN FLAG BY STATE AGENCIES AND OTHER POLITICAL SUBDIVISIONS OF THE STATE; TO ESTABLISH THE DIVISION OF VETERANS AFFAIRS AS THE CLEARINGHOUSE FOR THE DISPOSAL OF WORN, TATTERED, AND DAMAGED FLAGS; AND TO TRANSFER CUSTODY OF CERTAIN HISTORIC DOCUMENTS IN THE POSSESSION OF THE OFFICE OF THE SECRETARY OF STATE TO THE DEPARTMENT OF CULTURAL RESOURCES AND TO FACILITATE PUBLIC OPPORTUNITY TO VIEW THESE DOCUMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as the Cultural History Artifact Management and Patriotism Act of 2015.

SECTION 2. G.S. 144-5 reads as rewritten:

"**§ 144-5. Flags to conform to ~~law.~~law; display and handling of the flag of the United States of America and the State of North Carolina by State agencies and other political subdivisions of the State.**

(a) No State flag shall be allowed in or over any building here mentioned unless such flag conforms to the description of the State flag contained in this chapter.

(b) Flags of the United States of America and the State of North Carolina in the possession of State agencies and other political subdivisions of the State shall be handled, displayed, and stored in accordance with the provisions of the United States Flag Code, 4 U.S. Code 1. Violation of this subsection by an employee of the State shall be punishable as an infraction."

SECTION 3. G.S. 144-9 reads as rewritten:

"**§ 144-9. Retirement of ~~State flag.~~of the flag of the United States of America and the flag of the State of North Carolina.**

(a) A flag of the State or of the United States of America in possession of a State agency or other political subdivision of the State shall be delivered to the Division of Veterans Affairs in the Department of Administration for disposal when no longer a fitting emblem for display because it is worn, tattered, or otherwise damaged. The Division shall accept these flags and shall make arrangements for their respectful disposition.

(b) The Division of Veterans Affairs shall accept worn, tattered, or otherwise damaged flags of the State and the United States from citizens of the State and shall make arrangements for their respectful disposition. The Division shall establish a flag retirement program to encourage citizens to send in or drop off such flags at the Division's office in Raleigh and at

any Veterans Home or Veterans Cemetery in the State and may establish other locations for flag drop off as it deems appropriate. The flag retirement program shall be advertised on the Division's Web site and by printed posters placed at all flag drop off locations. On or before December 31, 2016, and annually thereafter, the Division shall report the number of flags received under the program to the Joint Legislative Committee on Governmental Operations.

(c) An official flag of the State that is no longer a fitting emblem for display because it is worn, tattered, or otherwise damaged may be respectfully retired by fire."

SECTION 4. G.S. 147-36 reads as rewritten:

"**§ 147-36. Duties of Secretary of State.**

It is the duty of the Secretary of State:

(1) To perform such duties as may then be devolved upon the Secretary by resolution of the two houses of the General Assembly or either of ~~them:~~them.

(2) To attend the Governor, whenever required by the Governor, for the purpose of receiving documents which have passed the great ~~seal;~~seal.

(3) To receive and keep all conveyances and mortgages belonging to the ~~State;~~State.

(4) To distribute annually the statutes and the legislative ~~journals;~~ journals.

(5) To distribute the acts of Congress received at the Secretary's office in the manner prescribed for the statutes of the ~~State;~~State.

(6) To keep a receipt book, in which the Secretary shall take from every person to whom a grant shall be delivered, a receipt for the same; but may inclose grants by mail in a registered letter at the expense of the grantee, unless otherwise directed, first entering the same upon the receipt ~~book;~~book.

(7) To issue charters and all necessary certificates for the incorporation, domestication, suspension, reinstatement, cancellation and dissolution of corporations as may be required by the corporation laws of the State and maintain a record ~~thereof;~~of the charters and necessary certificates issued.

(8) To issue certificates of registration of trademarks, labels and designs as may be required by law and maintain a record ~~thereof;~~of those certificates of registration.

(9) To maintain a Division of Publications to compile data on the State's several governmental agencies and for legislative ~~reference;~~reference.

(10) To receive, enroll and safely preserve the Constitution of the State and all amendments ~~thereto;~~to the State Constitution. All previously adopted editions of the State Constitution and amendments to those editions shall be transferred by the Secretary to the Department of Cultural Resources for preservation and safe keeping in the State Archives.

(11) To serve as a member of such boards and commissions as the Constitution and laws of the State may ~~designate;~~designate.

(12) To administer the Securities Law of the State, regulating the issuance and sale of securities, as is now or may be ~~directed;~~directed.

(13) To receive and keep all oaths of public officials required by law to be filed in the Secretary's office, and as Secretary of State, is fully empowered to administer official oaths to any public official of whom an oath is ~~required;~~required.

(14) To receive and maintain a journal of all appointments made to any State board, agency, commission, council or authority which is filed in the office of the Secretary of ~~State;~~State.

(15) To regulate the solicitation of contributions pursuant to Chapter 131F of the General ~~Statutes; and~~Statutes.

(16) To apply for and accept grants from the federal government and its agencies and from any foundation, corporation, association, or individual in order to effectuate the purposes of the Nonprofit Corporation Act, Chapter 55A of the General Statutes, and to further aid in the operation and development of nonprofit corporations. The Secretary shall comply with the terms, conditions, and limitations of grants applied for and accepted and shall expend grant funds pursuant to Chapter 143C of the General Statutes, The State Budget Act."

SECTION 5. On or before October 1, 2015, the Secretary of State shall provide the Department of Cultural Resources a written inventory of all records of historical interest in the Secretary's custody. The Department of Cultural Resources shall provide the Secretary with written guidelines to assist in the preparation of the inventory.

SECTION 6. The Secretary of State shall transfer to the Department of Cultural Resources the original copies of the historical records held by the Secretary, including the State Constitution and amendments to the State Constitution, ratified amendments to the United States Constitution, and any other historical records identified by the Department of Cultural Resources as being appropriate for preservation and safekeeping in the State Archives. The Department of Cultural Resources shall provide the Secretary with duplicate copies of all documents transferred from the Secretary to the Department.

SECTION 7. In 2016, the Department of Cultural Resources shall arrange for public displays of, and programs related to, the United States Constitution and amendments and related historical materials to commemorate the 240th anniversary of the signing of the Declaration of Independence. In 2016, the Department also shall arrange for public displays of, and programs related to, the State Constitutions and amendments, to coincide with the 240th anniversary of the ratification of North Carolina's first Constitution by the Fifth Provincial Congress. The Department also may consider taking all or part of the displays on a tour of the State. The Department is authorized to accept non-State funds including donations, fundraising sponsorships, and funding from other sources to defray the costs of these exhibits.

SECTION 8. Sections 2, 3, 4, and 6 of this act become effective December 1, 2015. The remainder of this act is effective when it becomes law.

SENATE SERGEANT-AT-ARMS

COMMITTEE: SENATE COMMITTEE ON COMMERCE

DATE: 4-14-15 ROOM: 1027

1. HAL ROACH
2. MARCUS KITTS
3.
4.
5.
6.

SENATE PAGES ATTENDING

COMMITTEE: Commerce **ROOM:** 1027

DATE: 4-14 **TIME:** 11 AM

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Luke Evans	Asheboro	Tillman
2. Gabriella Scala	Greensboro	Trudy Wade
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 14 , 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Marty Bocock	CCIA
Michael Hauser	THCG
Paul Hoffman	HTGAC
Starnes	Treasurer
Andy Ellen	NCRMA
Elizabeth Robinson	NCRMA
Mike Arnold	SOS
Cathy Moss	SOS
[illegible]	SOS
[illegible]	SOS
Kerra Bolton	WTM

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 14 , 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Bill Crutchfield	Law Offices of Bill Crutchfield & NCFSA
Martha Jenkins	DCR
Jennifer Blomberg	DCR
Rebecca McGee Lankford	DCR
Elizabeth Hammond	NC Comm of Banks
René Capehart	"
Katie Bosk	"
Alice Miller	DOC
Ray Grace	Commissioner of Banks
Paul Sherman	NCFB
Doug Lassiter	NCSTA

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 14 , 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Matthew Cobb	Senate Intern
Tim Kent	NC Beer & Wine
Richard Stevens	SA
Preston Howard	NCMA
[signature]	mwc
Phoebe Landon	Brooks Pierce
Ha Nguyen	NCCOM
Ellen Harnick	CRL
Bill Rowe	NC Justice Center
[signature]	TWC
Elizabeth Bise	Brooks Pierce

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 14 , 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Sarah Hardin	CTL
Erin Jones	TWC
Tony McEwen	City of Wilmington
Kevin Cherry	DCR
Sarah Collins	NCLM
Dave Horne	Smith Anderson
Ryan Merwald	Williams Mullen
Steve Brewer	CTL
Mutrey Christenson	Ward & Smith
John Poteat	NCWF
Jake Cole	NCCC

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 14 , 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Martha Babcock	NC Chamber
Frank Gray	NCRLA
Harry Michael	NC DHHS
Trent Womble	DHHS
Gary Harris	NCPCM
Will Culpepper	MVA
Nancy Deal	DHHS
Rose Williams	NC LM
Spencer Gordon	Office Senator Harry Brown
Wendy Keefe	Focus Consulting
Josh Ehrich	JDA

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 14 , 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Tracy Montross	American Airlines
David McGowan	NC Petroleum Council
Cady Thomas	FOCUS Carolina
J Goodman	NC CHAMBER
Berry Jenkins	Carolinas AGC
Ashley Jones	NC DOC
Sam Watts	NC Dept of State Treasurer
Jill Ann Harris	HBIA
Mia Bailey	Electricities
R. Hall Allen	NCTCC
John Brown	CIADA
Fred Bone	Bone & Assoc

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 14 , 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
ANDY WALSH	SA
Betsy Barley	CACC
Lou Nunez	CJPC

Senate Committee on Commerce
Tuesday, April 21, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on April 21, 2015 in Room 1027/1128 of the Legislative Building. Twenty five members were present.

Senator Rick Gunn, Chair, presided.

AJ Swaim III from Wendell and Esme Merritt-Dovosin from Carrboro served as pages.

Senator Gunn removed SB 357 Prohibit Improper Reporting to Credit Agency from today's agenda.

SB 22 Historic Artifact Mgt. and Patriotism Act. (Senators Soucek, Tucker, J. Davis)
Sen. Meredith moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Sen. Soucek was introduced to speak on the bill and announced that an amendment was before the committee. He asked Trina Griffin an attorney from the Research Division to explain the amendment. Sen. Meredith moved to accept the amendment for the committee to discuss and it was carried. Sen. Soucek explained the bill and responded to questions from the members. Sen. Meredith moved unfavorable to the bill – favorable to the PCS as amended and it carried.

SB 195 Motor Vehicle Service Agreement Amendments. (Senator Meredith)
Sen. Meredith was introduced to explain the bill. Questions asked by the members were responded to by Sen. Meredith and Wendy Graf Ray an attorney from the Research Division. Sen. Alexander recused himself from the vote. Sen. Ford moved favorable to the bill and it carried.

SB 327 Allow Prize-Linked Savings Accounts. (Senators Gunn, Ford, McInnis)
Sen. Meredith stepped in as chair to introduce Sen. Gunn to speak on the bill. Questions raised by the members were responded to by Trina Griffin an attorney from the Research Division. Janison A. Dillon/Associate Counsel and Director of the NC Center for Financial Literacy also assisted with questions from the members. Nathan Batts representing the North Carolina Bankers Association spoke in favor of the bill. Sen. Tillman moved favorable to the bill and it carried.

SB 374 Modify For-Hire License Logbook Requirement. (Senator Cook)
Sen. Meredith moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Sen. Cook was introduced to explain the bill. Sen. Sanderson brought forth an amendment and requested Layla Cummings an attorney from the Research Division to explain the amendment. Sen. Tillman moved to accept the amendment for the

committee to discuss and it was carried. Sen. Cook supported the amendment. Questions from the members were responded to by Sen. Cook and Ms. Cummings. Louis Daniel/Director of Marine Fisheries and Jerry Schill/President of the North Carolina Fisheries Association also responded to questions from the members. Sen. Meredith moved unfavorable to the bill – favorable to the PCS as amended and it carried.

The meeting adjourned at 11:33 AM.

Senator Rick Gunn, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Tuesday, April 21, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 22	Historic Artifact Mgt. and Patriotism Act.	Senator Soucek Senator Tucker Senator J. Davis
SB 195	Motor Vehicle Service Agreement Amendments.	Senator Meredith
SB 327	Allow Prize-Linked Savings Accounts.	Senator Gunn Senator Ford Senator McInnis
SB 374	Modify For-Hire License Logbook Requirement.	Senator Cook

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, April 21, 2015

Senator Gunn,
submits the following with recommendations as to passage:

FAVORABLE

SB **195** **(CS#1)** Motor Vehicle Service Agreement Amendments.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

SB **327** Allow Prize-Linked Savings Accounts.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 2

Senator Wesley Meredith will handle SB 195
Senator Richard Gunn will handle SB 327

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, April 21, 2015

Senator Gunn,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE BILL

SB **22** Historic Artifact Mgt. and Patriotism Act.

Draft Number:	S22-PCS35263-TU-7
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	Yes

SB **374** Modify For-Hire License Logbook Requirement.

Draft Number:	S374-PCS35264-MH-3
Sequential Referral:	Agriculture/Environment/Natural Resources
Recommended Referral:	None
Long Title Amended:	Yes

TOTAL REPORTED: 2

Senator Daniel Soucek will handle SB 22
Senator Bill Cook will handle SB 374

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 22
PROPOSED COMMITTEE SUBSTITUTE S22-CSTU-7 [v.18]

4/20/2015 8:07:38 PM

Short Title: Historic Artifact Mgt. and Patriotism Act. (Public)

Sponsors:

Referred to:

February 4, 2015

A BILL TO BE ENTITLED

AN ACT TO ENSURE RESPECTFUL TREATMENT OF THE AMERICAN FLAG AND THE NORTH CAROLINA FLAG BY STATE AGENCIES AND OTHER POLITICAL SUBDIVISIONS OF THE STATE; TO ESTABLISH THE DIVISION OF VETERANS AFFAIRS AS THE CLEARINGHOUSE FOR THE DISPOSAL OF WORN, TATTERED, AND DAMAGED FLAGS; TO PROVIDE FOR THE PROTECTION OF MONUMENTS AND MEMORIALS COMMEMORATING EVENTS, PERSONS, AND MILITARY SERVICE IN NORTH CAROLINA HISTORY; AND TO TRANSFER CUSTODY OF CERTAIN HISTORIC DOCUMENTS IN THE POSSESSION OF THE OFFICE OF THE SECRETARY OF STATE TO THE DEPARTMENT OF CULTURAL RESOURCES AND TO FACILITATE PUBLIC OPPORTUNITY TO VIEW THESE DOCUMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as the Cultural History Artifact Management and Patriotism Act of 2015.

SECTION 2.(a) G.S. 144-5 reads as rewritten:

"**§ 144-5. Flags to conform to ~~law.~~law; display and handling of a flag of the United States of America or the State of North Carolina by State institutions and other political subdivisions of the State.**

(a) No State flag ~~shall be~~ is allowed in or over any building here mentioned unless ~~such~~ the flag conforms to the description of the State flag contained in this ~~chapter.~~ Chapter.

(b) A flag of the United States of America or the State of North Carolina that is displayed by a State institution or a political subdivision of the State on the premises of a building of a State institution or a political subdivision of the State shall be handled, displayed, stored, and respectfully disposed of in accordance with the federal Flag Code, 4 U.S. C. §§ 1-10."

SECTION 2.(b) G.S. 144-9 reads as rewritten:

"**§ 144-9. Retirement of ~~State flag.~~of a flag of the United States of America or the State of North Carolina.**

(a) A State institution or a political subdivision of the State in possession of a flag of the United States of America or the State of North Carolina that is no longer a fitting emblem for display because it is worn, tattered, or otherwise damaged shall make arrangements for its respectful disposal and may deliver the flag to the Division of Veterans Affairs in the Department of Administration for disposal. The Division shall accept a flag delivered to it and shall make arrangements for its respectful disposal.

(b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or otherwise damaged flag of the United States of America or the State of North Carolina from a

citizen of the State and shall make arrangements for its respectful disposal. The Division shall establish a flag retirement program to encourage citizens to send in or drop off such flags at the Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and may establish other locations for flag drop off as it deems appropriate. The Division shall advertise the flag retirement program on its Web site and by printed posters placed at all flag drop off locations. On or before December 31, 2016, and annually thereafter, the Division shall report the number of flags received under the program to the Joint Legislative Committee on Governmental Operations.

(c) An official flag of the State that is no longer a fitting emblem for display because it is worn, tattered, or otherwise damaged may be respectfully retired by fire."

SECTION 2.(c) Subsection (b) of this section becomes effective December 1, 2015. The remainder of this section is effective when it becomes law.

SECTION 3.(a) The caption of Article 1 of Chapter 100 of the General Statutes reads as rewritten:

"Article 1.

Approval and Protection of Monuments, Memorials, Works of Art, etc."

SECTION 3.(b) G.S. 100-2 reads as rewritten:

"**§ 100-2. Approval of memorials before acceptance by State; ~~regulation of existing memorials, etc.;~~ "work of art" ~~defined; highway markers.~~defined.**

(a) ~~No memorial~~ A monument, memorial, or work of art ~~shall hereafter~~ may not become the property of the State by purchase, gift or otherwise, unless ~~such memorial~~the monument, memorial, or work of ~~art~~ art, or a design of the same, together with the proposed location of the same, ~~shall first have been~~ is submitted to and approved by the North Carolina Historical ~~Commission; nor shall any memorial~~ Commission. A monument, memorial, or work of art, until so submitted and approved, may not be contracted for, placed in or ~~upon~~ upon, or allowed to extend over any property belonging to the State. ~~No existing memorial or work of art owned by the State shall be removed, relocated, or altered in any way without approval of the North Carolina Historical Commission.~~ The term "work of art" as used in this ~~section shall include~~ Article includes any painting, portrait, mural decoration, stained glass, statue, bas-relief, sculpture, ~~monument,~~ tablet, fountain, or other article or structure of a permanent character intended for decoration or commemoration. ~~This section, however, shall not apply to markers set up by the Board of Transportation in cooperation with the Department of Environment and Natural Resources and the Department of Cultural Resources as provided by Chapter 197 of the Public Laws of 1935.~~"

SECTION 3.(c) Article 1 of Chapter 100 of the General Statutes is amended by adding a new section to read:

"**§ 100-2.1. Protection of monuments, memorials, and works of art.**

(a) Approval Required. – Except as otherwise provided in subsection (b) of this section, a monument, memorial, or work of art owned by the State may not be removed, relocated, or altered in any way without the approval of the North Carolina Historical Commission.

(b) Limitations on Removal. – An object of remembrance located on public property may not be permanently removed and may only be relocated, whether temporarily or permanently, under the circumstances listed in this subsection and subject to the limitations in this subsection. An object of remembrance that is temporarily relocated shall be returned to its original location within 90 days of completion of the project that required its temporary removal. An object of remembrance that is permanently relocated shall be relocated to a site of similar prominence, honor, visibility, availability, and access that are within the boundaries of the jurisdiction from which it was relocated. An object of remembrance may not be relocated to a museum, cemetery, or mausoleum unless it was originally placed at such a location. As used in this section, the term "object of remembrance" means a monument, memorial, plaque, statue, marker, or display of a permanent character approved under G.S. 100-2 or by a political

subdivision of the State that commemorates an event, a person, or military service that is part of North Carolina's history. The circumstances under which an object of remembrance may be relocated are either of the following:

(1) When appropriate measures are required by the State or a political subdivision of the State to preserve the object.

(2) When necessary for construction, renovation, or reconfiguration of buildings, open spaces, parking, or transportation projects.

(c) Exceptions. – This section does not apply to the following:

(1) Highway markers set up by the Board of Transportation in cooperation with the Department of Environment and Natural Resources and the Department of Cultural Resources as provided by Chapter 197 of the Public Laws of 1935.

(2) An object of remembrance owned by a private party that is located on public property and that is the subject of a legal agreement between the private party and the State or a political subdivision of the State governing the removal or relocation of the object.

(3) An object of remembrance for which a building inspector or similar official has determined poses a threat to public safety because of an unsafe or dangerous condition."

SECTION 3.(d) G.S. 160A-400.5 reads as rewritten:

"**§ 160A-400.13. ~~Certain changes not prohibited.~~Protection of certain landmarks; permissible changes.**

(a) Objects of Remembrance. – G.S. 100-2.1 supersedes this Part with regard to the removal or relocation of a historic landmark designated under this Part that meets the definition of an "object of remembrance" as defined in G.S. 100-2.1.

(b) Other Historic Landmarks. – Nothing in this Part shall be construed to prevent the ordinary maintenance or repair of any exterior architectural feature in a historic district or of a landmark which does not involve a change in design, material or appearance thereof, nor to prevent the construction, reconstruction, alteration, restoration, moving or demolition of any such feature which the building inspector or similar official shall certify is required by the public safety because of an unsafe or dangerous condition. Nothing in this Part shall be construed to prevent a property owner from making any use of his property that is not prohibited by other law. Nothing in this Part shall be construed to prevent a) the maintenance, or b) in the event of an emergency the immediate restoration, of any existing above-ground utility structure without approval by the preservation commission."

SECTION 3.(e) This section is effective when it becomes law.

SECTION 4.(a) G.S. 147-36 reads as rewritten:

"**§ 147-36. Duties of Secretary of State.**

It is the duty of the Secretary of State:

(1) To perform such duties as may then be devolved upon the Secretary by resolution of the two houses of the General Assembly or either of ~~them;~~them.

(2) To attend the Governor, whenever required by the Governor, for the purpose of receiving documents ~~which~~ that have passed the great ~~seal;~~seal.

(3) To receive and keep all conveyances and mortgages belonging to the ~~State;~~State.

(4) To distribute annually the statutes and the legislative ~~journals;~~ journals.

(5) To distribute the acts of Congress received at the Secretary's office in the manner prescribed for the statutes of the ~~State;~~State.

(6) To keep a receipt book, in which the Secretary shall take from every person to whom a grant shall be delivered, a receipt for the same; but may ~~inclose~~

enclose grants by mail in a registered letter at the expense of the grantee, unless otherwise directed, first entering the same upon the receipt ~~book;~~book.

(7) To issue charters and all necessary certificates for the incorporation, domestication, suspension, reinstatement, cancellation and dissolution of corporations as may be required by the corporation laws of the State and maintain a record ~~thereof;~~of the charters and necessary certificates issued.

(8) To issue certificates of registration of trademarks, labels and designs as may be required by law and maintain a record ~~thereof;~~of those certificates of registration.

(9) To maintain a Division of Publications to compile data on the State's several governmental agencies and for legislative ~~reference;~~reference.

(10) To receive, enroll and safely preserve the current edition of the State Constitution ~~of the State~~ and all amendments ~~thereto~~ to that edition, and to transfer previous editions of the State Constitution and amendments to those editions to the Department of Cultural Resources for preservation and safe keeping in the State Archives.

(11) To serve as a member of such boards and commissions as the Constitution and laws of the State may ~~designate;~~designate.

(12) To administer the Securities Law of the State, regulating the issuance and sale of securities, as is now or may be ~~directed;~~directed.

(13) To receive and keep all oaths of public officials required by law to be filed in the Secretary's office, and as Secretary of State, ~~is fully empowered~~ to administer official oaths to any public official of whom an oath is ~~required;~~required.

(14) To receive and maintain a journal of all appointments made to any State board, agency, commission, council or authority ~~which~~ that is filed in the office of the Secretary of ~~State;~~State.

(15) To regulate the solicitation of contributions pursuant to Chapter 131F of the General ~~Statutes; and~~Statutes.

(16) To apply for and accept grants from the federal government and its agencies and from any foundation, corporation, association, or individual in order to effectuate the purposes of the Nonprofit Corporation Act, Chapter 55A of the General Statutes, and to further aid in the operation and development of nonprofit corporations. The Secretary shall comply with the terms, conditions, and limitations of grants applied for and accepted and shall expend grant funds pursuant to Chapter 143C of the General Statutes, The State Budget Act."

SECTION 4.(b) The Secretary of State shall transfer to the Department of Cultural Resources all previously adopted editions of the State Constitution and amendments to the State Constitution, other than the current edition and amendments to that edition, and ratified amendments to the United States Constitution. The Secretary of State shall, at the request of the Secretary of the Department of Cultural Resources, provide timely, on-site access to the Department staff for study and review of all other documents to determine their historical significance. If, during these periodic reviews, the Department identifies historical documents that are no longer legally necessary to remain in the possession of the Secretary of State, the Secretary shall make arrangements to transfer these historical documents to the Department in a timely fashion for preservation and safekeeping in the State Archives. The Department of Cultural Resources shall provide the Secretary with duplicate copies of all documents transferred from the Secretary to the Department.

SECTION 4.(c) In 2016, the Department of Cultural Resources shall arrange for public displays of, and programs related to, the United States Constitution and amendments and related historical materials to commemorate the 240th anniversary of the signing of the Declaration of Independence. In 2016, the Department also shall arrange for public displays of, and programs related to, the State Constitutions and amendments, to coincide with the 240th anniversary of the ratification of North Carolina's first Constitution by the Fifth Provincial Congress. The Department also may consider taking all or part of the displays on a tour of the State. The Department is authorized to accept non-State funds including donations, fundraising sponsorships, and funding from other sources to defray the costs of these exhibits.

SECTION 4.(d) Subsections (a) and (b) of this section become effective December 1, 2015. The remainder of this section is effective when it becomes law.

SECTION 5. Except as otherwise provided, this act is effective when it becomes law.

SENATE BILL 22:
Historic Artifact Mgt. and Patriotism Act

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 21, 2015
Introduced by:	Sens. Soucek, Tucker, J. Davis	**Prepared by:**	Kristen Harris and Trina Griffin Committee Counsel
Analysis of:	PCS to First Edition S22-CSTU-7		

SUMMARY: The Proposed Committee Substitute for Senate Bill 22 would do the following:

- ***Establish laws for the handling, display, storage and retirement of both the United States and the North Carolina flags by State agencies and other political subdivisions of the State.***
- ***Require the Division of Veterans Affairs to establish a flag retirement program.***
- ***Provide for the protection of certain monuments on public property by prohibiting their permanent removal and limiting the circumstances under which they may be relocated.***
- ***Require the Secretary of the State to transfer the historical editions of the State Constitution and certain other documents to the Department of Cultural Resources.***
- ***Require the Department of Cultural Resources in 2016 to arrange programs and public displays of the North Carolina and United States Constitutions and their amendments and related documents.***

HANDLING OF THE UNITED STATES AND NORTH CAROLINA FLAGS

CURRENT LAW: Chapter 144 of the General Statutes identifies the characteristics of the official North Carolina flag and sets out the requirements as to when the flag should be displayed in and on public buildings. It also provides that the preferred method for retiring a State flag no longer fit for display is by fire.

Federal guidelines related to the treatment of the United States flag are contained in Chapter 1, Title 4 of the United States Code, which is commonly referred to as the Flag Code (Code). The Code includes instruction and rules on topics such as the pledge of allegiance, display and use of the flag by civilians, time and occasions for display, position and manner of display, and how to show respect for the flag. The Code also grants to the President the authority to modify the rules governing the flag. The Code is designed for the use of civilian groups or organizations, which are not necessarily required to conform to regulations promulgated by one or more executive departments of the federal government. The Code does not prescribe any penalties for non-compliance, nor does it include enforcement provisions; rather, the Code functions as a guide to be voluntarily followed by civilians and civilian groups.

Like North Carolina law, the federal Code provides that when a flag is no longer a fitting emblem for display, it should be destroyed in a dignified way, preferably by burning. Organizations including the American Legion, the Veterans of Foreign Wars, the Boy Scouts of America, and the Girl Scouts of the USA conduct flag retirement ceremonies.

BILL ANALYSIS:

Handling of Flags

Section 2(a) would require State agencies and other political subdivisions of the State to handle, display and store North Carolina and United States flags in accordance with the Unites States Flag Code.

Retirement of Flags

Section 2(b) would do two things. First, it would permit State agencies and other political subdivisions of the State to deliver North Carolina and United States flags to the Division of Veterans Affairs when ready for retirement. The Division would be responsible for accepting and arranging for the flags' respectful disposal.

Second, it would require the Division to establish a flag retirement program in which citizens could, at no cost, send in or drop off flags at certain locations at no cost.[1] The Division would have to advertise the program and on or before December 31, 2016, and annually thereafter, report the number of flags it receives to the Joint Legislative Committee on Governmental Operations.

PROTECTION OF MONUMENTS

CURRENT LAW: Before a memorial or work of art may become property of the State, it must be approved by the North Carolina Historical Commission. No existing memorial or work of art owned by the State may be removed, relocated, or altered in any way without approval of the North Carolina Historical Commission. Local governments may, by ordinance, designate historic landmarks within their jurisdiction. To be so designated, the local preservation commission must determine that the landmark is of special significance in terms of its historical, prehistorical, architectural, or cultural importance.

BILL ANALYSIS: Section 3 would prohibit the permanent removal of and limit the relocation of certain monuments located on State property or on local government property.

Object of Remembrance Defined. – These limitations would apply to an "object of remembrance" defined as a monument, memorial, plaque, statue, marker, or display of a permanent character that commemorates an event, person, or military service that is part of North Carolina's history.

Permanent Removal Prohibited. – The State or a political subdivision of the State would be prohibited from permanently removing an object of remembrance located on public property. There are two main exceptions: (1) when the object poses a threat to public safety because of an unsafe or dangerous condition, and (2) if an object is privately owned and is the subject of a private legal agreement governing its removal or relocation.

Relocation Limited. – An object of remembrance may only be relocated, either temporarily or permanently, under the following circumstances:

- When measures are required to preserve the object.
- When necessary for the construction, renovation, or reconfiguration of buildings, open spaces, parking, or transportation projects.

If the relocation is temporary, it must be returned to its original location within 90 days of the completion of the project that required its temporary relocation.

If the relocation is permanent, it must be relocated to a site of similar prominence, honor, visibility, availability, and access that are within the boundaries of the jurisdiction from which it was relocated.

An object of remembrance may not be relocated to a museum, cemetery, or mausoleum unless it was originally placed at such a location.

TRANSFER OF HISTORIC DOCUMENTS

[1] Locations include the Division's Raleigh office and its Veterans Homes and Cemeteries. The Homes are located in Fayetteville, Salisbury, Kinston, and Black Mountain. The Cemeteries are located in Jacksonville, Spring Lake, and Black Mountain with one under construction in Goldsboro.

CURRENT LAW: It is the duty of the Secretary of the State to receive, enroll, and preserve the State Constitution and all amendments.

BILL ANALYSIS:

Transfer of Documents

Sections 4(b) would require the Secretary of State to transfer to the Department of Cultural Resources, by December 1, 2015, all previously adopted editions of the State Constitution and amendments thereto and ratified amendments to the U.S. Constitution. This section would further provide that the Department of Cultural Resources may request on-site access to review documents within the possession of the Secretary of State to determine their historical significance. If the Department identifies documents that are no longer legally necessary to remain in the possession of the Secretary, the Secretary must transfer the documents to the Department for preservation and safekeeping in the State Archives. The Secretary would receive copies of all documents transferred.

Section 4(a) modifies the duties of the Secretary of State to reflect the changes under this bill. Specifically, the Secretary would continue to receive, enroll, and preserve the currently adopted edition of the State Constitution and all of its amendments but would transfer previous editions and amendments to those editions to the Department of Cultural Resources.

2016 Displays and Programs

Section 4(c) would require the Department, in 2016, to arrange programs and public displays of the North Carolina and United States Constitutions and their amendments and related documents to commemorate the 240th anniversaries of the signing of the Declaration of Independence and the ratification of North Carolina's first Constitution. The Department would be authorized to participate in certain fundraising methods.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 22

Short Title:	Historic Artifact Mgt. and Patriotism Act.	(Public)
Sponsors:	Senators Soucek, Tucker, J. Davis (Primary Sponsors); Daniel, B. Jackson, Krawiec, Newton, Pate, and Rabin.	
Referred to:	Rules and Operations of the Senate.	

February 4, 2015

A BILL TO BE ENTITLED

AN ACT TO ENSURE RESPECTFUL TREATMENT OF THE NORTH CAROLINA FLAG AND AMERICAN FLAG BY STATE AGENCIES AND OTHER POLITICAL SUBDIVISIONS OF THE STATE; TO ESTABLISH THE DIVISION OF VETERANS AFFAIRS AS THE CLEARINGHOUSE FOR THE DISPOSAL OF WORN, TATTERED, AND DAMAGED FLAGS; AND TO TRANSFER CUSTODY OF CERTAIN HISTORIC DOCUMENTS IN THE POSSESSION OF THE OFFICE OF THE SECRETARY OF STATE TO THE DEPARTMENT OF CULTURAL RESOURCES AND TO FACILITATE PUBLIC OPPORTUNITY TO VIEW THESE DOCUMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as the Cultural History Artifact Management and Patriotism Act of 2015.

SECTION 2. G.S. 144-5 reads as rewritten:

"**§ 144-5. Flags to conform to ~~law.~~law; display and handling of the flag of the United States of America and the State of North Carolina by State agencies and other political subdivisions of the State.**

(a) No State flag shall be allowed in or over any building here mentioned unless such flag conforms to the description of the State flag contained in this chapter.

(b) Flags of the United States of America and the State of North Carolina in the possession of State agencies and other political subdivisions of the State shall be handled, displayed, and stored in accordance with the provisions of the United States Flag Code, 4 U.S. Code 1. Violation of this subsection by an employee of the State shall be punishable as an infraction."

SECTION 3. G.S. 144-9 reads as rewritten:

"**§ 144-9. Retirement of ~~State flag.~~of the flag of the United States of America and the flag of the State of North Carolina.**

(a) A flag of the State or of the United States of America in possession of a State agency or other political subdivision of the State shall be delivered to the Division of Veterans Affairs in the Department of Administration for disposal when no longer a fitting emblem for display because it is worn, tattered, or otherwise damaged. The Division shall accept these flags and shall make arrangements for their respectful disposition.

(b) The Division of Veterans Affairs shall accept worn, tattered, or otherwise damaged flags of the State and the United States from citizens of the State and shall make arrangements for their respectful disposition. The Division shall establish a flag retirement program to encourage citizens to send in or drop off such flags at the Division's office in Raleigh and at

any Veterans Home or Veterans Cemetery in the State and may establish other locations for flag drop off as it deems appropriate. The flag retirement program shall be advertised on the Division's Web site and by printed posters placed at all flag drop off locations. On or before December 31, 2016, and annually thereafter, the Division shall report the number of flags received under the program to the Joint Legislative Committee on Governmental Operations.

(c) An official flag of the State that is no longer a fitting emblem for display because it is worn, tattered, or otherwise damaged may be respectfully retired by fire."

SECTION 4. G.S. 147-36 reads as rewritten:

"**§ 147-36. Duties of Secretary of State.**

It is the duty of the Secretary of State:

(1) To perform such duties as may then be devolved upon the Secretary by resolution of the two houses of the General Assembly or either of ~~them;~~them.

(2) To attend the Governor, whenever required by the Governor, for the purpose of receiving documents which have passed the great ~~seal;~~seal.

(3) To receive and keep all conveyances and mortgages belonging to the ~~State;~~State.

(4) To distribute annually the statutes and the legislative ~~journals;~~ journals.

(5) To distribute the acts of Congress received at the Secretary's office in the manner prescribed for the statutes of the ~~State;~~State.

(6) To keep a receipt book, in which the Secretary shall take from every person to whom a grant shall be delivered, a receipt for the same; but may inclose grants by mail in a registered letter at the expense of the grantee, unless otherwise directed, first entering the same upon the receipt ~~book;~~book.

(7) To issue charters and all necessary certificates for the incorporation, domestication, suspension, reinstatement, cancellation and dissolution of corporations as may be required by the corporation laws of the State and maintain a record ~~thereof;~~of the charters and necessary certificates issued.

(8) To issue certificates of registration of trademarks, labels and designs as may be required by law and maintain a record ~~thereof;~~of those certificates of registration.

(9) To maintain a Division of Publications to compile data on the State's several governmental agencies and for legislative ~~reference;~~reference.

(10) To receive, enroll and safely preserve the Constitution of the State and all amendments ~~thereto;~~to the State Constitution. All previously adopted editions of the State Constitution and amendments to those editions shall be transferred by the Secretary to the Department of Cultural Resources for preservation and safe keeping in the State Archives.

(11) To serve as a member of such boards and commissions as the Constitution and laws of the State may ~~designate;~~designate.

(12) To administer the Securities Law of the State, regulating the issuance and sale of securities, as is now or may be ~~directed;~~directed.

(13) To receive and keep all oaths of public officials required by law to be filed in the Secretary's office, and as Secretary of State, is fully empowered to administer official oaths to any public official of whom an oath is ~~required;~~required.

(14) To receive and maintain a journal of all appointments made to any State board, agency, commission, council or authority which is filed in the office of the Secretary of ~~State;~~State.

(15) To regulate the solicitation of contributions pursuant to Chapter 131F of the General ~~Statutes; and~~Statutes.

(16) To apply for and accept grants from the federal government and its agencies and from any foundation, corporation, association, or individual in order to effectuate the purposes of the Nonprofit Corporation Act, Chapter 55A of the General Statutes, and to further aid in the operation and development of nonprofit corporations. The Secretary shall comply with the terms, conditions, and limitations of grants applied for and accepted and shall expend grant funds pursuant to Chapter 143C of the General Statutes, The State Budget Act."

SECTION 5. On or before October 1, 2015, the Secretary of State shall provide the Department of Cultural Resources a written inventory of all records of historical interest in the Secretary's custody. The Department of Cultural Resources shall provide the Secretary with written guidelines to assist in the preparation of the inventory.

SECTION 6. The Secretary of State shall transfer to the Department of Cultural Resources the original copies of the historical records held by the Secretary, including the State Constitution and amendments to the State Constitution, ratified amendments to the United States Constitution, and any other historical records identified by the Department of Cultural Resources as being appropriate for preservation and safekeeping in the State Archives. The Department of Cultural Resources shall provide the Secretary with duplicate copies of all documents transferred from the Secretary to the Department.

SECTION 7. In 2016, the Department of Cultural Resources shall arrange for public displays of, and programs related to, the United States Constitution and amendments and related historical materials to commemorate the 240th anniversary of the signing of the Declaration of Independence. In 2016, the Department also shall arrange for public displays of, and programs related to, the State Constitutions and amendments, to coincide with the 240th anniversary of the ratification of North Carolina's first Constitution by the Fifth Provincial Congress. The Department also may consider taking all or part of the displays on a tour of the State. The Department is authorized to accept non-State funds including donations, fundraising sponsorships, and funding from other sources to defray the costs of these exhibits.

SECTION 8. Sections 2, 3, 4, and 6 of this act become effective December 1, 2015. The remainder of this act is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 22

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S22-ASV-35 [v.1]

Amends Title [NO]
First Edition

Date _____,2015

Senator Soucek

moves to amend the bill on page 2, line 51, through page 3, line 1, by deleting the phrase "approved under G.S. 100-2 or by a political subdivision of the State".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

SENATE BILL 195:
Motor Vehicle Service Agreement Amendments

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 21, 2015
Introduced by:	Sen. Meredith	**Prepared by:**	Wendy Graf Ray Committee Counsel
Analysis of:	Second Edition		

SUMMARY: Senate Bill 195 would:

- ***Define ancillary protection product and ancillary protection product warranty.***
- ***Clarify what is included in motor vehicle service agreements.***
- ***Exclude ancillary protection products and warranties from regulation as motor vehicle service agreements.***
- ***Make conforming changes to related statutes.***

CURRENT LAW: Motor vehicle service agreement companies are regulated under Article 43 of Chapter 66 of the General Statutes. These companies offer service agreements to indemnify against loss caused by motor vehicle failure. The Article sets out requirements for the agreements as well as record-keeping requirements for the companies. The Article does not apply to performance guarantees, warranties, or motor vehicle service agreements made by manufacturers, distributors, or their subsidiaries.

BILL ANALYSIS: Senate Bill 195 would more clearly define a motor vehicle service agreement, which indemnifies the agreement holder against loss caused by a motor vehicle failure. Motor vehicle service agreements would specifically include repair of tires, repair of dents, repair of cracks in windshields, replacement of key fobs, and other services approved by the Commissioner of Insurance.

Motor vehicle service agreements would not include ancillary protection product warranties; therefore the warranties would not be regulated under Article 43. Ancillary protection product would be defined as a protective chemical, substance, device, or system that is installed on or applied to a motor vehicle to prevent loss or damage. An ancillary protection product warranty would be an agreement that the warrantor would pay incidental costs, such as insurance policy deductibles, if the product fails to prevent loss or damage.

The bill would also make clear that ancillary protection product warranties and service agreements are not contracts of insurance.

EFFECTIVE DATE: The act would become effective July 1, 2015.

O. Walker Reagan
Director

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

SENATE BILL 195
Transportation Committee Substitute Adopted 4/15/15

Short Title: Motor Vehicle Service Agreement Amendments. (Public)

Sponsors:

Referred to:

March 9, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A LEGAL FRAMEWORK FOR THE SALE AND REGULATION OF MOTOR VEHICLE ANCILLARY PRODUCT CONTRACTS IN NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 66-370 reads as rewritten:

"**§ 66-370. Motor vehicle service agreement companies.**

(a) This section applies to all motor vehicle service agreement companies soliciting business in this State, but it does not apply to maintenance agreements, performance guarantees, warranties, or motor vehicle service agreements made by

(1) A manufacturer,

(2) A distributor, or

(3) A subsidiary or affiliate of a manufacturer or a distributor, where fifty-one percent (51%) or more of the subsidiary or affiliate is owned directly or indirectly by

a. The manufacturer,

b. The distributor, or

c. The common owner of fifty-one percent (51%) or more of the manufacturer or distributor

in connection with the sale of motor vehicles. This section does not apply to any motor vehicle dealer licensed to do business in this State (i) whose primary business is the retail sale and service of motor vehicles; (ii) who makes and administers its own service agreements with or without association with a third-party administrator or who makes its own service agreements in association with a manufacturer, distributor, or their subsidiaries or affiliates; and (iii) whose service agreements cover only vehicles sold by the dealer to its retail customer; provided that the dealer complies with G.S. 66-372 and G.S. 66-373. A motor vehicle dealer who sells a motor vehicle service agreement to a consumer, as defined in 15 U.S.C. § 2301(3), is not deemed to have made a written warranty to the consumer with respect to the motor vehicle sold or to have entered into a service contract with the consumer that applies to the motor vehicle, as provided in 15 U.S.C. § 2308(a), if: (i) the motor vehicle dealer acts as a mere agent of a third party in selling the motor vehicle service agreement; and (ii) the motor vehicle dealer would, after the sale of the motor vehicle service agreement, have no further obligation under the motor vehicle

service agreement to the consumer to service or repair the vehicle sold to the consumer at or within 90 days before the dealer sold the motor vehicle service agreement to the consumer.

(b) The following definitions apply in this section and in G.S. 66-371, 66-372, and 66-373:

(1) Ancillary protection product. – A protective chemical, substance, device, or system that (i) is installed on or applied to a motor vehicle, (ii) is designed to prevent loss or damage to a motor vehicle from a specific cause, and (iii) includes an ancillary protection product warranty. For purposes of this section, the term "ancillary protection product" shall include, but not be limited to, protective chemicals, alarm systems, body part marking products, steering locks, window etch products, pedal and ignition locks, fuel and ignition kill switches, and electronic, radio, and satellite tracking devices. "Ancillary protection product" does not include fuel additives, oil additives, or other chemical products applied to the engine, transmission, or fuel system of a motor vehicle.

(1a) Ancillary protection product warranty. – A written agreement by a warrantor that provides if the ancillary protection product fails to prevent loss or damage to a motor vehicle from a specific cause, that the warrantor will pay to or on behalf of the warranty holder specified incidental costs, which may include without limitation insurance policy deductibles, rental vehicle charges, the difference between the actual value of the stolen vehicle at the time of theft and the cost of a replacement vehicle, sales taxes, registration fees, transaction fees, and mechanical inspection fees. Incidental costs may be reimbursed in either a fixed amount specified in the ancillary protection product warranty or by use of a formula itemizing specific incidental costs incurred by the warranty holder.

~~(1)~~(1b) Authorized insurer. – An insurance company authorized to write liability insurance under Articles 7, 16, 21, or 22 of Chapter 58 of the General Statutes.

(2) Distributor. – Defined in G.S. 20-286(3).

(3) Licensed insurer. – An insurance company licensed to write liability insurance under Article 7 or 16 of Chapter 58 of the General Statutes.

(4) Motor vehicle. – Defined in G.S. 20-4.01(23), but also including mopeds as defined in G.S. 20-4.01(27)d1.

(4a) Motor vehicle failure. – The failure of a mechanical or other component part of the motor vehicle arising out of the ownership, operation, or use of the vehicle.

(5) Motor vehicle service agreement. –

a. Any contract or agreement (i) indemnifying the motor vehicle service agreement holder against loss caused by ~~failure, arising out of the ownership, operation, or use of a motor vehicle, of a mechanical or other component part of the motor vehicle~~a motor vehicle failure that is listed in the ~~agreement.~~agreement or (ii) providing for the repair of a motor vehicle failure that is listed in the agreement.

b. A motor vehicle service agreement includes a contract or agreement to perform or to indemnify the holder of the motor vehicle service agreement for performance of any of the following services:

1. The repair or replacement of tires or wheels on a motor vehicle damaged as a result of coming into contact with road hazards.

2. The removal of dents, dings, or creases on a motor vehicle that can be repaired using the process of paintless dent removal without affecting the existing paint or finish and without replacing vehicle body panels, sanding, bonding, or painting.
3. The repair of chips or cracks in or the replacement of motor vehicle windshields as a result of damage caused by road hazards.
4. The replacement of a motor vehicle key or key-fob in the event that the key or key-fob becomes inoperable or is lost or stolen.
5. Other services which may be approved by the Commissioner of Insurance, if not inconsistent with other provisions of this Article.

c. ~~The term~~A motor vehicle service agreement does not ~~mean~~ include (i) a contract or agreement guaranteeing the performance of parts or lubricants manufactured or distributed by the guarantor and sold for use in connection with a motor vehicle where no additional consideration is paid or given to the guarantor for the contract or agreement beyond the price of the parts or ~~lubricants.~~lubricants; (ii) ancillary protection product warranties; or (iii) coverage for the repair or replacement of damage to the interior surfaces of a vehicle, or for repair or replacement of damage to the exterior paint or finish of a vehicle; provided, however, that such coverage may be offered in connection with the sale of an ancillary protection product as defined in this section.

(6) Motor vehicle service agreement company. – Any person that issues motor vehicle service agreements and that is not a licensed insurer.

...."

SECTION 2. G.S. 58-1-15 reads as rewritten:

"**§ 58-1-15. Warranties by manufacturers, distributors, or sellers of goods or services.**

...

(b) Any ~~warranty~~ warranty, including an ancillary protection product warranty as defined by G.S. 66-370(b)(1a), made solely by a manufacturer, distributor, or seller of goods or services without charge, or an extended warranty offered as an option and made solely by a manufacturer, distributor, or seller of goods or services for charge, that guarantees indemnity for defective parts, mechanical or electrical breakdown, labor, or any other remedial measure, including replacement of goods or repetition of services, shall not be a contract of insurance under Articles 1 through 64 of this Chapter; however, service agreements on motor vehicles are governed by G.S. 66-370, 66-372, and 66-373. Service agreements on home appliances are governed by G.S. 66-371, 66-372, and 66-373.

(b1) Service agreements on home appliances or on motor vehicles offered in compliance with Article 43 of Chapter 66 of the General Statutes shall not be contracts of insurance and shall be exempt from all provisions of this Chapter unless otherwise expressly provided.

...."

SECTION 3. G.S. 66-372(e)(2) reads as rewritten:

"(2) With respect to a motor vehicle service agreement as defined in ~~G.S. 66-370(b)(1),~~G.S. 66-370, provide for a right of assignability by the consumer to a subsequent purchaser before expiration of coverage if the subsequent purchaser meets the same criteria for motor vehicle service agreement acceptability as the original purchaser; and"

SECTION 4. This act becomes effective July 1, 2015.

SENATE BILL 327:
Allow Prize-Linked Savings Accounts

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 21, 2015
Introduced by:	Sens. Gunn, Ford, McInnis	**Prepared by:**	Trina Griffin Committee Counsel
Analysis of:	First Edition		

SUMMARY: Senate Bill 327 would allow banks, savings and loan associations, and savings banks to conduct savings promotion raffles.

CURRENT LAW: G.S. 14-309.15 allows nonprofits to hold two raffles per year. A raffle is defined as "a game in which the prize is won by random drawing of the name or number of one or more persons purchasing chances." The maximum case prize that may be offered is $125,000 in cash, merchandise with a fair market value of $125,000, or real property with a maximum appraised value of $500,000. At least 90% of the net proceeds of a raffle must be used by the nonprofit for charitable, religious, educational, civic, or other nonprofit purposes. Violations of G.S. 14-309.15 are a Class 2 misdemeanor.

Articles 14A through 14L of Chapter 54 govern credit unions. Credit unions are cooperative, nonprofit associations organized for the purpose of encouraging thrift and creating a source of credit at fair and reasonable rates. In 2011, the General Assembly authorized credit unions to offer a savings promotion raffle in which the sole consideration required for a chance of winning designated prizes is the deposit of a minimum specified amount of money in a savings account or other savings program offered by the credit union. A credit union is required to maintain records sufficient to facilitate an audit of the raffle and to fully disclose the terms and conditions of the promotion to account holders and prospective account holders of the credit union.

BILL ANALYSIS: Senate Bill 327 would authorize the following entities[1] to hold a savings promotion raffle under the same conditions that apply to credit unions:

- Banks
- Savings and loan associations
- Savings banks

The sole consideration for the raffle would be a deposit of a minimum specified amount of money in a savings account or other savings program offered by the institution. The institution must maintain records of the raffle, and fully disclose the terms and conditions of the promotion.

EFFECTIVE DATE: This act would become effective when it becomes law.

[1] All financial institutions usually offer basic banking services, such as checking and savings accounts, consumer loans, etc., with larger ones offering a fuller range of services (credit cards, mortgages, foreign currencies, etc.). Each has some special features:

- Banks emphasize business and consumer accounts, and many provide trust services
- Credit unions emphasize consumer deposit and loan services
- Savings institutions emphasize real estate financing

O. Walker Reagan
Director

S327-SMSV-28 E1 -V1

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 327

Short Title:	Allow Prize-Linked Savings Accounts.	(Public)
Sponsors:	Senators Gunn, Ford, McInnis (Primary Sponsors); and Hise.	
Referred to:	Rules and Operations of the Senate.	

March 19, 2015

A BILL TO BE ENTITLED

AN ACT TO ALLOW BANKS TO CONDUCT SAVINGS PROMOTION RAFFLES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-309.15 reads as rewritten:

"(h) Notwithstanding any other subsection of this section, it is lawful for a bank, credit ~~union~~ union, savings and loan association, or savings bank to conduct a savings promotion raffle under ~~G.S. 54-109.64.~~G.S. 53C-6-20, G.S. 54-109.64, G.S. 54B-140, or G.S. 54C-180."

SECTION 2. Article 6 of Chapter 53C of the General Statutes is amended by adding a new section to read:

"**§ 53C-6-20. Savings promotion raffles.**

A bank may offer a savings promotion raffle in which the sole consideration required for a chance of winning designated prizes is the deposit of a minimum specified amount of money in a savings account or other savings program offered by the bank. A bank shall maintain records sufficient to facilitate an audit of the savings promotion raffle, shall conduct the savings promotion raffle in a safe and sound manner, and shall fully disclose the terms and conditions of the promotion to account holders and prospective account holders of the bank."

SECTION 3. Article 6 of Chapter 54B of the General Statutes is amended by adding a new section to read:

"**§ 54B-140. Savings promotion raffles.**

A savings and loan association may offer a savings promotion raffle in which the sole consideration required for a chance of winning designated prizes is the deposit of a minimum specified amount of money in a savings account or other savings program offered by the savings and loan association. A savings and loan association shall maintain records sufficient to facilitate an audit of the savings promotion raffle, shall conduct the savings promotion raffle in a safe and sound manner, and shall fully disclose the terms and conditions of the promotion to account holders and prospective account holders of the savings and loan association."

SECTION 4. Article 8 of Chapter 54C of the General Statutes is amended by adding a new section to read:

"**§ 54C-180. Savings promotion raffles.**

A savings bank may offer a savings promotion raffle in which the sole consideration required for a chance of winning designated prizes is the deposit of a minimum specified amount of money in a savings account or other savings program offered by the savings bank. A savings bank shall maintain records sufficient to facilitate an audit of the savings promotion raffle, shall conduct the savings promotion raffle in a safe and sound manner, and shall fully disclose the terms and conditions of the promotion to account holders and prospective account holders of the savings bank."

SECTION 5. This act is effective when it becomes law.

SENATE BILL 374:
Modify For-Hire License Logbook Requirement

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Agriculture/Environment/Natural Resources	**Date:**	April 21, 2015
Introduced by:	Sen. Cook	**Prepared by:**	Layla Cummings Committee Counsel
Analysis of:	PCS to First Edition S374-CSMH-3 [v.3]		

SUMMARY: The Proposed Committee Substitute (PCS) for Senate Bill 374 would make voluntary the requirement that for-hire coastal recreational fishing licensees maintain a logbook of catch and effort statistical data, delay implementation of the logbook reporting requirement, and require the North Carolina Division of Marine Fisheries (Division) of the Department of Environment and Natural Resources to conduct a 12-month implementation process of the reporting requirement, including forming a stakeholder advisory group.

CURRENT LAW: The 2013 Appropriations Act mandated a new reporting requirement that for-hire coastal recreational fishing licensees submit logbooks summarizing catch and effort statistical data to the Division and allowed the NC Marine Fisheries Commission to adopt rules to implement the logbook reporting.

BILL ANALYSIS:

Section 1 of the PCS would make the requirement for logbook reporting of catch and effort statistical data by for-hire coastal recreational fishing licensees voluntary.

Section 2 of the PCS would delay the implementation for logbook reporting of catch and effort statistical data by for-hire coastal recreational fishing licensees until January 1, 2016.

Section 3 of the PCS would require the Division to conduct a 12-month implementation process that would include seeking input from stakeholders by forming a stakeholder advisory group with regard to the logbook reporting requirement and holding public workshops for persons subject to the logbook reporting requirement. The Division would establish a stakeholder advisory group with representation from all major recreational fishing areas on the North Carolina coast. The Division would provide written responses to any issues raised by the advisory group and would report to the Environmental Review Commission no later than January 15, 2016.

EFFECTIVE DATE: This act would become effective when it becomes law.

BACKGROUND: Catch and effort statistical data is measured by "Catch Per Unit of Effort" which is defined as the number of fish caught by an amount of effort. Typically, effort is a combination of gear type, gear size, and length of time gear is used. Catch per unit of effort is often used as a measurement of relative abundance for a particular fish.

O. Walker Reagan
Director

S374-SMTS-8 CSMH-3 -V8

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S D

SENATE BILL 374
PROPOSED COMMITTEE SUBSTITUTE S374-CSMH-3 [v.3]

4/20/2015 4:18:42 PM

Short Title: Modify For-Hire License Logbook Requirement. (Public)

Sponsors:

Referred to:

March 25, 2015

A BILL TO BE ENTITLED

AN ACT TO MAKE VOLUNTARY THE REQUIREMENT THAT A HOLDER OF A FOR-HIRE COASTAL RECREATIONAL FISHING LICENSE MAINTAIN A LOGBOOK SUMMARIZING CATCH AND EFFORT STATISTICAL DATA, AND TO DELAY IMPLEMENTATION TO ALLOW THE DIVISION OF MARINE FISHERIES TO CONDUCT A STAKEHOLDER INPUT AND EDUCATION PROCESS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 113-174.3(e), as enacted by subsection 14.8(o) of S.L. 2013-360, reads as rewritten:

"(e) Each individual who obtains a for-hire license ~~shall~~ may submit to the Division logbooks summarizing catch and effort statistical data to the Division. The Commission may adopt rules that determine the means and methods to satisfy the requirements of this subsection."

SECTION 2. Section 14.8(ab) of S.L. 2013-360 reads as rewritten:

"**SECTION 14.8.(ab)** ~~This~~ G.S. 113-174.3(e), as enacted by subsection 14.8(o) of this section, becomes effective January 1, 2016. The remainder of this section becomes effective August 1, 2013."

SECTION 3. Prior to any further implementation of subsection 14.8(o) of S.L. 2013-360, the Division of Marine Fisheries shall conduct a 12-month implementation process to include seeking input from stakeholders with regard to the requirement and public workshops to provide education for persons subject to the requirement. The process shall also include the establishment of a stakeholder advisory group that includes persons who are for-hire license holders representing all major recreational fishing areas on the North Carolina coast. The Division shall review and provide a written response to any issues raised by the advisory group, and shall report to the Environmental Review Commission no later than January 15, 2016, regarding the implementation process required by this section.

SECTION 4. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 374

Short Title:	Modify For-Hire License Logbook Requirement.	(Public)
Sponsors:	Senator Cook (Primary Sponsor).	
Referred to:	Rules and Operations of the Senate.	

March 25, 2015

A BILL TO BE ENTITLED

AN ACT TO MAKE VOLUNTARY THE REQUIREMENT THAT A HOLDER OF A FOR-HIRE COMMERCIAL RECREATIONAL FISHING LICENSE MAINTAIN A LOGBOOK SUMMARIZING CATCH AND EFFORT STATISTICAL DATA, AND TO DELAY IMPLEMENTATION TO ALLOW THE DIVISION OF MARINE FISHERIES TO CONDUCT A STAKEHOLDER INPUT AND EDUCATION PROCESS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 113-174.3(e), as enacted by subsection 14.8(o) of S.L. 2013-360, reads as rewritten:

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SECTION 2. Section 14.8(ab) of S.L. 2013-360 reads as rewritten:

"**SECTION 14.8.(ab)** ~~This~~ G.S. 113-174(e), as enacted by subsection 14.8(o) of this section, becomes effective January 1, 2016. The remainder of this section becomes effective August 1, 2013."

SECTION 3. Prior to implementation of the logbook requirement imposed by subsection 14.8(o) of S.L. 2013-360, the Division of Marine Fisheries shall conduct a 12-month implementation process to include seeking input from stakeholders with regard to the requirement and public workshops to provide education for persons subject to the requirement. The process shall also include the establishment of a stakeholder advisory group that includes, at a minimum, representatives from the organizations listed in G.S. 113-173.1(d), or the successors to those organizations. The Division shall review and provide a written response to any issues raised by the advisory group, and shall report to the Environmental Review Commission no later than January 15, 2016, regarding the implementation process required by this section.

SECTION 4. This act is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 374

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S374-AMH-2 [v.6]

Comm. Sub. [YES]
Amends Title [YES]
S374-CSMH-3 [v.1]

Date _____,2015

Senator Sanderson

moves to amend the bill on page 1, line 4, by deleting the word "AND";

and on page 1, line 6, by rewriting the line to read:
"TO CONDUCT A STAKEHOLDER INPUT AND EDUCATION PROCESS, AND TO FORBID THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES FROM ENTERING INTO A JOINT ENFORCEMENT AGREEMENT WITH THE NATIONAL MARINE FISHERIES SERVICE.";

and on page 1, line 27, by rewriting the line to read:
"**SECTION 4.(a)** G.S. 113-224 reads as rewritten:
'**§ 113-224. Cooperative agreements by Department.**
(a) ~~The~~ Except as otherwise provided in this section, the Department is empowered to enter into cooperative agreements with public and private agencies and individuals respecting the matters governed in this Subchapter. Pursuant to such agreements the Department may expend funds, assign employees to additional duties within or without the State, assume additional responsibilities, and take other actions that may be required by virtue of such agreements, in the overall best interests of the conservation of marine and estuarine resources.
(b) The Fisheries Director or a designee of the Fisheries Director may not enter into an agreement with the National Marine Fisheries Service of the United States Department of Commerce allowing Division of Marine Fisheries inspectors to accept delegation of law enforcement powers over matters within the jurisdiction of the National Marine Fisheries Service.'
SECTION 4.(b) G.S. 128-1.1(c2) is repealed.
SECTION 5. This act is effective when it becomes law.".

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 374

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S374-AMH-2 [v.6]

SIGNED Norman Sanderson
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

SENATE PAGES ATTENDING

COMMITTEE: Commerce **ROOM:** 1027

DATE: 4-21 **TIME:** 11 AM

PLEASE PRINT <u>LEGIBLY</u>!!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. AJ Swaim III	Wendell	Barefoot
2. Esmé Merritt-Dorosin	Carrboro	Foushee
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 21, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Robert Hudgins	Self
[illegible]	UNC School Boot
Jerry Schaill	NCFA
[illegible]	[illegible] Government Relations
Carson Price	MVA
K. Bosken	NCCOB
Hb Nguyen	NCCOB
Will Parry-Hiers	NCHFA
Ashley Jones	NC DOC
ANDY WALSH	SA
[illegible]	[illegible] Asso.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 21, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
	NC Chamber
	NCCA

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 21, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Jamison Dew	NCBA
Bill Seeger IV	DOJ
Bob Glaser	NCADA
Alejandra Villegas	NCADA
Chris Az	DOJ

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 21, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Steve Metcalf	The Pork Group
David McGowan	NCPC
Hexi Morgan	NCRMA
Kathy Hawkes	Duke Energy
Patrick Buffkin	NCAEC
Cody Moss	SOS
John Cooper	CCS
Dick Culton	
Richard Stevens	SA
Tonya Hatton	TJS
Brian Mcwald	WM

Senate Committee on Commerce
Thursday, April 23, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on April 23, 2015 in Room 1027/1128 of the Legislative Building. Twenty five members were present.

Senator Wesley Meredith, Chair, presided.

Nick Mills from Raleigh, Esme Merritt-Dorosin from Carrboro and Alec Johnson from Canton served as pages.

Senator Meredith deviated from the agenda order of bills and the order in which they were addressed is reflected below.

SB 673 Clarify Motor Vehicle Dealer Laws. (Senator Apodaca)
Sen. Sanderson moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Senator Apodaca was introduced to speak on the bill. There were no questions from the members. Sen. Tillman moved unfavorable to the bill – favorable to the PCS and it carried.

SB 674 Truck Dealer Cost Reimbursement. (Senator Apodaca)
Sen. Apodaca was introduced to speak on the bill. There were no questions from the members. Sen. Ford moved for a favorable report and it carried.

SB 504 Mobile Beauty Salons. (Senators J. Jackson, Gunn, Krawiec)
Sen. Jackson was introduced to speak on the bill. Sen. Gunn presented an amendment to the committee. Sen. Ford moved to accept the amendment for the committee to discuss and it was carried. Questions from the members were responded to by Sen. Jackson. Sen. Stein moved unfavorable to the bill – favorable to the bill as amended with a new PCS and it carried.

SB 25 Zoning/Design & Aesthetic Controls. (Senators Gunn, Apodaca, Tarte)
Sen. Gunn was asked to speak on the bill. Questions from the members were responded to by Sen. Gunn. Sen. Meredith asked if there was anyone present to comment on the bill. Rose Vaughn Williams/Director of Government Affairs for the NC League of Municipalities spoke against the bill. J. Michael Carpenter/Executive Vice President and General Counsel for the North Carolina Home Builders Association spoke in favor of the bill. There were a few more questions by the members and Mr. Carpenter assisted Sen. Gunn with the responses. Sen. Jackson moved for a favorable report and the motion carried.

SB 461 Eliminate Tobacco Discount. (Senator Hartsell)
Senator Hartsell was introduced to speak on the bill. Questions asked by the members were responded to by Sen. Hartsell. Sen. Meredith allowed comments from the visitors. Lawson Williams/President of MRWILLIAMS spoke against the bill. John Bode an attorney from Bode and Harrell, LLP spoke against the bill. Andy Ellen/President and General Counsel for NCRMA also spoke. Sen. Hartsell spoke again and further questions raised were responded to by himself and Heather Fennel and attorney from the Research Division. Sen. McKissick moved for a favorable report and it failed.

SB 694 Employee Misclassification Reform. (Senators Newton, Lee, Daniel)
Sen. Meredith removed this bill from the calendar per Senator Newton's request.

SB 434 Cap/Clarify Utility Rate Mechanisms. (Senator Rucho)
Sen. Meredith removed this bill from the calendar per Senator Rucho's request.

SB 501 Strengthen the Do Not Call Registry. (Senators Stein, Brown, Alexander)
Senator removed SB 501 from the agenda and announced that there was work needed on this bill with peer groups before it could be heard in the committee.

The meeting adjourned at 11:52 AM.

Senator Wesley Meredith, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Thursday, April 23, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 673	Clarify Motor Vehicle Dealer Laws.	Senator Apodaca
SB 674	Truck Dealer Cost Reimbursement.	Senator Apodaca
SB 694	Employee Misclassification Reform.	Senator Newton Senator Lee Senator Daniel
SB 461	Eliminate Tobacco Discount.	Senator Hartsell
SB 504	Mobile Beauty Salons.	Senator J. Jackson Senator Gunn Senator Krawiec
SB 25	Zoning/Design & Aesthetic Controls.	Senator Gunn Senator Apodaca Senator Tarte
SB 434	Cap/Clarify Utility Rate Mechanisms.	Senator Rucho
SB 501	Strengthen the Do Not Call Registry.	Senator Stein Senator Brown Senator Alexander

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

CORRECTED REPORT

Thursday, April 23, 2015

Senator Meredith,
submits the following with recommendations as to passage:

FAVORABLE

SB **25** Zoning/Design & Aesthetic Controls.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

SB **674** Truck Dealer Cost Reimbursement.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE BILL

SB **504** Mobile Beauty Salons.

Draft Number:	S504-PCS25248-SVf-21
Sequential Referral:	Finance
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 3

Senator Richard Gunn will handle SB 25
Senator Tom Apodaca will handle SB 674
Senator Jeff Jackson will handle SB 504

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Thursday, April 23, 2015

Senator Meredith,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE BILL

SB **673** Clarify Motor Vehicle Dealer Laws.

Draft Number:	S673-PCS25250-SU-18
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator Tom Apodaca will handle SB 673

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 673
PROPOSED COMMITTEE SUBSTITUTE S673-CSSU-18 [v.1]

4/22/2015 3:59:15 PM

Short Title: Clarify Motor Vehicle Dealer Laws. (Public)

Sponsors:

Referred to:

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO CLARIFY MOTOR VEHICLE DEALERS AND MANUFACTURERS LICENSING LAW.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-286(10) reads as rewritten:

"(10) Motor vehicle. – Any motor propelled vehicle, trailer or semitrailer, required to be registered under the laws of this State.

a. "New motor vehicle" means a motor vehicle that has never been the subject of a completed, successful, or conditional sale that was subsequently approved other than between new motor vehicle dealers, or between manufacturer and dealer of the same franchise.

b. "Used motor vehicle" means a motor vehicle other than a motor vehicle described in ~~paragraph (10)a above.~~sub-subdivision a. of this subdivision."

SECTION 2. G.S. 20-305(7)d. reads as rewritten:

"d. Within 60 days after the death or incapacity of the owner or principal operator, a designated successor appointed in substantial compliance with this section shall give the affected manufacturer or distributor written notice of his or her succession to the position of owner or principal operator of the new motor vehicle dealership; provided, however, that the failure of the designated successor to give the manufacturer or distributor written notice as provided above within 60 days of the death or incapacity of the owner or principal operator shall not result in the waiver or termination of the designated successor's right to succeed to the ownership of the new motor vehicle dealership unless the manufacturer or distributor gives written notice of this provision to either the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary by certified or registered mail, return receipt requested, and said written notice grants not less than 30 days time within which the designated successor may give the notice required hereunder, provided the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary has given the manufacturer reasonable notice of death or incapacity. Within 30 days of receipt of the notice by the manufacturer or distributor from the designated successor provided

in this ~~paragraph,~~sub-subdivision, the manufacturer or distributor may request that the designated successor complete the application forms generally utilized by the manufacturer or distributor to review the designated successor's qualifications to establish a successor dealership. Within 30 days of receipt of the completed forms, the manufacturer or distributor shall send a letter by certified or registered mail, return receipt requested, advising the designated successor of facts and circumstances which have changed since the manufacturer's or distributor's original approval of the designated successor, and which have caused the manufacturer or distributor to object to the designated successor. Upon receipt of such notice, the designated successor may either designate an alternative successor or may file a request for evidentiary hearing in accordance with the procedures provided in sub-subdivisions b.2.–5. of this subdivision. In any such hearing, the manufacturer or distributor shall be limited to facts and circumstances which did not exist at the time the designated successor was originally approved or evidence which was originally requested to be produced by the designated successor at the time of the original request and was fraudulent."

SECTION 3. G.S. 20-305(46) reads as rewritten:

"(46) To require, coerce, or attempt to coerce a dealer located in this State to purchase goods or services of any nature from a vendor selected, identified, or designated by a manufacturer, distributor, affiliate, or captive finance source when the dealer may obtain goods or services of substantially similar quality and design from a vendor selected by the dealer, provided the dealer obtains prior approval from the manufacturer, distributor, affiliate, or captive finance source, for the use of the dealer's selected vendor. Such approval by the manufacturer, distributor, affiliate, or captive finance source may not be unreasonably withheld. For purposes of this subdivision, the term "goods" does not include moveable displays, brochures, and promotional materials containing material subject to the intellectual property rights of a manufacturer or distributor, or special tools as reasonably required by the manufacturer, or parts to be used in repairs under warranty obligations of a manufacturer or distributor. For any tool designated as special or essential, the manufacturer, distributor, or affiliate may recover from the dealer only the actual cost of such tool. In the event the special or essential tool is sold to the dealer through the manufacturer, distributor, or affiliate, and was manufactured or assembled by that manufacturer, distributor, or affiliate, actual cost shall be defined as the cost the manufacturer, distributor, or affiliate paid for the materials together with the cost of labor used in manufacturing or assembling the special or essential tool. In the event the special or essential tool is sold to the dealer through the manufacturer, distributor, or affiliate, but was manufactured or assembled by an entity other than that manufacturer, distributor, or affiliate, actual cost shall be defined as the cost the manufacturer, distributor, or affiliate actually paid for the special or essential tool. In the event the special or essential tool is sold to the dealer by a third party designated, endorsed, or recommended by the manufacturer, distributor, or affiliate, and the price at which the special or essential tool is being offered to the dealer exceeds the cost of the same or similar tool available for purchase by the dealer through another source that will perform substantially all of the functions required by the dealer, the

manufacturer, distributor, or affiliate may not prohibit the dealer from purchasing the special or essential tool from the other source. If the manufacturer, distributor, affiliate, or captive finance source claims that a vendor chosen by the dealer cannot supply goods and services of substantially similar quality and design, the dealer may file a protest with the Commissioner. When a protest is filed, the Commissioner shall promptly inform the manufacturer, distributor, affiliate, or captive finance source that a protest has been filed. The Commissioner shall conduct a hearing on the merits of the protest within 90 days following the filing of a response to the protest. The manufacturer, distributor, affiliate, or captive finance source shall bear the burden of proving that the goods or services chosen by the dealer are not of substantially similar quality and design to those required by the manufacturer, distributor, affiliate, or captive finance source."

SECTION 4. G.S. 20-305.1(a) reads as rewritten:

"(a) Each motor vehicle manufacturer, factory branch, distributor or distributor branch, shall specify in writing to each of its motor vehicle dealers licensed in this State the dealer's obligations for preparation, delivery and warranty service on its products, the schedule of compensation to be paid such dealers for parts, work, and service in connection with warranty service, and the time allowances for the performance of such work and service. In no event shall such schedule of compensation fail to include reasonable compensation for diagnostic work and associated administrative requirements as well as repair service and labor. Time allowances for the performance of warranty work and service shall be reasonable and adequate for the work to be performed. The compensation which must be paid under this section must be reasonable, provided, however, that under no circumstances may the reasonable compensation under this section be in an amount less than the dealer's current retail labor rate and the amount charged to retail customers for the manufacturer's or distributor's original parts for nonwarranty work of like kind, provided such amount is competitive with the retail rates charged for parts and labor by other franchised dealers within the dealer's market. For the purposes of this section, the term "warranty service" includes (i) work to maintain or repair a motor vehicle under a warranty or maintenance plan, extended warranty, certified pre-owned warranty, or a service contract issued, supplied, recommended, or endorsed by a manufacturer, factory branch, distributor, or distributor branch and (ii) delivery or preparation procedures and repairs to a motor vehicle as a result of a recall, campaign service, authorized goodwill, directive, or bulletin of a manufacturer, factory branch, distributor, or distributor branch."

SECTION 5. G.S. 20-305.1(a2) reads as rewritten:

"(a2) In calculating the retail rate customarily charged by the dealer for parts and labor, the following work shall not be included in the calculation:

(1) Repairs for manufacturer or distributor special events, specials, or promotional discounts for retail customer repairs.
(2) Parts sold at wholesale or at reduced or specially negotiated rates for insurance repairs.
(3) Engine assemblies.
(4) Routine ~~maintenance not covered under warranty, such as~~maintenance, including fluids, filters, alignments, flushes, oil changes, brakes, and belts not provided in the course of repairs.
(5) Nuts, bolts, fasteners, and similar items that do not have an individual part number.
(6) ~~Tires.~~Tires and vehicle alignments.
(7) Vehicle reconditioning.
(8) Batteries and light bulbs."

SECTION 6. G.S. 20-305.1(a3) reads as rewritten:

"(a3) If a manufacturer or distributor furnishes a part or component to a dealer, at no cost, to use in performing repairs under a recall, campaign service action, or warranty repair, the manufacturer or distributor shall compensate the dealer for the part or component in the same manner as warranty parts compensation under this section by compensating the dealer the average markup on the cost for the part or component as listed in the manufacturer's or distributor's price schedule less the cost for the part or component. If a manufacturer or distributor requires a dealer to retain, store, or to otherwise not dispose of any part or component removed or replaced by a dealer in the performance of repairs under a recall, campaign service action, or warranty repair, the manufacturer or distributor shall provide reasonable compensation to the dealer for the storage costs of the removed or replaced part or component from the date of the repair up to and including the earlier of the date the manufacturer or distributor permits the dealer to dispose of the part or component or the date the dealer returns the part or component to the manufacturer or distributor at the request of the manufacturer or distributor. For purposes of this subsection, reasonable compensation for storage and handling costs shall be determined by the dealer in accordance with generally accepted accounting principles and shall include (i) the costs for the use of the dealer's facilities for storage and handling of any part or component calculated on a fair market value per square foot basis; (ii) any additional direct and indirect costs incurred by the dealer for storage of the part or component, including the costs of any additional storage facilities incurred by the dealer for storage of the part or component; and (iii) direct and indirect transportation costs related to shipping parts or components to the dealer's storage facilities."

SECTION 7. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

SECTION 8. This act is effective when it becomes law and applies to all current and future franchises and other agreements in existence between any new motor vehicle dealer located in this State and a manufacturer or distributor as of the effective date of this act.

SENATE BILL 673:
Clarify Motor Vehicle Dealer Laws

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 23, 2015
Introduced by:	Sen. Apodaca	**Prepared by:**	Wendy Graf Ray Committee Counsel
Analysis of:	PCS to First Edition S673-CSSU-18		

SUMMARY: ***The Proposed Committee Substitute for Senate Bill 673 makes changes to North Carolina's Motor Vehicle Dealers and Manufacturers Licensing Law.***

[As introduced, this bill was identical to H800, as introduced by Reps. Brawley, Tine, which is currently in House Finance.]

BILL ANALYSIS:

Sections 1 and 2 are technical changes.

Section 3 provides that when a manufacturer or distributor requires a dealer to purchase special tools, the manufacturer or distributor may only recover from the dealer the actual cost of the tool. The manufacturer would not be able to prohibit the dealer from getting the tool from another source if it would cost less and perform substantially the same functions.

Section 4 amends G.S. 20-305.1 to specify what the term "warranty service" includes. Manufacturers and distributors are required under the provision to specify in writing to its dealers what the dealer's obligations are for warranty service on its products.

Section 5 makes changes to the list of items not included in calculating the retail rate customarily charged by the dealer for parts and labor for purposes of determining compensation for warranty work.

Section 6 provides that a manufacturer or distributor will reasonably compensate a dealer for storage costs if it requires the dealer to store or otherwise not dispose of any part or component removed in the performance of repairs under a recall, campaign service action, or warranty repair.

Section 7 is a severability clause that provides that if any part of the act is found to be invalid, the remaining provisions are still in effect.

EFFECTIVE DATE: The bill is effective when it becomes law and would apply to all current and future agreements between new motor vehicle dealers and manufacturers or distributors.

O. Walker Reagan
Director

S673-SMSU-51 CSSU-18 -V1

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

SENATE BILL 673

Short Title:	Clarify Motor Vehicle Dealer Laws.	(Public)
Sponsors:	Senator Apodaca (Primary Sponsor).	
Referred to:	Commerce.	

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO CLARIFY MOTOR VEHICLE DEALERS AND MANUFACTURERS LICENSING LAW.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-286(10) reads as rewritten:

"(10) Motor vehicle. – Any motor propelled vehicle, trailer or semitrailer, required to be registered under the laws of this State.

a. "New motor vehicle" means a motor vehicle that has never been the subject of a completed, successful, or conditional sale that was subsequently approved other than between new motor vehicle dealers, or between manufacturer and dealer of the same franchise.

b. "Used motor vehicle" means a motor vehicle other than a motor vehicle described in ~~paragraph (10)a above.~~sub-subdivision a. of this subdivision."

SECTION 2. G.S. 20-305(6) reads as rewritten:

"(6) Notwithstanding the terms, provisions or conditions of any franchise or notwithstanding the terms or provisions of any waiver, to terminate, cancel or fail to renew any franchise with a licensed new motor vehicle dealer unless the manufacturer has satisfied the notice requirements of ~~subparagraph~~sub-subdivision c. of this subdivision and the Commissioner has determined, if requested in writing by the dealer within (i) the time period specified in G.S. 20-305(6)c.1.II., III., or IV., as applicable, or (ii) the effective date of the franchise termination specified or proposed by the manufacturer in the notice of termination, whichever period of time is longer, and after a hearing on the matter, that there is good cause for the termination, cancellation, or nonrenewal of the franchise and that the manufacturer has acted in good faith as defined in this act regarding the termination, cancellation or nonrenewal. When such a petition is made to the Commissioner by a dealer for determination as to the existence of good cause and good faith for the termination, cancellation or nonrenewal of a franchise, the Commissioner shall promptly inform the manufacturer that a timely petition has been filed, and the franchise in question shall continue in effect pending the Commissioner's decision. The Commissioner shall try to conduct the hearing and render a final determination within 180 days after a petition has been filed. If the termination, cancellation or nonrenewal is pursuant to G.S. 20-305(6)c.1.III. then the Commissioner shall give the

proceeding priority consideration and shall try to render his final determination no later than 90 days after the petition has been filed. Any parties to a hearing by the Commissioner under this section shall have a right of review of the decision in a court of competent jurisdiction pursuant to Chapter 150B of the General Statutes. Any determination of the Commissioner under this section finding that good cause exists for the nonrenewal, cancellation, or termination of any franchise shall automatically be stayed during any period that the affected dealer shall have the right to judicial review or appeal of the determination before the superior court or any other appellate court and during the pendency of any appeal; provided, however, that within 30 days of entry of the Commissioner's order, the affected dealer provide such security as the reviewing court, in its discretion, may deem appropriate for payment of such costs and damages as may be incurred or sustained by the manufacturer by reason of and during the pendency of the stay. Although the right of the affected dealer to such stay is automatic, the procedure for providing such security and for the award of damages, if any, to the manufacturer upon dissolution of the stay shall be in accordance with G.S. 1A-1, Rule 65(d) and (e). No such security provided by or on behalf of any affected dealer shall be forfeited or damages awarded against a dealer who obtains a stay under this subdivision in the event the ownership of the affected dealership is subsequently transferred, sold, or assigned to a third party in accordance with this subdivision or subdivision (4) of this section and the closing on such transfer, sale, or assignment occurs no later than 180 days after the date of entry of the Commissioner's order. Furthermore, unless and until the termination, cancellation, or nonrenewal of a dealer's franchise shall finally become effective, in light of any stay or any order of the Commissioner determining that good cause exists for the termination, cancellation, or nonrenewal of a dealer's franchise as provided in this ~~paragraph,~~subdivision, a dealer who receives a notice of termination, cancellation, or nonrenewal from a manufacturer as provided in this subdivision shall continue to have the same rights to assign, sell, or transfer the franchise to a third party under the franchise and as permitted under G.S. 20-305(4) as if notice of the termination had not been given by the manufacturer. Any franchise under notice or threat of termination, cancellation, or nonrenewal by the manufacturer which is duly transferred in accordance with G.S. 20-305(4) shall not be subject to termination by reason of failure of performance or breaches of the franchise on the part of the transferor.

...

c. Notification of Termination, Cancellation and Nonrenewal. –

1. Notwithstanding the terms, provisions or conditions of any franchise prior to the termination, cancellation or nonrenewal of any franchise, the manufacturer shall furnish notification of termination, cancellation or nonrenewal to the new motor vehicle dealer as follows:

...

IV. Not less than 180 days prior to the effective date of such termination, cancellation, or nonrenewal which occurs as a result of any change in ownership, operation, or control of all or any part of the business of the manufacturer, factory branch, distributor, or

distributor branch whether by sale or transfer of assets, corporate stock or other equity interest, assignment, merger, consolidation, combination, joint venture, redemption, operation of law or otherwise; or the termination, suspension, or cessation of a part or all of the business operations of the manufacturers, factory branch, distributor, or distributor branch; or the phasing out, winding down, or discontinuance of the sale of the product ~~line~~line, line-make, franchise, or brand, or a change in distribution system by the manufacturer whether through a change in distributors or the manufacturer's decision to cease conducting business through a distributor altogether.

...

d. Payments.

...

2. The compensation provided above shall be paid by the manufacturer or distributor not later than 90 days after the manufacturer or distributor has received notice in writing from or on behalf of the new motor vehicle dealer specifying the elements of compensation requested by the dealer; provided the new motor vehicle dealer has, or can obtain, clear title to the inventory and has conveyed, or can convey, title and possession of the same to the manufacturer or distributor. Within 15 days after receipt of the dealer's written request for compensation, the manufacturer or distributor shall send the dealer detailed written instructions and forms required by the manufacturer or distributor to effectuate the receipt of the compensation requested by the dealer. The manufacturer or distributor shall be obligated to pay or reimburse the dealer for any transportation charges associated with the repurchase obligations of the manufacturer or distributor under this ~~sub-subparagraph.~~sub-subdivision. The manufacturer or distributor shall also compensate the dealer for any handling, packing, or similar payments contemplated in the franchise. In no event may the manufacturer or distributor charge the dealer any handling, restocking, or other similar costs or fees associated with items repurchased by the manufacturer under this ~~sub-subparagraph.~~sub-subdivision.

3. In addition to the other payments set forth in this section, if a termination, cancellation, or nonrenewal is premised upon any of the occurrences set forth in G.S. 20-305(6)c.1.IV., then the manufacturer or distributor shall be liable to the dealer for an amount at least equivalent to the fair market value of the franchise on (i) the date the franchisor announces the action which results in termination, cancellation, or nonrenewal; or (ii) the date the action which results in termination, cancellation, or nonrenewal first became general knowledge; or (iii) the day 18 months prior to the date on which the notice of termination, cancellation, or nonrenewal is issued,

whichever amount is higher. Payment is due not later than 90 days after the manufacturer or distributor has received notice in writing from, or on behalf of, the new motor vehicle dealer specifying the elements of compensation requested by the dealer. Any contract, agreement, or release entered into between any manufacturer and any dealer in which the dealer waives the dealer's right to receive monetary compensation in any sum or amount less than the fair market of the franchise as provided in this subdivision, including any contract, agreement, or release in which the dealer would accept the right to continue to offer and be compensated for service, parts, or both service and parts, provided by the dealer in lieu of receiving all or a portion of the fair market value of the franchise, shall be insufficient to satisfy the manufacturer's obligation to adequately compensate the dealer under this subdivision and shall be voidable at any time at the election of the dealer. If the termination, cancellation, or nonrenewal is due to a manufacturer's change in distributors, but the models and series of vehicles sold in this State would continue through the new distributor, the manufacturer may avoid paying fair market value to the dealer if the new distributor or the manufacturer offers the dealer a franchise agreement with terms acceptable to the dealer.

e. Dealership Facilities Assistance upon Termination, Cancellation or Nonrenewal.

In the event of the occurrence of any of the events specified in G.S. 20-305(6)d.1. above, except termination, cancellation or nonrenewal for license revocation, conviction of a crime involving moral turpitude, or fraud by a dealer-owner:

1. Subject to ~~paragraph 3,~~sub-sub-subdivision 3. of this sub-subdivision, if the new motor vehicle dealer is leasing the dealership facilities from a lessor other than the manufacturer or distributor, the manufacturer or distributor shall pay the new motor vehicle dealer a sum equivalent to the rent for the unexpired term of the lease or three year's rent, whichever is less, or such longer term as is provided in the franchise agreement between the dealer and manufacturer; except that, in the case of motorcycle dealerships, the manufacturer shall pay the new motor vehicle dealer the sum equivalent to the rent for the unexpired term of the lease or one year's rent, whichever is less, or such longer term as provided in the franchise agreement between the dealer and manufacturer; or
2. Subject to ~~paragraph 3,~~sub-sub-subdivision 3. of this sub-subdivision, if the new motor vehicle dealer owns the dealership facilities, the manufacturer or distributor shall pay the new motor vehicle dealer a sum equivalent to the reasonable rental value of the dealership facilities for three years, or for one year in the case of motorcycle dealerships.
3. In order to be entitled to facilities assistance from the manufacturer or distributor, as provided in this ~~paragraph e.,~~sub-subdivision, the dealer, owner, or lessee, as the case

may be, shall have the obligation to mitigate damages by listing the demised premises for lease or sublease with a licensed real estate agent within 30 days after the effective date of the termination of the franchise and thereafter by reasonably cooperating with said real estate agent in the performance of the agent's duties and responsibilities. In the event that the dealer, owner, or lessee is able to lease or sublease the demised premises, the dealer shall be obligated to pay the manufacturer the net revenue received from such mitigation up to the total amount of facilities assistance which the dealer has received from the manufacturer pursuant to sub-subdivisions 1. and 2. To the extent and for such uses and purposes as may be consistent with the terms of the lease, a manufacturer who pays facilities assistance to a dealer under this ~~paragraph e.~~sub-subdivision shall be entitled to occupy and use the dealership facilities during the years for which the manufacturer shall have paid rent under sub-subdivisions 1. and 2.

...

5. The compensation required for facilities assistance under this ~~paragraph e.~~sub-subdivision shall be paid by the manufacturer or distributor within 90 days after the manufacturer or distributor has received notice in writing from, or on behalf of, a new motor vehicle dealer specifying the elements of compensation requested by the dealer.

...."

SECTION 3. G.S. 20-305(7)d. reads as rewritten:

"d. Within 60 days after the death or incapacity of the owner or principal operator, a designated successor appointed in substantial compliance with this section shall give the affected manufacturer or distributor written notice of his or her succession to the position of owner or principal operator of the new motor vehicle dealership; provided, however, that the failure of the designated successor to give the manufacturer or distributor written notice as provided above within 60 days of the death or incapacity of the owner or principal operator shall not result in the waiver or termination of the designated successor's right to succeed to the ownership of the new motor vehicle dealership unless the manufacturer or distributor gives written notice of this provision to either the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary by certified or registered mail, return receipt requested, and said written notice grants not less than 30 days time within which the designated successor may give the notice required hereunder, provided the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary has given the manufacturer reasonable notice of death or incapacity. Within 30 days of receipt of the notice by the manufacturer or distributor from the designated successor provided in this ~~paragraph,~~sub-subdivision, the manufacturer or distributor may request that the designated successor complete the application forms generally utilized by the manufacturer or distributor to review

the designated successor's qualifications to establish a successor dealership. Within 30 days of receipt of the completed forms, the manufacturer or distributor shall send a letter by certified or registered mail, return receipt requested, advising the designated successor of facts and circumstances which have changed since the manufacturer's or distributor's original approval of the designated successor, and which have caused the manufacturer or distributor to object to the designated successor. Upon receipt of such notice, the designated successor may either designate an alternative successor or may file a request for evidentiary hearing in accordance with the procedures provided in sub-subdivisions b.2.–5. of this subdivision. In any such hearing, the manufacturer or distributor shall be limited to facts and circumstances which did not exist at the time the designated successor was originally approved or evidence which was originally requested to be produced by the designated successor at the time of the original request and was fraudulent."

SECTION 4. G.S. 20-305(38) reads as rewritten:

"(38) Notwithstanding the terms, provisions, or conditions of any agreement, franchise, novation, waiver, or other written instrument, to assign or change a franchised new motor vehicle dealer's area of responsibility under the franchise arbitrarily or without due regard to the present or projected future pattern of motor vehicle sales and registrations within the dealer's market and without having provided the affected dealer with written notice of the change in the dealer's area of responsibility and a detailed description of the change in writing by registered or certified mail, return receipt requested. A franchised new motor vehicle dealer who believes that a manufacturer, factory branch, distributor, or distributor branch with whom the dealer has entered into a franchise has ~~violated this subdivision~~assigned or changed the dealer's area of responsibility, is proposing to assign or change the dealer's area of responsibility arbitrarily or without due regard to the present or projected future pattern of motor vehicle sales and registrations within the dealer's market, or failed to provide the dealer with the notice required under this subdivision may file a petition and have an evidentiary hearing before the Commissioner as provided in G.S. 20-301(b) contesting the franchised new motor vehicle dealer's assigned area of responsibility. In determining at the evidentiary hearing whether a manufacturer, factory branch, distributor, or distributor branch has assigned or changed the dealer's area of responsibility or is proposing to assign or change the dealer's area of responsibility arbitrarily or without due regard to the present or projected future pattern of motor vehicle sales and registrations within the dealer's market, the Commissioner shall take into consideration the existing circumstances, including all of the following:

a. The dealer's investment of time and money in developing the market for the vehicles and other products and services of the affected manufacturer, factory branch, distributor, or distributor branch within the area of responsibility.

b. The present and future projected traffic patterns and drive times between consumers and the various franchised dealers of the affected manufacturer, factory branch, distributor, or distributor branch who are located within the market.

c. The historical and projected future pattern of new vehicle sales and registrations of the affected manufacturer, factory branch, distributor, or distributor branch within various portions of the area of responsibility and within the market as a whole.

d. If the affected manufacturer, manufacturer branch, distributor, or distributor branch has removed territory from a dealer's area of responsibility or is proposing to remove territory from a dealer's area of responsibility, the projected economic effects, if any, that these changes in the dealer's area of responsibility will have on the petitioning dealer.

e. The projected effects that the changes in the petitioning dealer's area of responsibility that have been made or proposed by the affected manufacturer, manufacturer branch, distributor, or distributor branch will have on the consuming public within the market.

f. The presence or absence of natural geographical obstacles or boundaries, such as mountains and rivers.

g. The proximity of census tracts or other geographic units used by the affected manufacturer, factory branch, distributor, or distributor branch in determining dealers' respective areas of responsibility.

At the evidentiary hearing before the Commissioner, the affected manufacturer, factory branch, distributor, or distributor branch shall have the burden of proving that all portions of its current or proposed area of responsibility for the petitioning franchised new motor vehicle dealer are reasonable in light of the present or projected future pattern of motor vehicle sales and registrations within the franchised new motor vehicle dealer's market. A policy or protocol of a manufacturer, factory branch, distributor, or distributor branch that determines a dealer's area of responsibility based solely or primarily on the proximity of census tracts or other geographic units to its franchised dealers fails to satisfy the burden of proof on the affected manufacturer, factory branch, distributor, or distributor branch under this subdivision. Upon the filing of a petition before the Commissioner under this subdivision, any changes in the petitioning franchised new motor vehicle dealer's area of responsibility that have been proposed by the affected manufacturer, factory branch, distributor, or distributor branch shall be stayed during the pendency of the determination by the Commissioner. If a protest is or has been filed under G.S. 20-305(5) and the franchised new motor vehicle dealer's area of responsibility is included in the relevant market area under the protest, any protest filed under this subdivision shall be consolidated with that protest for hearing and joint disposition of all of the protests.

SECTION 5. G.S. 20-305(46) reads as rewritten:

"(46) To require, coerce, or attempt to coerce a dealer located in this State to purchase goods or services of any nature from a vendor selected, identified, or designated by a manufacturer, distributor, affiliate, or captive finance source when the dealer may obtain goods or services of substantially similar quality and design from a vendor selected by the dealer, provided the dealer obtains prior approval from the manufacturer, distributor, affiliate, or captive finance source, for the use of the dealer's selected vendor. Such approval by the manufacturer, distributor, affiliate, or captive finance source may not be unreasonably withheld. For purposes of this subdivision, the term "goods" does not include moveable displays, brochures, and promotional materials containing material subject to the intellectual property rights of a manufacturer or distributor, or special tools as reasonably required by the

manufacturer, or parts to be used in repairs under warranty obligations of a manufacturer or distributor. For any tool designated as special or essential, the manufacturer, distributor, or affiliate may recover from the dealer only the actual cost of such tool. In the event the special or essential tool is sold to the dealer through the manufacturer, distributor, or affiliate, and was manufactured or assembled by that manufacturer, distributor, or affiliate, actual cost shall be defined as the cost the manufacturer, distributor, or affiliate paid for the materials together with the cost of labor used in manufacturing or assembling the special or essential tool. In the event the special or essential tool is sold to the dealer through the manufacturer, distributor, or affiliate, but was manufactured or assembled by an entity other than that manufacturer, distributor, or affiliate, actual cost shall be defined as the cost the manufacturer, distributor, or affiliate actually paid for the special or essential tool. In the event the special or essential tool is sold to the dealer by a third party designated, endorsed, or recommended by the manufacturer, distributor, or affiliate, and the price at which the special or essential tool is being offered to the dealer exceeds the cost of the same or similar tool available for purchase by the dealer through another source that will perform substantially all of the functions required by the dealer, the manufacturer, distributor, or affiliate may not prohibit the dealer from purchasing the special or essential tool from the other source. If the manufacturer, distributor, affiliate, or captive finance source claims that a vendor chosen by the dealer cannot supply goods and services of substantially similar quality and design, the dealer may file a protest with the Commissioner. When a protest is filed, the Commissioner shall promptly inform the manufacturer, distributor, affiliate, or captive finance source that a protest has been filed. The Commissioner shall conduct a hearing on the merits of the protest within 90 days following the filing of a response to the protest. The manufacturer, distributor, affiliate, or captive finance source shall bear the burden of proving that the goods or services chosen by the dealer are not of substantially similar quality and design to those required by the manufacturer, distributor, affiliate, or captive finance source."

SECTION 6. G.S. 20-305.1(a) reads as rewritten:

"(a) Each motor vehicle manufacturer, factory branch, distributor or distributor branch, shall specify in writing to each of its motor vehicle dealers licensed in this State the dealer's obligations for preparation, delivery and warranty service on its products, the schedule of compensation to be paid such dealers for parts, work, and service in connection with warranty service, and the time allowances for the performance of such work and service. In no event shall such schedule of compensation fail to include reasonable compensation for diagnostic work and associated administrative requirements as well as repair service and labor. Time allowances for the performance of warranty work and service shall be reasonable and adequate for the work to be performed. The compensation which must be paid under this section must be reasonable, provided, however, that under no circumstances may the reasonable compensation under this section be in an amount less than the dealer's current retail labor rate and the amount charged to retail customers for the manufacturer's or distributor's original parts for nonwarranty work of like kind, provided such amount is competitive with the retail rates charged for parts and labor by other franchised dealers within the dealer's market. For the purposes of this section, the term "warranty service" includes (i) work to maintain or repair a motor vehicle under a warranty or maintenance plan, extended warranty, certified pre-owned warranty, or a service contract issued, supplied, recommended, or endorsed by a manufacturer, factory branch, distributor, or distributor branch and (ii) delivery or preparation procedures and repairs to a

motor vehicle as a result of a recall, campaign service, authorized goodwill, directive, or bulletin of a manufacturer, factory branch, distributor, or distributor branch."

SECTION 7. G.S. 20-305.1(a2) reads as rewritten:

"(a2) In calculating the retail rate customarily charged by the dealer for parts and labor, the following work shall not be included in the calculation:

(1) Repairs for manufacturer or distributor special events, specials, or promotional discounts for retail customer repairs.

(2) Parts sold at wholesale or at reduced or specially negotiated rates for insurance repairs.

(3) Engine assemblies.

(4) Routine ~~maintenance not covered under warranty, such as~~maintenance, including fluids, filters, alignments, flushes, oil changes, brakes, and belts not provided in the course of repairs.

(5) Nuts, bolts, fasteners, and similar items that do not have an individual part number.

(6) ~~Tires.~~Tires and vehicle alignments.

(7) Vehicle reconditioning.

(8) Batteries and light bulbs."

SECTION 8. G.S. 20-305.1(a3) reads as rewritten:

"(a3) If a manufacturer or distributor furnishes a part or component to a dealer, at no cost, to use in performing repairs under a recall, campaign service action, or warranty repair, the manufacturer or distributor shall compensate the dealer for the part or component in the same manner as warranty parts compensation under this section by compensating the dealer the average markup on the cost for the part or component as listed in the manufacturer's or distributor's price schedule less the cost for the part or component. If a manufacturer or distributor requires a dealer to retain, store, or to otherwise not dispose of any part or component removed or replaced by a dealer in the performance of repairs under a recall, campaign service action, or warranty repair, the manufacturer or distributor shall provide reasonable compensation to the dealer for the storage costs of the removed or replaced part or component from the date of the repair up to and including the earlier of the date the manufacturer or distributor permits the dealer to dispose of the part or component or the date the dealer returns the part or component to the manufacturer or distributor at the request of the manufacturer or distributor. For purposes of this subsection, reasonable compensation for storage and handling costs shall be determined by the dealer in accordance with generally accepted accounting principles and shall include (i) the costs for the use of the dealer's facilities for storage and handling of any part or component calculated on a fair market value per square foot basis; (ii) any additional direct and indirect costs incurred by the dealer for storage of the part or component, including the costs of any additional storage facilities incurred by the dealer for storage of the part or component; and (iii) direct and indirect transportation costs related to shipping parts or components to the dealer's storage facilities."

SECTION 9. G.S. 20-305.1(b3) reads as rewritten:

"(b3) Notwithstanding the terms of any franchise or other agreement, or the terms of any program, policy, or procedure of any manufacturer, it shall be unlawful for a manufacturer to take or threaten to take any adverse action against a dealer located in this State, or to otherwise discriminate against any dealer located in this State, on the basis that the dealer sold or leased a motor vehicle to a customer who either exported the vehicle to a foreign country or who resold the vehicle to a third party, unless ~~the dealer knew or reasonably should have known that the customer intended to export or resell the motor vehicle prior to the customer's purchase of the vehicle from the dealer.~~on the date of the sale or lease either the name of the purchaser or lessee appeared on a list of known or suspected exporters or brokers published by the manufacturer and readily accessible to employees of the dealer, or the dealer possessed actual knowledge that

the purchaser or lessee intended, at the time of the sale or lease, to export or broker the vehicle. It shall be unlawful for any manufacturer to take any adverse action against a dealer located in this State or to otherwise discriminate against any dealer located in this State on the basis that the dealer failed to ensure that the purchaser or lessee paid personal property tax on the vehicle purchased or leased from the dealer, the dealer failed to ensure that the vehicle being purchased or leased had been permanently registered in this State or in any other state in which the dealer was not required to ensure that the vehicle's permanent registration was processed or submitted at the time of the vehicle's purchase or lease, that a certain number or percentage of the vehicles sold or leased by a dealer over a specified period of time were exported or brokered, or that a vehicle sold or leased by the dealer was exported to a foreign country more than 90 days after the date of sale or lease by the dealer. The ~~conduct~~adverse action and discrimination prohibited under this subsection ~~includes, but is not limited to,~~includes a manufacturer's actual or ~~threatened:~~threatened (i) failure or refusal to allocate, sell, or deliver motor vehicles to the dealer; ~~or~~ (ii) discrimination against any dealer in the allocation of vehicles; ~~or~~ (iii) charging back or withholding payments or other compensation or consideration for which a dealer is otherwise eligible for warranty reimbursement or under a sales promotion, incentive program, ~~or contest; or~~contest, or other program or policy that would provide any compensation or support for the dealer; (iv) disqualification of a dealer from participating in or discrimination against any dealer relating to any sales promotion, incentive program, ~~or contest; or~~ contest, or other program or policy that would provide any compensation or support for the dealer; (v) termination of a ~~franchise.~~franchise; or (vi) the imposition of any fine, penalty, chargeback, or other disciplinary or punitive measure. In any proceeding brought pursuant to this subsection, there shall be a rebuttable presumption that the dealer, prior to the customer's purchase of the vehicle, did not ~~know nor should have reasonably known~~have actual knowledge that the customer intended to export or resell the motor vehicle, if ~~(i)~~ following the sale, the vehicle is ~~titled, registered, and, where applicable, taxes paid~~either temporarily or permanently registered in any state or territory within the United States in the name of a customer who was physically present at the dealership at or prior to the time of ~~sale, and (ii) the dealer did not know, prior to the consummation of the sale, that the vehicle would be shipped to a foreign country.~~sale or in the name of the leasing company that is leasing the vehicle to the customer. Any audit for sales or leases made to exporters or brokers shall only be for the 12-month period immediately preceding the audit."

SECTION 10. G.S. 20-305.1(c) reads as rewritten:

"(c) In the event there is a dispute between the manufacturer, factory branch, distributor, or distributor branch, and the dealer with respect to any matter referred to in subsection (a), (b), (b1), (b2), (b3), or (d) of this section, either party may petition the Commissioner in writing, within 30 days after either party has given written notice of the dispute to the other, for a hearing on the subject and the decision of the Commissioner shall be binding on the parties, subject to rights of judicial review and appeal as provided in Chapter 150B of the General Statutes; provided, however, that nothing contained herein shall give the Commissioner any authority as to the content of any manufacturer's or distributor's warranty. Upon the filing of a petition before the Commissioner under this subsection, any chargeback to or any payment required of a dealer by a manufacturer relating to warranty parts or service compensation, or to sales incentives, service incentives, rebates, ~~or~~ other forms of incentive ~~compensation,~~compensation, or the withholding or chargeback of other compensation or support that a dealer would otherwise be entitled to, shall be stayed during the pendency of the determination by the Commissioner."

SECTION 11. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

SECTION 12. Section 4 of this act is effective when this act becomes law, but shall not apply to any pending matter that has been the subject of a judicial review hearing pursuant to Chapter 150B of the General Statutes as of the effective date of this act. The remainder of this act is effective when it becomes law and applies to all current and future franchises and other agreements in existence between any new motor vehicle dealer located in this State and a manufacturer or distributor as of the effective date of this act.

SENATE BILL 674:
Truck Dealer Cost Reimbursement

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 23, 2015
Introduced by:	Sen. Apodaca	**Prepared by:**	Wendy Graf Ray Committee Counsel
Analysis of:	First Edition		

SUMMARY: Senate Bill 674 would increase the amount of reimbursement paid to heavy duty truck dealers by manufacturers or distributors when they sell trucks directly to converters and other nondealer retailers rather than going through a dealer. The reimbursement is intended to compensate dealers for expenses incurred in servicing the vehicles, which they are required to do under franchise agreements, even when they are excluded from the sale.

CURRENT LAW: G.S. 20-305.1(g) provides a reimbursement mechanism for heavy duty truck dealers to receive compensation from manufacturers or distributors who sell trucks directly to converters and other retailers, bypassing the franchised dealer. Because dealers are still required to service the trucks under their franchise agreements, the reimbursement is intended to compensate the dealer for the cost of special tools, equipment, and training needed to service the vehicles. Under current law, the amount of compensation paid to the dealer is $600 per vehicle.

BILL ANALYSIS: Senate Bill 674 would increase the amount of reimbursement paid to a heavy duty truck dealer from $600 per vehicle to $900 per vehicle sold directly by the manufacturer or distributor to a converter or retailer other than the franchised dealer.

EFFECTIVE DATE: The act would be effective when it becomes law and would apply to all current and future agreements between new motor vehicle dealers and manufacturers or distributors.

O. Walker Reagan
Director

S674-SMSU-50 E1 -V2

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

SENATE BILL 674

Short Title:	Truck Dealer Cost Reimbursement.	(Public)
Sponsors:	Senator Apodaca (Primary Sponsor).	
Referred to:	Commerce.	

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE AMOUNT OF COMPENSATION PAYABLE BY A MANUFACTURER, MANUFACTURER BRANCH, DISTRIBUTOR, OR DISTRIBUTOR BRANCH OF CERTAIN NEW MOTOR VEHICLES TO MOTOR VEHICLE DEALERS TO COVER CERTAIN COSTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-305.1(g) reads as rewritten:

"(g) Truck Dealer Cost Reimbursement. – Every manufacturer, manufacturer branch, distributor, or distributor branch of new motor vehicles, or any affiliate or subsidiary thereof, ~~which~~that manufactures or distributes new motor vehicles with a gross vehicle weight rating of 16,000 pounds or more shall compensate its new motor vehicle dealers located in this State for the cost of special tools, equipment, and training for which its dealers are liable when the applicable manufacturer, manufacturer branch, distributor, or distributor branch sells a portion of its vehicle inventory to converters and other nondealer retailers. The purpose of this reimbursement is to compensate truck dealers for special additional costs these dealers are required to pay for servicing these vehicles when the dealers are excluded from compensation for these expenses at the point of sale. The compensation ~~which~~that shall be paid pursuant to this subsection shall be applicable only with respect to new motor vehicles with a gross vehicle weight rating of 16,000 pounds or more ~~which~~that are registered to end users within this State and that are sold by a manufacturer, manufacturer branch, distributor, or distributor branch to ~~either:~~either of the following:

(1) Persons or entities other than new motor vehicle dealers with whom the manufacturer, manufacturer branch, distributor, or distributor branch has entered into ~~franchises; or~~franchises.

(2) Persons or entities that install custom bodies on truck chassis, including, but not limited to, mounted equipment or specialized bodies for concrete distribution, firefighting equipment, waste disposal, recycling, garbage disposal, buses, utility service, street sweepers, wreckers, and rollback bodies for vehicle recovery; provided, however, that no compensation shall be required to be paid pursuant to this subdivision with respect to vehicles sold for purposes of manufacturing or assembling school buses.

The amount of compensation ~~which~~that shall be payable by the applicable manufacturer, manufacturer branch, distributor, or distributor branch shall be ~~six~~nine hundred dollars ~~($600.00)~~($900.00) per new motor vehicle registered in this State whose chassis has a gross vehicle weight rating of 16,000 pounds or more. The compensation required pursuant to this subsection shall be paid by the applicable manufacturer, manufacturer branch, distributor, or

distributor branch to its franchised new motor vehicle dealer in closest proximity to the registered address of the end user to whom the motor vehicle has been registered within 30 days after ~~such~~the registration. Upon receiving a request in writing from one of its franchised dealers located in this State, a manufacturer, manufacturer branch, distributor, or distributor branch shall promptly make available to ~~such~~the dealer its records relating to the registered addresses of its new motor vehicles registered in this State for the previous 12 months and its payment of compensation to dealers as provided in this subsection."

SECTION 2. This act is effective when it becomes law and applies to all current and future franchises and other agreements in existence between any new motor vehicle dealer located in this State and a manufacturer or distributor as of the effective date of this act.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 694
PROPOSED COMMITTEE SUBSTITUTE S694-CSTS-5 [v.2]
4/22/2015 8:05:51 PM

Short Title: Employee Misclassification Reform. (Public)

Sponsors:

Referred to:

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE EMPLOYEE FAIR CLASSIFICATION ACT.

The General Assembly of North Carolina enacts:

PART I. EMPLOYEE FAIR CLASSIFICATION ACT

SECTION 1.1. Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 81.

"Employee Fair Classification Act.

"**§ 143-760. Title.**

This Article shall be known and may be cited as the "Employee Fair Classification Act."

"**§ 143-761. Definitions; scope.**

(a) The following definitions apply in this Article:

(1) Employ. – To suffer or permit to work.

(2) Employer. – Any entity that employs one or more employees as defined by G.S. 95-272(3).

(3) Employee. – Any individual that is defined as an employee by either G.S. 143-25.2(4), G.S. 143-47.1(6), G.S. 143-174, G.S. 96-1(10), G.S. 97-2(2) or G.S. 105-163.1(4). The term does not mean an individual who is an independent contractor under G.S. 143-273.

(4) Employee misclassification. – Avoiding tax liabilities and other obligations imposed by Chapter 95, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes by misclassifying an employee as an independent contractor.

(5) Employee Classification Division or Division. – The Employee Classification Division within the OSBM.

(6) OSBM. – Office of State Budget and Management.

(b) Nothing in this Article shall be construed, or is intended, to change the definition of "employer" or "employee" under any other provision of law.

(c) The provisions in G.S. 143-764 are intended to codify the holding in Hayes v. Board of Trustees of Elon College, 224 N.C. 11(1944).

"**§ 143-762 Employee Classification Division.**

(a) The Employee Classification Division is established within the Office of State Budget and Management.

(b) The State Budget Director shall appoint a director of the Division to serve at the Budget Director's pleasure with such authority as the Director deems necessary to direct and

oversee the Division in carrying out the purposes of this Article. The director shall be exempt from the State Human Resources Act and shall devote his or her entire time to the duties of the Division. The director may delegate any duties and responsibilities as may be necessary to ensure the proper management of the Division. The director's salary shall be set by the State Budget Director.

(c) The State Budget Director may employ clerical staff, investigators, and other staff within the Division as is necessary for the Division to perform its duties under this Article. Notwithstanding Chapters 126, 143A, and 143B of the General Statutes or any other provision of law, the director may hire or fire personnel and transfer personnel within the Division. The Division shall be provided with adequate offices in which the Division's records shall be kept and its official business transacted during regular business hours. The Division shall also be provided with necessary office furniture, stationery, and other supplies.

(e) The Office of the State Chief Information Officer shall ensure that the Division is provided with all necessary access to the Government Data Analytics Center and all other information technology services.

"**§ 143-763. Division powers and duties.**

(a) The Division shall have the following duties:

(1) Be available during business hours to receive reports of employee misclassification by telephonic, written, or electronic communication.

(2) Investigate reports of employee misclassification, coordinate with, and assist all relevant State agencies in recovering any back taxes, wages, benefits, penalties, or other monies owed as a result of an employer engaging in employee misclassification.

(3) Assess administrative civil penalties for instances of employee misclassification as set forth in G.S. 143-765.

(4) Refer contested penalty assessments to the Office of Administrative Hearings for an in-person hearing.

(5) Where provided by law, coordinate with relevant State agencies and District Attorneys' offices in the prosecution of employers and individuals who fail to pay civil assessments or penalties assessed as a result of the employer or individual's involvement in employee misclassification.

(6) Provide all relevant information pertaining to each instance of reported employee misclassification to the North Carolina Department of Labor, the North Carolina Department of Revenue, the North Carolina Division of Employment Security, and the North Carolina Industrial Commission to facilitate investigation of potential violations of Chapter 143, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes.

(7) Create a publicly available notice that includes the definition of employee misclassification and indicates the civil penalties provided for in G.S. 143-765.

(8) Develop methods and strategies for information sharing between State agencies in order to proactively identify possible instances of employee misclassification.

(9) Develop methods and strategies to educate employers, employees, and the public about proper classification of employees and the prevention of employee misclassification.

(10) Establish training modules and materials pertaining to the investigation and enforcement of incidents of employee misclassification for use by State agency investigators and law enforcement agencies.

(b) The director shall appoint an informal advisory council to advise the director on issues within the jurisdiction of the Division. The members of the advisory council shall include, at a minimum:

(1) The following officers or the officer's designee:

a. Commissioner of Labor.

b. Secretary of Revenue.

c. Chairman of the Industrial Commission.

d. Assistant Secretary of Commerce for the Division of Employment Security.

(2) A representative of workers in this State.

(3) A representative of employers in this State.

The members of the council shall not receive compensation, per diem, or expense reimbursement, from the State Treasury for their service on the advisory council.

(c) No later than October 1 of each year, the Division shall publish annually to the Office of the Governor and to the Joint Legislative Commission on Governmental Operations a report of the administration of this Article, together with any recommendations as the Division deems advisable. This report shall include, at a minimum, the number of reports of employee misclassification received, the number and amount of back taxes, wages, benefits, penalties, or other monies assessed, the amount of back taxes, wages, benefits, penalties, or other monies collected, and the number of cases referred to each State agency.

"**§ 143-764. Determination of independent contractor status.**

(a) The following factors shall be considered in determining whether an individual is an independent contractor for purposes of this Article:

(1) Whether the individual is engaged in an independent business or occupation wherein specialized skill, knowledge, or training is utilized independently to complete a specific piece of work.

(2) Whether the individual is in the regular employ of the contracting party and is paid for completing a specific piece of work instead of being paid wages.

(3) Whether the individual selects his or her own hours to complete the work by a deadline and is not subject to discharge if one method of performing the work is adopted over another method.

(4) Whether the individual has the freedom to use and independently control his or her own assistants.

(b) The presence of one or more of the foregoing factors is not controlling, nor is the presence of all of the foregoing factors required in determining whether an individual is an independent contractor.

"**§ 143-765. Employee misclassification prohibited; civil penalties; repeated instances of misclassification.**

(a) Employee misclassification is prohibited.

(b) Any employer who is found by the Division to have engaged in employee misclassification after being assessed any back taxes, wages, benefits, penalties, or other monies by any State agency as a result of misclassifying one or more employees within the previous three calendar years shall be assessed a civil penalty of no greater than one thousand dollars ($1,000) per misclassified employee for any future instances of employee misclassification. In determining the amount of the penalty to be assessed, the Division shall consider the degree of willfulness or negligence by the employer in engaging in the employee misclassification. The penalty herein provided shall be assessed by the Division administratively, with the right to a hearing conducted by the Office of Administrative Hearings if requested in writing within 30 days after notice of the assessment of the penalty. Enforcement of the penalty shall be made by the Office of the Attorney General. The clear

proceeds of penalties provided for in this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(c) Nothing in this section shall be construed to create a private right of action, at law or in equity, for the activities prohibited by this Article.

"**§ 143-766. Temporary amnesty program.**

(a) The Division shall establish and administer a temporary amnesty program for the purpose of encouraging voluntary self-reporting by employers currently engaging in employee misclassification. Every employer participating in the temporary amnesty program shall be immune from the civil penalties provided for in G.S. 143-765 for past instances of employee misclassification that are voluntarily self-reported by the employer in accordance with the procedures of the temporary amnesty program.

(b) The Division shall establish procedures for participation in the temporary amnesty program. These procedures shall require, at a minimum, that a participating employer:

(1) File an application with the Division on a form prescribed by the Division on or before April 1, 2016. This form shall require, at a minimum, the employer's name, physical address, mailing address, telephone number, Social Security number or taxpayer ID number, and disclosure of all actual or potential instances of employee misclassification. If available, this form shall require the employer's registered agent, driver's license number, license number(s), and issuing agency of all licenses issued by a State licensing board.

(2) Comply with any and all determinations made or directives issued by the Division pertaining to the employer's application and compliance with this Article.

(c) Nothing in this section shall be construed to limit the liability of a participating employer in any civil or criminal matter not provided for by this Article.

"**§ 143-767. Occupational licensing boards and commissions; notice requirement; applicant certification.**

(a) Every State occupational licensing board or commission that is authorized to issue any license, permit, or certification shall include on every application for licensure, permit, or certification, or application for renewal of the same, a certification that the applicant has read and understands the employee misclassification notice set forth in G.S. 143-763(a)(7).

(b) Every applicant for a license, permit, or certification issued by a State occupational licensing board or commission shall truthfully certify on the appropriate application that the applicant has read and understands the employee misclassification notice set forth in G.S. 143-763(a)(7).

(c) An occupational licensing board or commission shall deny the license, permit, or certification application of any applicant who fails to comply with the certification requirement set forth in subsection (b) of this section.

"**§ 143-768. Confidentiality; access to records.**

The records of the Division that are not civil penalty assessments or final orders relating to an appeal of a civil penalty assessment, insofar as they refer to reported violations, investigations, or other enforcement actions taken by the Division, are not public records under G.S. 132-1, but are subject to inspection by State and federal agencies as required by the provisions of this Article and Chapter 95, Chapter 96, Chapter 97, and Chapter 105 of the General Statutes."

SECTION 1.2. G.S. 97-5.1 is repealed.

PART II. MISCLASSIFICATION NOTICE ADDED TO NCDOL POSTERS

SECTION 2.1. G.S. 95-25.15(c) reads as rewritten:

"(c) A poster summarizing the major provisions of this Article shall be displayed in every establishment subject to this Article. This poster shall also include notice indicating the following:

(1) Any worker who is defined as an employee by either G.S. 95-25.2(4), G.S. 95-47.1(6), G.S. 143-174, G.S. 96-1(10), G.S. 97-2(2), or G.S. 105-163.1(4) shall be treated as an employee unless the individual is an independent contractor.

(2) Any employee who believes that they have been misclassified as an independent contractor by their employer may report the suspected misclassification to the Employee Classification Division.

(3) The physical location, mailing address, telephone number, and E-mail address where alleged incidents of employee misclassification may be reported to the Employee Classification Division."

PART III. SANCTIONS AND OTHER REQUIREMENTS CONCERNING EMPLOYEE MISCLASSIFICATION

SECTION 3.1. G.S. 87-11 reads as rewritten:

"**§ 87-11. Revocation of license; charges of fraud, negligence, incompetency, etc.; hearing thereon; reissuance of certificate.**

(a) The Board shall have the power to refuse to issue or renew or revoke, suspend, or restrict a certificate of license or to issue a reprimand or take other disciplinary action if a general contractor licensed under this Article is found guilty of any fraud or deceit in obtaining a license, or gross negligence, incompetency, or misconduct in the practice of his or her profession, or willful violation of any provision of this ~~Article.~~ Article, or if a penalty was imposed pursuant to G.S. 143-765(b) that has been upheld upon final adjudication. The Board shall also have the power to revoke, suspend, or otherwise restrict the ability of any person to act as a qualifying party for a license to practice general contracting, as provided in G.S. 87-10(c), for any copartnership, corporation or any other organization or combination, if that person committed any act in violation of the provisions of this section and the Board may take disciplinary action against the individual license held by that person.

(a1) Any person may prefer charges of fraud, deceit, negligence, or misconduct against any general contractor licensed under this Article. The charges shall be in writing and sworn to by the complainant and submitted to the Board. The charges, unless dismissed without hearing by the Board as unfounded or trivial, shall be heard and determined by the Board in accordance with the provisions of Chapter 150B of the General Statutes.

(b) The Board shall adopt and publish guidelines, consistent with the provisions of this Article, governing the suspension and revocation of licenses. These guidelines shall include references to the prohibition of employee misclassification under Article 81 of Chapter 143 of the General Statutes and state that engaging in employee misclassification is grounds for revocation of a license issued under this Article.

(c) The Board shall establish and maintain a system whereby detailed records are kept regarding complaints against each licensee. This record shall include, for each licensee, the date and nature of each complaint, investigatory action taken by the Board, any findings by the Board, and the disposition of the matter.

(d) The Board may reissue a license to any person, firm or corporation whose license has been revoked: Provided, five or more members of the Board vote in favor of such reissuance for reasons the Board may deem sufficient.

The Board shall immediately notify the Secretary of State of its findings in the case of the revocation of a license or of the reissuance of a revoked license.

A certificate of license to replace any certificate lost, destroyed or mutilated may be issued subject to the rules and regulations of the Board.

(e) The Board shall be entitled to recover its reasonable administrative costs associated with the investigation and prosecution of a violation of this Article or rules or regulations of the Board up to a maximum of five thousand dollars ($5,000) for any licensee or qualifying party found to have committed any of the following:

(1) Fraud or deceit in obtaining a license.

(2) Gross negligence, incompetency, or misconduct in the practice of general contracting.

(3) Willful violation of any provision of this Article."

SECTION 3.2. G.S. 143-59.2(a) reads as rewritten:

"(a) Ineligible Vendors. – A vendor is not entitled to enter into a contract for goods or services with any department, institution, or agency of the State government subject to the provisions of this Article if any officer or director of the vendor, or any owner if the vendor is an unincorporated business entity, within five years prior to the date of the bid solicitation, has been assessed a civil penalty pursuant to G.S. 143-765(b) that has been upheld upon final adjudication, or within 10 years immediately prior to the date of the bid solicitation, has been convicted of any violation of Chapter 78A of the General Statutes or the Securities Act of 1933 or the Securities Exchange Act of 1934."

SECTION 3.3. G.S. 153A-134 is amended by adding a new subsection to read:

"(d) An applicant subject to regulation and licensure by a county under this section shall certify to the county on the relevant application that the applicant has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.4. G.S. 160A-194 is amended by adding a new subsection to read:

"(d) An applicant subject to regulation and licensure by a city under this section shall certify to the county on the relevant application that the applicant has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.5. G.S. 153A-360 reads as rewritten:

"**§ 153A-360. Inspections of work in progress.**

(a) As the work pursuant to a permit progresses, local inspectors shall make as many inspections of the work as may be necessary to satisfy them that it is being done according to the provisions of the applicable State and local laws and local ordinances and regulations and of the terms of the permit. In exercising this power, each member of the inspection department has a right, upon presentation of proper credentials, to enter on any premises within the territorial jurisdiction of the department at any reasonable hour for the purposes of inspection or other enforcement action. If a permit has been obtained by an owner exempt from licensure under G.S. 87-1(b)(2), no inspection shall be conducted without the owner being personally present, unless the plans for the building were drawn and sealed by an architect licensed pursuant to Chapter 83A of the General Statutes.

(b) Each owner shall certify to the county on the relevant application that the owner has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.6. G.S. 160A-420 reads as rewritten:

"**§ 160A-420. Inspections of work in progress.**

(a) As the work pursuant to a permit progresses, local inspectors shall make as many inspections thereof as may be necessary to satisfy them that the work is being done according to the provisions of any applicable State and local laws and of the terms of the permit. In exercising this power, members of the inspection department shall have a right to enter on any premises within the jurisdiction of the department at all reasonable hours for the purposes of inspection or other enforcement action, upon presentation of proper credentials. If a permit has been obtained by an owner exempt from licensure under G.S. 87-1(b)(2), no inspection shall be conducted without the owner being personally present, unless the plans for the building were drawn and sealed by an architect licensed pursuant to Chapter 83A of the General Statutes.

(b) Each owner shall certify to the city on the relevant application that the owner has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

PART IV. CONFORMING CHANGE TO WORKERS' COMPENSATION ACT

SECTION 4.1. G.S. 97-2(2) reads as rewritten:

"**§ 97-2. Definitions.**

When used in this Article, unless the context otherwise requires:

...

(2) Employee. – The term "employee" means every person engaged in an employment under any appointment or contract of hire or apprenticeship, express or implied, oral or written, including aliens, and also minors, whether lawfully or unlawfully employed, but excluding persons whose employment is both casual and not in the course of the trade, business, profession, or occupation of his employer, and as relating to those so employed by the State, the term "employee" shall include all officers and employees of the State, including such as are elected by the people, or by the General Assembly, or appointed by the Governor to serve on a per diem, part-time or fee basis, either with or without the confirmation of the Senate; as relating to municipal corporations and political subdivisions of the State, the term "employee" shall include all officers and employees thereof, including such as are elected by the people. The term "employee" shall include members of the North Carolina National Guard while on State active duty under orders of the Governor and members of the North Carolina State Defense Militia while on State active duty under orders of the Governor. The term "employee" shall include deputy sheriffs and all persons acting in the capacity of deputy sheriffs, whether appointed by the sheriff or by the governing body of the county and whether serving on a fee basis or on a salary basis, or whether deputy sheriffs serving upon a full-time basis or a part-time basis, and including deputy sheriffs appointed to serve in an emergency, but as to those so appointed, only during the continuation of the emergency. The sheriff shall furnish to the board of county commissioners a complete list of all deputy sheriffs named or appointed by him immediately after their appointment and notify the board of commissioners of any changes made therein promptly after such changes are made. Any reference to an employee who has been injured shall, when the employee is dead, include also the employee's legal representative, dependents, and other persons to whom compensation may be payable: Provided, further, that any employee, as herein defined, of a municipality, county, or of the State of North Carolina, while engaged in the discharge of the employee's official duty outside the jurisdictional or territorial limits of the municipality, county, or the State of North Carolina and while acting pursuant to authorization or instruction from any superior officer, shall have the same rights under this Article as if such duty or activity were performed within the territorial boundary limits of their employer.

Every executive officer elected or appointed and empowered in accordance with the charter and bylaws of a corporation shall be considered as an employee of such corporation under this Article.

Any such executive officer of a corporation may, notwithstanding any other provision of this Article, be exempt from the coverage of the corporation's insurance contract by such corporation's specifically excluding such executive officer in such contract of insurance, and the exclusion to

remove such executive officer from the coverage shall continue for the period such contract of insurance is in effect, and during such period such executive officers thus exempted from the coverage of the insurance contract shall not be employees of such corporation under this Article.

All county agricultural extension service employees who do not receive official federal appointments as employees of the United States Department of Agriculture and who are field faculty members with professional rank as designated in the memorandum of understanding between the North Carolina Agricultural Extension Service, North Carolina State University, A & T State University, and the boards of county commissioners shall be deemed to be employees of the State of North Carolina. All other county agricultural extension service employees paid from State or county funds shall be deemed to be employees of the county board of commissioners in the county in which the employee is employed for purposes of workers' compensation.

The term "employee" shall also include members of the Civil Air Patrol currently certified pursuant to G.S. 143B-1031(a) when performing duties in the course and scope of a State-approved mission pursuant to Subpart C of Part 5 of Article 13 of Chapter 143B of the General Statutes.

"Employee" shall not include any person performing voluntary service as a ski patrolman who receives no compensation for such services other than meals or lodging or the use of ski tow or ski lift facilities or any combination thereof.

Any sole proprietor or partner of a business or any member of a limited liability company may elect to be included as an employee under the workers' compensation coverage of such business if he is actively engaged in the operation of the business and if the insurer is notified of his election to be so included. Any such sole proprietor or partner or member of a limited liability company shall, upon such election, be entitled to employee benefits and be subject to employee responsibilities prescribed in this Article.

Employee" shall include an authorized pickup firefighter of the North Carolina Forest Service of the Department of Agriculture and Consumer Services when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service. As used in this section, "authorized pickup firefighter" means an individual who has completed required fire suppression training as a wildland firefighter and who is available as needed by the North Carolina Forest Service for emergency fire suppression activities, including immediate dispatch to wildfires and standby for initial attack on fires during periods of high fire danger.

~~It shall be a rebuttable presumption that the term "employee" shall not include any person performing services in the sale of newspapers or magazines to ultimate consumers under an arrangement whereby the newspapers or magazines are to be sold by that person at a fixed price and the person's compensation is based on the retention of the excess of the fixed price over the amount at which the newspapers or magazines are charged to the person.~~"

PART V. SEVERABILITY

SECTION 5.1. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

PART VI. EFFECTIVE DATE

SECTION 6.1. This act becomes effective July 1, 2015.

SENATE BILL 694

Short Title:	Employee Misclassification Reform.	(Public)
Sponsors:	Senators Newton, Lee, and Daniel (Primary Sponsors).	
Referred to:	Rules and Operations of the Senate.	

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE EMPLOYEE FAIR CLASSIFICATION ACT.

The General Assembly of North Carolina enacts:

PART I. EMPLOYEE FAIR CLASSIFICATION ACT

SECTION 1.1. Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 81.

"Employee Fair Classification Act.

"**§ 143-760. Title.**

This Article shall be known and may be cited as the "Employee Fair Classification Act."

"**§ 143-761. Definitions; scope.**

(a) The following definitions apply in this Article:

(1) Employ. – To suffer or permit to work.

(2) Employer. – Any entity that employs one or more employees as defined by G.S. 95-272(3).

(3) Employee. – Any individual that is defined as an employee by either G.S. 143-25.2(4), G.S. 143-47.1(6), G.S. 143-174, G.S. 96-1(10), G.S. 97-2(2) or G.S. 105-163.1(4). The term does not mean an individual who is an independent contractor under G.S. 143-273.

(4) Employee misclassification. – Avoiding tax liabilities and other obligations imposed by Chapter 95, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes by misclassifying an employee as an independent contractor.

(5) Employee Misclassification Division or Division. – The Employee Misclassification Division within the OSBM.

(6) OSBM. – Office of State Budget and Management.

(b) Nothing in this Article shall be construed, or is intended, to change the definition of "employer" or "employee" under any other provision of law.

(c) The provisions G.S. 143-280 are intended to codify the holding in Hayes v. Board of Trustees of Elon College, 244 N.C. 11(1944).

"**§ 143-762 Employee Misclassification Division.**

(a) The Employee Misclassification Division is established within the Office of State Budget and Management.

(b) The State Budget Director shall appoint a director of the Division to serve at the Budget Director's pleasure with such authority as the Director deems necessary to direct and

oversee the Division in carrying out the purposes of this Article. The director shall be exempt from the State Human Resources Act and shall devote his or her entire time to the duties of the Division. The director may delegate any duties and responsibilities as may be necessary to ensure the proper management of the Division. The director's salary shall be set by the State Budget Director.

(c) The State Budget Director may employ clerical staff, investigators, and other staff within the Division as is necessary for the Division to perform its duties under this Article. Notwithstanding Chapters 126, 143A, and 143B of the General Statutes or any other provision of law, the director may hire or fire personnel and transfer personnel within the Division. The Division shall be provided with adequate offices in which the Division's records shall be kept and its official business transacted during regular business hours. The Division shall also be provided with necessary office furniture, stationery, and other supplies.

(e) The Office of the State Chief Information Officer shall ensure that the Division is provided with all necessary access to the Government Data Analytics Center and all other information technology services.

"**§ 143-763. Division powers and duties.**

(a) The Division shall have the following duties:

(1) Be available during business hours to receive reports of employee misclassification by telephonic, written, or electronic communication.

(2) Investigate reports of employee misclassification, coordinate with, and assist all relevant State agencies in recovering any back taxes, wages, benefits, penalties, or other monies owed as a result of an employer engaging in employee misclassification.

(3) Assess administrative civil penalties for instances of employee misclassification as set forth in G.S. 143-765.

(4) Refer contested penalty assessments to the Office of Administrative Hearings for an in-person hearing.

(5) Where provided by law, coordinate with relevant State agencies and District Attorneys' offices in the prosecution of employers and individuals who fail to pay civil assessments or penalties assessed as a result of the employer or individual's involvement in employee misclassification.

(6) Provide all relevant information pertaining to each instance of reported employee misclassification to the North Carolina Department of Labor, the North Carolina Department of Revenue, the North Carolina Division of Employment Security, and the North Carolina Industrial Commission to facilitate investigation of potential violations of Chapter 143, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes.

(7) Create a publicly available notice that includes the definition of employee misclassification and indicates the civil penalties provided for in G.S. 143-765.

(8) Develop methods and strategies for information sharing between State agencies in order to proactively identify possible instances of employee misclassification.

(9) Develop methods and strategies to educate employers, employees, and the public about proper classification of employees and the prevention of employee misclassification.

(10) Establish training modules and materials pertaining to the investigation and enforcement of incidents of employee misclassification for use by State agency investigators and law enforcement agencies.

(b) The director shall appoint an informal advisory council to advise the director on issues within the jurisdiction of the Division. The members of the advisory council shall include, at a minimum:

(1) The following officers or the officer's designee:

a. Commissioner of Labor.

b. Secretary of Revenue.

c. Chairman of the Industrial Commission.

d. Assistant Secretary of Commerce for the Division of Employment Security.

(2) A representative of workers in this State.

(3) A representative of employers in this State.

The members of the council shall not receive compensation, per diem, or expense reimbursement, from the State Treasury for their service on the advisory council.

(c) No later than October 1 of each year, the Division shall publish annually to the Office of the Governor and to the Joint Legislative Commission on Governmental Operations a report of the administration of this Article, together with any recommendations as the Division deems advisable. This report shall include, at a minimum, the number of reports of employee misclassification received, the number and amount of back taxes, wages, benefits, penalties, or other monies assessed, the amount of back taxes, wages, benefits, penalties, or other monies collected, and the number of cases referred to each State agency.

"**§ 143-764. Determination of independent contractor status.**

(a) The following factors shall be considered in determining whether an individual is an independent contractor for purposes of this Article:

(1) Whether the individual is engaged in an independent business or occupation wherein specialized skill, knowledge, or training is utilized independently to complete a specific piece of work.

(2) Whether the individual is in the regular employ of the contracting party and is paid for completing a specific piece of work instead of being paid wages.

(3) Whether the individual selects his or her own hours to complete the work by a deadline and is not subject to discharge if one method of performing the work is adopted over another method.

(4) Whether the individual has the freedom to use and independently control his or her own assistants.

(b) The presence of one or more of the foregoing factors is not controlling, nor is the presence of all of the foregoing factors required in determining whether an individual is an independent contractor.

"**§ 143-765. Employee misclassification prohibited; civil penalties; repeated instances of misclassification.**

(a) Employee misclassification is prohibited.

(b) Any employer who is found by the Division to have engaged in employee misclassification after being assessed any back taxes, wages, benefits, penalties, or other monies by any State agency as a result of misclassifying one or more employees within the previous three calendar years shall be assessed a civil penalty of no greater than one thousand dollars ($1,000) per misclassified employee for any future instances of employee misclassification. In determining the amount of the penalty to be assessed, the Division shall consider the degree of willfulness or negligence by the employer in engaging in the employee misclassification. The penalty herein provided shall be assessed by the Division administratively, with the right to a hearing conducted by the Office of Administrative Hearings if requested in writing within 30 days after notice of the assessment of the penalty. Enforcement of the penalty shall be made by the Office of the Attorney General. The clear

proceeds of penalties provided for in this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(c) Nothing in this section shall be construed to create a private right of action, at law or in equity, for the activities prohibited by this Article.

"**§ 143-766. Temporary amnesty program.**

(a) The Division shall establish and administer a temporary amnesty program for the purpose of encouraging voluntary self-reporting by employers currently engaging in employee misclassification. Every employer participating in the temporary amnesty program shall be immune from the civil penalties provided for in G.S. 143-765 for past instances of employee misclassification that are voluntarily self-reported by the employer in accordance with the procedures of the temporary amnesty program.

(b) The Division shall establish procedures for participation in the temporary amnesty program. These procedures shall require, at a minimum, that a participating employer:

(1) File an application with the Division on a form prescribed by the Division on or before April 1, 2016. This form shall require, at a minimum, the employer's name, physical address, mailing address, telephone number, Social Security number or taxpayer ID number, and disclosure of all actual or potential instances of employee misclassification. If available, this form shall require the employer's registered agent, driver's license number, license number(s), and issuing agency of all licenses issued by a State licensing board.

(2) Comply with any and all determinations made or directives issued by the Division pertaining to the employer's application and compliance with this Article.

(c) Nothing in this section shall be construed to limit the liability of a participating employer in any civil or criminal matter not provided for by this Article.

"**§ 143-767. Occupational licensing boards and commissions; notice requirement; applicant certification.**

(a) Every State occupational licensing board or commission that is authorized to issue any license, permit, or certification shall include on every application for licensure, permit, or certification, or application for renewal of the same, a certification that the applicant has read and understands the employee misclassification notice set forth in G.S. 143-763(a)(7).

(b) Every applicant for a license, permit, or certification issued by a State occupational licensing board or commission shall truthfully certify on the appropriate application that the applicant has read and understands the employee misclassification notice set forth in G.S. 143-763(a)(7).

(c) An occupational licensing board or commission shall deny the license, permit, or certification application of any applicant who fails to comply with the certification requirement set forth in subsection (b) of this section.

"**§ 143-768. Confidentiality; access to records.**

The records of the Division that are not civil penalty assessments or final orders relating to an appeal of a civil penalty assessment, insofar as they refer to reported violations, investigations, or other enforcement actions taken by the Division, are not public records under G.S. 132-1, but are subject to inspection by State and federal agencies as required by the provisions of this Article and Chapter 95, Chapter 96, Chapter 97, and Chapter 105 of the General Statutes."

SECTION 1.2. G.S. 97-5.1 is repealed.

PART II. MISCLASSIFICATION NOTICE ADDED TO NCDOL POSTERS

SECTION 2.1. G.S. 95-25.15(c) reads as rewritten:

"(c) A poster summarizing the major provisions of this Article shall be displayed in every establishment subject to this Article. This poster shall also include notice indicating the following:

(1) Any worker who is defined as an employee by either G.S. 95-25.2(4), G.S. 95-47.1(6), G.S. 143-174, G.S. 96-1(10), G.S. 97-2(2), or G.S. 105-163.1(4) shall be treated as an employee unless the individual is an independent contractor.

(2) Any employee who believes that they have been misclassified as an independent contractor by their employer may report the suspected misclassification to the Employee Misclassification Division.

(3) The physical location, mailing address, telephone number, and E-mail address where alleged incidents of employee misclassification may be reported to the Employee Misclassification Division."

PART III. SANCTIONS AND OTHER REQUIREMENTS CONCERNING EMPLOYEE MISCLASSIFICATION

SECTION 3.1. G.S. 87-11 reads as rewritten:

"**§ 87-11. Revocation of license; charges of fraud, negligence, incompetency, etc.; hearing thereon; reissuance of certificate.**

(a) The Board shall have the power to refuse to issue or renew or revoke, suspend, or restrict a certificate of license or to issue a reprimand or take other disciplinary action if a general contractor licensed under this Article is found guilty of any fraud or deceit in obtaining a license, or gross negligence, incompetency, or misconduct in the practice of his or her profession, or willful violation of any provision of this ~~Article.~~ Article, or has been found to have engaged in employee misclassification in violation of Article 81 of Chapter 143 of the General Statutes. The Board shall also have the power to revoke, suspend, or otherwise restrict the ability of any person to act as a qualifying party for a license to practice general contracting, as provided in G.S. 87-10(c), for any copartnership, corporation or any other organization or combination, if that person committed any act in violation of the provisions of this section and the Board may take disciplinary action against the individual license held by that person.

(a1) Any person may prefer charges of fraud, deceit, negligence, or misconduct against any general contractor licensed under this Article. The charges shall be in writing and sworn to by the complainant and submitted to the Board. The charges, unless dismissed without hearing by the Board as unfounded or trivial, shall be heard and determined by the Board in accordance with the provisions of Chapter 150B of the General Statutes.

(b) The Board shall adopt and publish guidelines, consistent with the provisions of this Article, governing the suspension and revocation of licenses. These guidelines shall include references to the prohibition of employee misclassification under Article 81 of Chapter 143 of the General Statutes and state that engaging in employee misclassification is grounds for revocation of a license issued under this Article.

(c) The Board shall establish and maintain a system whereby detailed records are kept regarding complaints against each licensee. This record shall include, for each licensee, the date and nature of each complaint, investigatory action taken by the Board, any findings by the Board, and the disposition of the matter.

(d) The Board may reissue a license to any person, firm or corporation whose license has been revoked: Provided, five or more members of the Board vote in favor of such reissuance for reasons the Board may deem sufficient.

The Board shall immediately notify the Secretary of State of its findings in the case of the revocation of a license or of the reissuance of a revoked license.

A certificate of license to replace any certificate lost, destroyed or mutilated may be issued subject to the rules and regulations of the Board.

(e) The Board shall be entitled to recover its reasonable administrative costs associated with the investigation and prosecution of a violation of this Article or rules or regulations of the Board up to a maximum of five thousand dollars ($5,000) for any licensee or qualifying party found to have committed any of the following:

(1) Fraud or deceit in obtaining a license.

(2) Gross negligence, incompetency, or misconduct in the practice of general contracting.

(3) Willful violation of any provision of this Article."

SECTION 3.2. G.S. 143-59.2(a) reads as rewritten:

"(a) Ineligible Vendors. – A vendor is not entitled to enter into a contract for goods or services with any department, institution, or agency of the State government subject to the provisions of this Article if any officer or director of the vendor, or any owner if the vendor has been assessed a civil penalty under the Employee Fair Classification Act within five years prior to the date of the bid solicitation, is an unincorporated business entity, within 10 years immediately prior to the date of the bid solicitation, has been convicted of any violation of Chapter 78A of the General Statutes or the Securities Act of 1933 or the Securities Exchange Act of 1934."

SECTION 3.3. G.S. 153A-134 is amended by adding a new subsection to read:

"(d) An applicant subject to regulation and licensure by a county under this section shall certify to the county that the applicant has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.4. G.S. 160A-194 is amended by adding a new subsection to read:

"(d) An applicant subject to regulation and licensure by a city under this section shall certify to the county that the applicant has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.5. G.S. 153A-360 reads as rewritten:

"**§ 153A-360. Inspections of work in progress.**

(a) As the work pursuant to a permit progresses, local inspectors shall make as many inspections of the work as may be necessary to satisfy them that it is being done according to the provisions of the applicable State and local laws and local ordinances and regulations and of the terms of the permit. In exercising this power, each member of the inspection department has a right, upon presentation of proper credentials, to enter on any premises within the territorial jurisdiction of the department at any reasonable hour for the purposes of inspection or other enforcement action. If a permit has been obtained by an owner exempt from licensure under G.S. 87-1(b)(2), no inspection shall be conducted without the owner being personally present, unless the plans for the building were drawn and sealed by an architect licensed pursuant to Chapter 83A of the General Statutes.

(b) Each owner shall certify to the county that the owner has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.6. G.S. 160A-420 reads as rewritten:

"**§ 160A-420. Inspections of work in progress.**

(a) As the work pursuant to a permit progresses, local inspectors shall make as many inspections thereof as may be necessary to satisfy them that the work is being done according to the provisions of any applicable State and local laws and of the terms of the permit. In exercising this power, members of the inspection department shall have a right to enter on any premises within the jurisdiction of the department at all reasonable hours for the purposes of inspection or other enforcement action, upon presentation of proper credentials. If a permit has been obtained by an owner exempt from licensure under G.S. 87-1(b)(2), no inspection shall be conducted without the owner being personally present, unless the plans for the building were drawn and sealed by an architect licensed pursuant to Chapter 83A of the General Statutes.

(b) Each owner shall certify to the city that the owner has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

PART IV. CONFORMING CHANGE TO WORKERS' COMPENSATION ACT

SECTION 4.1. G.S. 97-2(2) reads as rewritten:

"**§ 97-2. Definitions.**

When used in this Article, unless the context otherwise requires:

...

(2) Employee. – The term "employee" means every person engaged in an employment under any appointment or contract of hire or apprenticeship, express or implied, oral or written, including aliens, and also minors, whether lawfully or unlawfully employed, but excluding persons whose employment is both casual and not in the course of the trade, business, profession, or occupation of his employer, and as relating to those so employed by the State, the term "employee" shall include all officers and employees of the State, including such as are elected by the people, or by the General Assembly, or appointed by the Governor to serve on a per diem, part-time or fee basis, either with or without the confirmation of the Senate; as relating to municipal corporations and political subdivisions of the State, the term "employee" shall include all officers and employees thereof, including such as are elected by the people. The term "employee" shall include members of the North Carolina National Guard while on State active duty under orders of the Governor and members of the North Carolina State Defense Militia while on State active duty under orders of the Governor. The term "employee" shall include deputy sheriffs and all persons acting in the capacity of deputy sheriffs, whether appointed by the sheriff or by the governing body of the county and whether serving on a fee basis or on a salary basis, or whether deputy sheriffs serving upon a full-time basis or a part-time basis, and including deputy sheriffs appointed to serve in an emergency, but as to those so appointed, only during the continuation of the emergency. The sheriff shall furnish to the board of county commissioners a complete list of all deputy sheriffs named or appointed by him immediately after their appointment and notify the board of commissioners of any changes made therein promptly after such changes are made. Any reference to an employee who has been injured shall, when the employee is dead, include also the employee's legal representative, dependents, and other persons to whom compensation may be payable: Provided, further, that any employee, as herein defined, of a municipality, county, or of the State of North Carolina, while engaged in the discharge of the employee's official duty outside the jurisdictional or territorial limits of the municipality, county, or the State of North Carolina and while acting pursuant to authorization or instruction from any superior officer, shall have the same rights under this Article as if such duty or activity were performed within the territorial boundary limits of their employer.

Every executive officer elected or appointed and empowered in accordance with the charter and bylaws of a corporation shall be considered as an employee of such corporation under this Article.

Any such executive officer of a corporation may, notwithstanding any other provision of this Article, be exempt from the coverage of the corporation's insurance contract by such corporation's specifically excluding such executive officer in such contract of insurance, and the exclusion to

remove such executive officer from the coverage shall continue for the period such contract of insurance is in effect, and during such period such executive officers thus exempted from the coverage of the insurance contract shall not be employees of such corporation under this Article.

All county agricultural extension service employees who do not receive official federal appointments as employees of the United States Department of Agriculture and who are field faculty members with professional rank as designated in the memorandum of understanding between the North Carolina Agricultural Extension Service, North Carolina State University, A & T State University, and the boards of county commissioners shall be deemed to be employees of the State of North Carolina. All other county agricultural extension service employees paid from State or county funds shall be deemed to be employees of the county board of commissioners in the county in which the employee is employed for purposes of workers' compensation.

The term "employee" shall also include members of the Civil Air Patrol currently certified pursuant to G.S. 143B-1031(a) when performing duties in the course and scope of a State-approved mission pursuant to Subpart C of Part 5 of Article 13 of Chapter 143B of the General Statutes.

"Employee" shall not include any person performing voluntary service as a ski patrolman who receives no compensation for such services other than meals or lodging or the use of ski tow or ski lift facilities or any combination thereof.

Any sole proprietor or partner of a business or any member of a limited liability company may elect to be included as an employee under the workers' compensation coverage of such business if he is actively engaged in the operation of the business and if the insurer is notified of his election to be so included. Any such sole proprietor or partner or member of a limited liability company shall, upon such election, be entitled to employee benefits and be subject to employee responsibilities prescribed in this Article.

Employee" shall include an authorized pickup firefighter of the North Carolina Forest Service of the Department of Agriculture and Consumer Services when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service. As used in this section, "authorized pickup firefighter" means an individual who has completed required fire suppression training as a wildland firefighter and who is available as needed by the North Carolina Forest Service for emergency fire suppression activities, including immediate dispatch to wildfires and standby for initial attack on fires during periods of high fire danger.

~~It shall be a rebuttable presumption that the term "employee" shall not include any person performing services in the sale of newspapers or magazines to ultimate consumers under an arrangement whereby the newspapers or magazines are to be sold by that person at a fixed price and the person's compensation is based on the retention of the excess of the fixed price over the amount at which the newspapers or magazines are charged to the person.~~"

PART V. SEVERABILITY

SECTION 5.1. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

PART VI. EFFECTIVE DATE

SECTION 6.1. This act becomes effective July 1, 2015.

SENATE BILL 694:
Employee Misclassification Reform

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 23, 2015
Introduced by:	Sens. Newton, Lee, Daniel	**Prepared by:**	Layla Cummings Committee Counsel
Analysis of:	PCS to First Edition S694-CSTS-5[v.2]		

SUMMARY: ***Senate Bill 694 would enact the Employee Fair Classification Act to prevent the misclassification of employees as independent contractors and make other reforms regarding employee misclassification.***

The Proposed Committee Substitute (PCS) revises the name of the new Division created and makes other technical and clarifying changes.

BILL ANALYSIS:

PART I. EMPLOYEE FAIR CLASSIFICATION ACT

Section 1 would create a new Article in Chapter 143 of the General Statutes entitled the "Employee Fair Classification Act."

Employee Misclassification Division: The bill would establish the Employee Classification Division (Division) in the Office of State Budget Management (OSBM) to carry out the purposes of the new Article. The State Budget Director would appoint the Director of the Division. The Division would have the following duties:

- Be available to receive reports of employee misclassification by telephonic, written, or electronic communication.
- Investigate reports of employee misclassification and assist all relevant State agencies in recovering any back taxes, wages, benefits, penalties, or other monies as a result of employee misclassification.
- Assess administrative civil penalties for instances of employee misclassification.
- Refer contested penalty assessments to the Office of Administrative Hearings.
- Coordinate with relevant State agencies and District Attorneys' offices in the prosecution of employers and individuals who fail to pay civil assessments or penalties assessed as a result of the employer or individual's involvement in employee misclassification.
- Provide all relevant information pertaining to each instance of reported employee misclassification to the North Carolina Department of Labor, the North Carolina Department of Revenue, the North Carolina Division of Employment Security, and the North Carolina Industrial Commission to facilitate investigation of potential statutory violations.
- Create a publicly available notice that includes the definition of employee misclassification and indicates the civil penalties.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

- Develop methods and strategies for information sharing between State agencies in order to proactively identify possible instances of employee misclassification.
- Develop methods and strategies to educate employers, employees, and the public about proper classification of employees and the prevention of employee misclassification.
- Establish training modules and materials pertaining to the investigation and enforcement of incidents of employee misclassification for use by State agency investigators and law enforcement agencies.

Informal Advisory Council: The Director would be directed to appoint an informal advisory council to advise on matters within the jurisdiction of the Division to include:

- The following officers or their designee: Commissioner of Labor; Secretary of Revenue; Chairman of the Industrial Commission; and the Assistant Secretary of Commerce for the Division of Employment Security.
- A representative of workers in this State.
- A representative of employers in this State.

Reporting: The Division would issue annually on October 1 to the Joint Legislative Commission on Governmental Operations a report on the administration of the Article and any recommendations of the Division. The report would include: the number of reports of employee misclassification received; the number and amount of back taxes, wages, benefits, penalties, or other monies assessed; the amount of back taxes, wages, benefits, penalties, or other monies collected; and the number of cases referred to each State agency.

Determination of Independent Contractor Status: The following factors would be considered when determining whether an individual is an independent contractor:

- Whether the individual is engaged in an independent business or occupation wherein specialized skill, knowledge, or training is utilized independently to complete a specific piece of work.
- Whether the individual is in the regular employ of the contracting party and is paid for completing a specific piece of work instead of being paid wages.
- Whether the individual selects his or her own hours to complete the work by a deadline and is not subject to discharge if one method of performing the work is adopted over another method.
- Whether the individual has the freedom to use and independently control his or her own assistants.

Prohibition on Employee Misclassification and Civil Penalties: The PCS would provide that employee misclassification is prohibited. Employee misclassification is defined as avoiding tax liabilities and other obligations imposed by Chapter 95, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes by misclassifying an employee as an independent contractor.

Any employer who the Division finds engaged in employee misclassification would be assessed back taxes, wages, benefits, penalties, or other monies by the relevant State agency as a result of misclassifying one or more employees within the previous three calendar years. The employer may also be assessed a civil penalty of up to $1,000 per misclassified employee for any future misclassifications.

Temporary Amnesty Program: The Division would establish and administer a temporary amnesty program to encourage voluntary self-reporting by employers currently engaging in employee

misclassification. Employers participating in this program would be immune from civil penalties for past instances of employee misclassification that are voluntarily self-reported.

The Division would establish procedures for participation in the temporary amnesty program. These procedures would require, at minimum, the employer file an application with the Division before April 1, 2016 and comply with all determinations and directives issued by the Division pursuant to this Article.

Nothing in this section would be construed to limit the liability of an employer in a civil or criminal matter not provided for by this Article.

Notice and Certification Requirement by Occupational Licensing Boards and Commissions: Every State occupational licensing board or commission would be required to include on every application for licensure, permit, or certification, a certification that the applicant has read and understands the employee misclassification notice provided by the Division. Every applicant for a license, permit, or certification shall certify that he or she has read and understands the misclassification notice. An occupational licensing board or commission would be required to deny the license, permit, or certification of any applicant who fails to comply with the certification requirement.

Confidentiality: The records of the Division would not be public records. This does not apply to civil penalty assessments or final orders relating to an appeal of a civil penalty assessment, or other enforcement actions taken by the Division. The records of the Division would be subject to inspection by State and federal agencies as required by other statutory provisions.

PART II. MISCLASSIFICATION NOTICE ADDED TO NCDOL POSTERS

Section 2 would require the Department of Labor to include on the required poster summarizing the Wage and Hour Act in covered businesses, a notice indicating the following:

- Any worker who is defined as an employee under the law shall be treated as an employee unless the individual is an independent contractor.
- Any employee who believes they have been misclassified may report to the Division.
- The physical location, mailing address, telephone number, and email address where alleged incidents of misclassification occurred may be reported to the Division.

PART III. SANCTIONS AND OTHER REQUIREMENTS

Section 3.1 would authorize the State Licensing Board for General Contractors to refuse to issue or renew or revoke, suspend, or restrict a certificate of license or take disciplinary action if a civil penalty was imposed on a licensed general contractor pursuant to a violation of the Employee Fair Classification Act. This section would also direct the Board to adopt and publish guidelines referencing the prohibition on employee misclassification and providing that a violation of that prohibition is grounds for revocation of a license issued by the Board.

Section 3.2 would make a vendor ineligible to enter into a contract with an agency of the State government if, within five years of the bid solicitation, the vendor has been assessed a civil penalty for a violation of the Employee Fair Classification Act.

Section 3.3 and 3.4 would require applicants subject to regulation and licensure by a county or city to certify to the county or city that they have read and understand the employee misclassification notice provided by the Division.

Section 3.5 and 3.6 would require owners of sites with work in progress subject to local inspection by the county or city to certify to the county or city that they have read and understand the employee misclassification notice provided by the Division.

PART IV. CONFORMING CHANGE TO WORKERS' COMPENSATION ACT

Section 4.1 would delete a provision from the Workers' Compensation Act that creates a rebuttable presumption that the term "employee" does not include any person performing newspaper or magazine sales under an arrangement where the newspapers or magazines are sold to the ultimate consumers at a fixed price and the person's compensation is based on the retention of the excess of the fixed price over the amount at which the newspapers or magazines are charged to the person.

EFFECTIVE DATE: The act would become effective July 1, 2015.

SENATE BILL 461:
Eliminate Tobacco Discount

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Finance	**Date:**	April 23, 2015
Introduced by:	Sen. Hartsell	**Prepared by:**	Heather Fennell Committee Counsel
Analysis of:	First Edition		

SUMMARY: Senate Bill 461 would repeal the filing discount of 2% for cigarette and other tobacco product taxes.

CURRENT LAW: Under G.S. 105-113.5 cigarettes are taxed at 45¢ per pack. Other tobacco products (OTP), including pipe tobacco and roll-your-own tobacco is taxed under G.S. 105-113.35 at 12.8% of the cost of the product.

G.S. 105-113.21 provides a discount of 2% for distributors that timely file a return for cigarette taxes. This discount covers expenses incurred in preparing the records and reports required by this Part, and the expense of furnishing a bond.

G.S. 105-113.39 provides a discount of 2% for wholesalers that timely file a return for OTP. This discount covers expenses incurred in preparing the records and reports required by this Part and the expense of furnishing a bond.

BILL ANALYSIS: Senate Bill 461 would repeal the filing discount of 2% for cigarette and other tobacco product taxes.

EFFECTIVE DATE: This act is effective July 1, 2015.

O. Walker Reagan
Director

S461-SMTD-37 E1 -V2

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 461

Short Title:	Eliminate Tobacco Discount.	(Public)
Sponsors:	Senator Hartsell (Primary Sponsor).	
Referred to:	Rules and Operations of the Senate.	

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO REPEAL THE DISCOUNT TO TOBACCO VENDORS WHO FILE A TIMELY REPORT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-113.21 reads as rewritten:

"**§ 105-113.21. Discount; refund.**

...

~~(a1) Discount. A distributor who files a timely report under G.S. 105-113.18 and who sends a timely payment may deduct from the amount due with the report a discount of two percent (2%). This discount covers expenses incurred in preparing the records and reports required by this Part, and the expense of furnishing a bond.~~

...."

SECTION 2. G.S. 105-113.39 reads as rewritten:

§ 105-113.39. ~~Discount; refund.~~Refund.

~~(a) Discount. A wholesale dealer or a retail dealer who is primarily liable under G.S. 105-113.35(b) for the excise taxes imposed by this Part on tobacco products but not including vapor products, who files a timely report under G.S. 105-113.37, and who sends a timely payment may deduct from the amount due with the report a discount of two percent (2%). This discount covers expenses incurred in preparing the records and reports required by this Part and the expense of furnishing a bond.~~

~~(b) Refund.~~ A wholesale dealer or retail dealer who is primarily liable under G.S. 105-113.35(b) for the excise taxes imposed by this Part and is in possession of stale or otherwise unsalable tobacco products upon which the tax has been paid may return the tobacco products to the manufacturer and apply to the Secretary for refund of the tax. The application shall be in the form prescribed by the Secretary and shall be accompanied by a written certificate signed under penalty of perjury or an affidavit from the manufacturer listing the tobacco products returned to the manufacturer by the applicant. The Secretary shall refund the tax paid, less the discount allowed, on the listed products."

SECTION 3. This act becomes effective July 1, 2015.

SENATE BILL 504:
Mobile Beauty Salons

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 23, 2015
Introduced by:	Sens. J. Jackson, Gunn, Krawiec	**Prepared by:**	Trina Griffin Committee Counsel
Analysis of:	First Edition		

SUMMARY: Senate Bill 504 would provide for the licensure of mobile beauty salons.

CURRENT LAW: No person may practice cosmetic art for pay outside of a licensed cosmetic art shop, which is defined as a building, or part thereof, where cosmetic art is practiced for pay or reward, whether direct or indirect. However, a licensed individual may visit the residences of individuals who are sick or disabled and confined to their places of residence in order to attend to their cosmetic needs. A licensed individual may also visit hospitals, nursing homes, and retirement homes.

BILL ANALYSIS: The bill would allow for the operation of "mobile salons" subject to the regulatory authority of the North Carolina Board of Cosmetic Art Examiners.

Mobile Salon. – It defines a mobile salon as a self-contained, enclosed mobile unit licensed for the practice of cosmetic art. A motor home may be used as a mobile salon. It must be equipped with a functional sink and toilet facilities and must maintain an adequate supply of clean water and waste water storage capacity. No cosmetic art or service may be performed while the mobile salon is moving. A mobile salon owner must maintain a permanent business address at which records shall be kept and made available for verification and inspection by the Board. At the beginning of each month, the owner must provide the Board a written monthly itinerary listing location, dates, and hours of operation for the salon. The owner and the vehicle must comply with Chapter 20, transportation rules, applicable provisions of the ADA and OSHA, and local laws regulating business establishments.

Licensure. – A mobile salon would be required to apply for a license to operate, which must be renewed annually, and must be inspected. The bill would not change the existing requirement that a person performing cosmetic arts, whether in a cosmetic art shop or mobile salon, be a licensed cosmetologist, apprentice, esthetician, natural hair care specialist, or manicurist.

Board. – The Board would have the same authority with respect to mobile salons as it does with other cosmetic art shops, including:

- Inspections
- Adoption of rules regarding operation, licensure, and inspection
- Charging license and renewal fees

Fees. – Mobile salons would be subject to the same fees as cosmetic art shops

- Inspection $25
- Late renewal $10
- Reinstatement $25

EFFECTIVE DATE: This act becomes effective July 1, 2015.

O. Walker Reagan
Director

S504-SMSV-32 E1 -V1

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

SENATE BILL 504

Short Title:	Mobile Beauty Salons.	(Public)
Sponsors:	Senators J. Jackson, Gunn, Krawiec (Primary Sponsors); Bryant and Waddell.	
Referred to:	Rules and Operations of the Senate.	

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR LICENSURE OF MOBILE BEAUTY SALONS AND TO ENSURE THE SAFE AND HYGIENIC OPERATION THEREOF.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 88B of the General Statutes reads as rewritten:

"**§ 88B-2. Definitions.**

The following definitions apply in this Chapter:

(1) Apprentice. – A person who is not a manager or operator and who is engaged in learning the practice of cosmetic art under the direction and supervision of a cosmetologist.

(2) Board. – The North Carolina Board of Cosmetic Art Examiners.

(3) Booth. – A workstation located within a licensed cosmetic art shop that is operated primarily by one individual in performing cosmetic art services for consumers.

(4) Booth renter. – A person who rents a booth in a cosmetic art shop.

(5) Cosmetic art. – All or any part or combination of cosmetology, esthetics, natural hair care, or manicuring, including the systematic manipulation with the hands or mechanical apparatus of the scalp, face, neck, shoulders, hands, and feet. Practices included within this subdivision shall not include the practice of massage or bodywork therapy as set forth in Article 36 of Chapter 90 of the General Statutes.

(6) Cosmetic art school. – Any building or part thereof where cosmetic art is taught.

(7) Cosmetic art shop. – Any building or part thereof where cosmetic art is practiced for pay or reward, whether direct or indirect.

(8) Cosmetologist. – Any individual who is licensed to practice all parts of cosmetic art.

~~(8a)~~(9) Cosmetology. – The act of arranging, dressing, curling, waving, cleansing, cutting, singeing, bleaching, coloring, or similar work upon the hair of a person by any means, including the use of hands, mechanical or electrical apparatus, or appliances or by use of cosmetic or chemical preparations or antiseptics.

~~(9)~~(10) Cosmetology teacher. – An individual licensed by the Board to teach all parts of cosmetic art.

~~(10)~~(11) Esthetician. – An individual licensed by the Board to practice only that part of cosmetic art that constitutes skin care.

~~(11)~~(12) Esthetician teacher. – An individual licensed by the Board to teach only that part of cosmetic art that constitutes skin care.

~~(11a)~~(13) Esthetics. – Refers to any of the following practices: giving facials; applying makeup; performing skin care; removing superfluous hair from the body of a person by use of creams, tweezers, or waxing; applying eyelashes to a person, including the application of eyelash extensions, brow or lash color; beautifying the face, neck, arms, or upper part of the human body by use of cosmetic preparations, antiseptics, tonics, lotions, or creams; surface manipulation in relation to skin care; or cleaning or stimulating the face, neck, ears, arms, hands, bust, torso, legs, or feet of a person by means of hands, devices, apparatus, or appliances along with the use of cosmetic preparations, antiseptics, tonics, lotions, or creams.

~~(12)~~(14) Manicuring. – The care and treatment of the fingernails, toenails, cuticles on fingernails and toenails, and the hands and feet, including the decoration of the fingernails and the application of nail extensions and artificial nails. The term "manicuring" shall not include the treatment of pathologic conditions.

~~(13)~~(15) Manicurist. – An individual licensed by the Board to practice only that part of cosmetic art that constitutes manicuring.

~~(14)~~(16) Manicurist teacher. – An individual licensed by the Board to teach manicuring.

(17) Mobile Salon. – A self-contained, enclosed mobile unit licensed for the practice of cosmetic art.

~~(14a)~~(18) Natural hair care. – A service that results in tension on hair strands or roots by twisting, wrapping, extending, or locking hair by hand or mechanical device. For purposes of this definition, the phrase "natural hair care" shall include the use of artificial or natural hair.

~~(14b)~~(19) Natural hair care specialist. – An individual licensed by the Board to practice only that part of cosmetic art that constitutes natural hair care.

~~(14c)~~(20) Natural hair care teacher. – An individual licensed by the Board to teach natural hair care.

~~(15)~~(21) Shampooing. – The application and removal of commonly used, room temperature, liquid hair cleaning and hair conditioning products. Shampooing does not include the arranging, dressing, waving, coloring, or other treatment of the hair.

...

"§ 88B-4. Powers and duties of the Board.

...

(b) A member of the Board shall have the authority to inspect cosmetic art ~~shops~~ shops, mobile salons, and cosmetic art schools at any reasonable hour to determine compliance with the provisions of this Chapter if the inspection is made: (i) at the request of the Board, or with the approval of the chair or the executive director as the result of a complaint made to the Board or a problem reported by an inspector, or (ii) at the request of an inspector who deems it necessary to request the assistance of a Board member and who has the prior approval of the chair or executive director to do so. A Board member who makes an inspection pursuant to this subsection shall file a report with the Board before requesting reimbursement for expenses.

...

"§ 88B-20. Fees required.

...

(b) The Board may charge application fees as follows:

(1) Inspection of a newly established cosmetic art shop or mobile salon ..... $ 25.00
(2) Reciprocity applicant under G.S. 88B-13 ..... $ 15.00.

(c) The Board may charge license fees as follows:

(1) Cosmetologist ..... $ 39.00 every 3 years
(2) Apprentice ..... $ 10.00 per year
(3) Esthetician ..... $ 10.00 per year
(4) Manicurist ..... $ 10.00 per year
(4a) Natural hair care specialist ..... $ 10.00 per year
(5) Teacher ..... $ 10.00 every 2 years
(6) Cosmetic art shop per active booth ..... $ 3.00 per year
(7) Cosmetic art school ..... $ 50.00 per year
(8) Duplicate license ..... $ 1.00.

(d) The Board may require payment of late fees and reinstatement fees as follows:

(1) Apprentice, cosmetologist, esthetician, manicurist, natural hair care specialist, and teacher late renewal ..... $ 10.00
(2) Cosmetic art schools and shops and mobile salons late renewal ..... $ 10.00
(3) Reinstatement – cosmetic art schools and shops and mobile salons ..... $ 25.00.

(e) The Board may prorate fees as appropriate.

"**§ 88B-21. Renewals; expired licenses; inactive status.**

(a) Each license to operate a cosmetic art shop or mobile salon shall be renewed on or before the first day of February of each year. As provided in G.S. 88B-20, a late fee shall be charged for licenses renewed after February 1. Any license not renewed by March 1 of each year shall expire. A cosmetic art shop or mobile salon whose license has been expired for one year or less shall have the license reinstated immediately upon payment of the reinstatement fee, the late fee, and all unpaid license fees. The licensee shall submit to the Board, as a part of the renewal process, a list of all licensed cosmetologists who practice cosmetic art in the shop or mobile salon and shall identify each as an employee or a booth renter.

...

"**§ 88B-22. Licenses required; criminal penalty.**

(a) Except as provided in this Chapter, no person may practice or attempt to practice cosmetic art for pay or reward in any form, either directly or indirectly, without being licensed as an apprentice, cosmetologist, esthetician, natural hair care specialist, or manicurist by the Board.

(b) Except as provided in this Chapter, no person may practice cosmetic art or any part of cosmetic art, for pay or reward in any form, either directly or indirectly, outside of a licensed cosmetic art ~~shop.~~shop or mobile salon.

(c) No person may open or operate a cosmetic art shop or mobile salon in this State unless a license has been issued by the Board for that ~~shop.~~shop or mobile salon.

(d) An individual licensed as an esthetician, natural hair care specialist, or manicurist may practice only that part of cosmetic art for which the individual is licensed.

(d1) No person may teach cosmetic art in a Board-approved cosmetic art school unless the person is a teacher licensed under this Chapter. A guest lecturer may be exempt from the requirements of this subsection upon approval by the Board.

(e) An apprentice licensed under the provisions of this Chapter shall apprentice under the direct supervision of a cosmetologist. An apprentice shall not operate a cosmetic art ~~shop.~~shop or mobile salon.

(f) A violation of this Chapter is a Class 3 misdemeanor.

"**§ 88B-23. Licenses to be posted.**

(a) Every apprentice, cosmetologist, esthetician, manicurist, natural hair care specialist, and teacher licensed under this Chapter shall display the certificate of license issued by the Board within the shop or mobile salon in which the person works.

(b) Every certificate of license to operate a cosmetic art ~~shop or school~~shop, school, or mobile salon shall be conspicuously posted in the ~~shop or school~~shop, school, or mobile salon for which it is issued.

"§ 88B-26. Rules to be posted.

(a) The Board shall furnish a copy of its rules relating to sanitary management of cosmetic art shops and cosmetic art schools to each shop and school licensed by the Board. Each ~~shop and school~~shop, school, and mobile salon shall post the rules in a conspicuous place.

...

"§ 88B-27. Inspections.

Any inspector or other authorized representative of the Board may enter any cosmetic art ~~shop or school~~shop, school, or mobile salon to inspect it for compliance with this Chapter and the Board's rules. All persons practicing cosmetic art in a ~~shop or school~~shop, school, or mobile salon shall, upon request, present satisfactory proof of identification. Satisfactory proof shall be in the form of a photographic driver's license or photographic identification card issued by any state, federal, or other government entity. The Board may require a cosmetic art ~~shop or school~~shop, school, or mobile salon to be inspected as a condition for license renewal."

SECTION 2. Chapter 88B of the General Statutes is amended by adding a new section to read:

"§ 88B-15.1. Mobile Salons.

(a) A motor home as defined in Article 1 of Chapter 20 of the General Statues may be used as a mobile salon for the practice of cosmetic art.

(b) The Board shall issue a license to operate a mobile salon to any applicant who submits a properly completed application on a form approved by the Board, pays the required fee, and is determined after inspection to be in compliance with the provisions of this Chapter and the Board's rules.

(c) The Board shall adopt rules for the operation, licensure, and inspection of mobile salons, including standards for facilities, personnel, and safety and sanitary requirements. All licensure and operating requirements provided by this Chapter or by rules adopted by the Board pursuant to this Chapter that apply to cosmetic art shops shall also apply to mobile salons, except to the extent that the requirements conflict with this section or with any rules adopted by the Board pursuant to this section.

(d) In addition to the requirements of this Chapter, individuals and the vehicles they operate while providing mobile salon services shall be subject to the provisions of (i) Chapter 20 of the General Statutes, (ii) Chapter 19A of the North Carolina Administrative Code, (iii) all applicable requirements of the Americans with Disabilities Act, (iv) all applicable OSHA requirements, and (v) all local laws and ordinances regulating business establishments.

(e) A mobile salon must be equipped with a functional sink and toilet facilities and must maintain an adequate supply of clean water and waste water storage capacity.

(f) No cosmetic art or service may be performed in a mobile salon while the salon is moving. The mobile salon must be safely parked in a legal parking spot at all times while patrons are present inside the salon.

(g) A mobile salon owner must maintain a permanent business address at which records of appointments, itineraries, license numbers, and vehicle identification numbers for each mobile salon being operated shall be kept and made available for verification and inspection by the Board and at which all correspondence from the Board can be received.

(h) To facilitate periodic inspections of mobile salons, prior to the beginning of each month, the owner of the salon shall provide to the Board a written monthly itinerary listing locations, dates, and hours of operation for the salon."

SECTION 3. This act becomes effective July 1, 2015.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 504

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S504-ASV-36 [v.1]

Amends Title [NO]
First Edition

Date _____,2015

Senator Gunn

moves to amend the bill on page 3, lines 11-12, by inserting the following between the lines:
"(6a) Mobile salon ..... $25.00 per year";

And on page 4, line 9, by rewriting the line to read:
"cosmetic art ~~shops and~~ shops, cosmetic art ~~schools~~ schools, and mobile salons to each ~~shop and school~~ shop, school, and mobile salon licensed by the Board.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

SENATE BILL 25:
Zoning/Design & Aesthetic Controls

2013-2014 General Assembly

Committee:	Senate Commerce	**Date:**	April 23, 2015
Introduced by:	Sens. Gunn, Apodaca, Tarte	**Prepared by:**	Wendy Graf Ray Committee Counsel
Analysis of:	First Edition		

SUMMARY: ***Senate Bill 25 would prohibit cities and counties from adopting zoning ordinances that regulate building design elements of structures subject to regulation under the North Carolina Residential Code for One- and Two-Family Dwellings.***

[As introduced, this bill was identical to H36, as introduced by Reps. Dollar, Brawley, Jordan, Glazier, which is currently in House Local Government.]

[As introduced, this bill was identical to H36, as introduced by Reps. Dollar, Brawley, Jordan, Glazier, which is currently in House Local Government.]

CURRENT LAW: Municipalities (Chapter 160A) and counties (153A) may adopt zoning ordinances and subdivision regulation ordinances. Subdivision regulation ordinances may be as part of a unified development ordinance or as a separate subdivision ordinance to regulate the subdivision of land within the territorial jurisdiction of the county or city. A zoning ordinance may regulate and restrict the height, number of stories and size of buildings and other structures, the percentage of lots that may be occupied, the size of yards, courts and other open spaces, the density of population, and the location and use of buildings, structures, and land for trade, industry, residence, or other purposes.

Municipalities and counties may also create a "special appearance commission" pursuant to G.S. 160A-451, and confer upon that commission the authority to formulate and recommend the adoption of ordinances that will enhance the appearance of the municipality or county.

BILL ANALYSIS: Senate Bill 25 would prohibit cities and counties from adopting regulations controlling building design elements for one- and two-family dwellings.

The phrase "building design elements" means any of the following:

- Exterior building color.
- Type or style of exterior cladding materials.
- Style or materials of roof structure or porches.
- Exterior nonstructural architectural ornamentation.
- Location and architectural styling of windows or doors.
- Number, type and interior layout of rooms.

The phrase "building design elements" specifically excludes setback provisions, use of buffering or screening to minimize visual impacts or impact of light and noise, or regulations governing permitted uses of land.

Cities or counties could adopt ordinances regulating building design elements under the following circumstances:

- If the structures are located in historic districts, or if the structures are designated as historic landmarks.
- If regulation is directly and substantially related to applicable safety codes.
- Where regulations apply to manufactured housing, consistent with State and federal law.
- Where regulations are a condition of participation in the National Flood Insurance Program.

The provisions would not impact the enforcement or validity of restrictive covenants.

EFFECTIVE DATE: The act would be effective when it becomes law, and, because it clarifies and restates the intent of existing law, it would apply to ordinances adopted before, on, and after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 25

Short Title:	Zoning/Design & Aesthetic Controls.	(Public)
Sponsors:	Senators Gunn, Apodaca, Tarte (Primary Sponsors); Brock, Clark, Daniel, Ford, Hise, B. Jackson, Krawiec, Lee, Pate, Randleman, Smith, Soucek, and Tucker.	
Referred to:	Rules and Operations of the Senate.	

February 4, 2015

A BILL TO BE ENTITLED

AN ACT TO CLARIFY WHEN A COUNTY OR MUNICIPALITY MAY ENACT ZONING ORDINANCES RELATED TO DESIGN AND AESTHETIC CONTROLS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-381 is amended by adding new subsections to read:

"(h) Any zoning and development regulation ordinance relating to building design elements adopted under this Part, under Part 2 of this Article, or under any recommendation made under G.S. 160A-452(6)c. may not be applied to any structures subject to regulation under the North Carolina Residential Code for One- and Two-Family Dwellings except under one or more of the following circumstances:

(1) The structures are located in an area designated as a local historic district pursuant to Part 3C of Article 19 of Chapter 160A of the General Statutes.

(2) The structures are located in an area designated as a historic district on the National Register of Historic Places.

(3) The structures are individually designated as local, State, or national historic landmarks.

(4) The regulations are directly and substantially related to the requirements of applicable safety codes adopted under G.S. 143-138.

(5) Where the regulations are applied to manufactured housing in a manner consistent with G.S. 160A-383.1 and federal law.

(6) Where the regulations are adopted as a condition of participation in the National Flood Insurance Program.

Regulations prohibited by this subsection may not be applied, directly or indirectly, in any zoning district, special use district, conditional use district, or conditional district unless voluntarily consented to by the owners of all the property to which those regulations may be applied as part of and in the course of the process of seeking and obtaining a zoning amendment or a zoning, subdivision, or development approval, nor may any such regulations be applied indirectly as part of a review pursuant to G.S. 160A-383 of any proposed zoning amendment for consistency with an adopted comprehensive plan or other applicable officially adopted plan. For the purposes of this subsection, the phrase "building design elements" means exterior building color; type or style of exterior cladding material; style or materials of roof structures or porches; exterior nonstructural architectural ornamentation; location or architectural styling of windows and doors, including garage doors; the number and types of rooms; and the interior layout of rooms. The phrase "building design elements" does not include any of the following: (i) the height, bulk, orientation, or location of a structure on a

zoning lot; (ii) the use of buffering or screening to minimize visual impacts, to mitigate the impacts of light and noise, or to protect the privacy of neighbors; or (iii) regulations adopted pursuant to this Article governing the permitted uses of land or structures subject to the North Carolina Residential Code for One- and Two-Family Dwellings.

(i) Nothing in subsection (h) of this section shall affect the validity or enforceability of private covenants or other contractual agreements among property owners relating to building design elements."

SECTION 2. G.S. 153A-340 is amended by adding new subsections to read:

"(l) Any zoning and development regulation ordinance relating to building design elements adopted under this Part, under Part 2 of this Article, or under any recommendation made under G.S. 160A-452(6)c. may not be applied to any structures subject to regulation under the North Carolina Residential Code for One- and Two-Family Dwellings except under one or more of the following circumstances:

(1) The structures are located in an area designated as a local historic district pursuant to Part 3C of Article 19 of Chapter 160A of the General Statutes.

(2) The structures are located in an area designated as a historic district on the National Register of Historic Places.

(3) The structures are individually designated as local, State, or national historic landmarks.

(4) The regulations are directly and substantially related to the requirements of applicable safety codes adopted under G.S. 143-138.

(5) Where the regulations are applied to manufactured housing in a manner consistent with G.S. 153A-341.1 and federal law.

(6) Where the regulations are adopted as a condition of participation in the National Flood Insurance Program.

Regulations prohibited by this subsection may not be applied, directly or indirectly, in any zoning district, special use district, conditional use district, or conditional district unless voluntarily consented to by the owners of all the property to which those regulations may be applied as part of and in the course of the process of seeking and obtaining a zoning amendment or a zoning, subdivision, or development approval, nor may any such regulations be applied indirectly as part of a review pursuant to G.S. 153A-341 of any proposed zoning amendment for consistency with an adopted comprehensive plan or other applicable officially adopted plan. For the purposes of this subsection, the phrase "building design elements" means exterior building color; type or style of exterior cladding material; style or materials of roof structures or porches; exterior nonstructural architectural ornamentation; location or architectural styling of windows and doors, including garage doors; the number and types of rooms; and the interior layout of rooms. The phrase "building design elements" does not include any of the following: (i) the height, bulk, orientation, or location of a structure on a zoning lot; (ii) the use of buffering or screening to minimize visual impacts, to mitigate the impacts of light and noise, or to protect the privacy of neighbors; or (iii) regulations adopted pursuant to this Article governing the permitted uses of land or structures subject to the North Carolina Residential Code for One- and Two-Family Dwellings.

(m) Nothing in subsection (l) of this section shall affect the validity or enforceability of private covenants or other contractual agreements among property owners relating to building design elements."

SECTION 3. This act is effective when it becomes law. The act clarifies and restates the intent of existing law and applies to ordinances adopted before, on, and after the effective date.

SENATE BILL 434:
Cap/Clarify Utility Rate Mechanisms

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Finance	**Date:**	April 23, 2015
Introduced by:	Sen. Rucho	**Prepared by:**	Heather Fennell Committee Counsel
Analysis of:	First Edition		

SUMMARY: ***Senate Bill 434 would cap the integrity management rider (IMR) that allows recovery under a rate adjustment mechanism for costs incurred by a natural gas distribution companies to comply with federal gas pipeline safety requirements; and would clarify the water system improvements charges (WSIC) and sewer system improvement charges (SSIC), that allows a water or sewer public utility to recover costs associated with infrastructure investments.***

CURRENT LAW: G.S. 62-133.7A authorizes the Utilities Commission to adopt a rate adjustment mechanism for natural gas distribution companies to recover costs incurred to comply with federal gas pipeline safety requirements. A rate adjustment mechanism for this purpose may only be adopted in a general rate case if the Commission determines that the mechanism is in the public interest. Before costs can be recovered under this mechanism, the Commission must make a determination that the costs were prudently incurred. The Commission has authorized a natural gas company to adopt a rate adjustment mechanism to recover the costs in an Integrity Management Rider (IMR).

G.S. 62-133.12 authorizes the Commission to establish a rate adjustment mechanism in a general rate case to recover costs associated with infrastructure investments. The mechanism is only allowed when it is in the public interest, and may be modified or eliminated by the Commission if it is no longer in the public interest. Allowable infrastructure investments is limited to certain listed improvements found necessary by the Commission to enable the utility to provide safe, reliable, and efficient service in accordance with applicable water quality and wastewater standards. The Commission is authorized to establish procedures for truing up charges. The mechanism is limited to 5% of the total annual service revenues approved by the Commission in a general rate case. The Commission has authorized a water company to use the rate adjustment mechanism to recover water system improvements charges (WSIC) and sewer system improvement charges (SSIC).

BILL ANALYSIS: Senate Bill 434 would make changes to the two rate adjustment mechanisms.

IMR – The bill would adjust the IMR in the following ways:

- Clarifies that costs for routine maintenance and repair cannot be recovered in the rider.
- Provides that the Commission may modify or eliminate the rider if it is in the public interest.
- Allows the Commission to establish yearly reconciliations for the rider.
- Caps the annual costs that can be recovered under the mechanism at 4% of the total margin approved for the gas company in its last rate case.
- Provides that the rider will terminate at the earlier of four years, or the company's next rate case.

O. Walker Reagan
Director

S434-SMTD-35 E1 -V8

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

WSIC/SSIC – The bill would adjust the WSIC and SSIC in the following ways:

- Clarifies that the improvements for which costs can be recovered under the rider must be beyond the scope of normal operations.
- Makes other technical changes to clarify the specific costs that allowed to be recovered under the rider.

EFFECTIVE DATE: This act is effective July 1, 2015, and applies to riders adopted on or after that date.

SENATE BILL 434

Short Title:	Cap/Clarify Utility Rate Mechanisms.	(Public)
Sponsors:	Senator Rucho (Primary Sponsor).	
Referred to:	Rules and Operations of the Senate.	

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO CAP AND SUNSET THE RATE ADJUSTMENT MECHANISM FOR NATURAL GAS DISTRIBUTION COMPANIES FOR PIPELINE SAFETY COSTS AND TO CLARIFY THE RATE ADJUSTMENT MECHANISM FOR WATER AND SEWER FACILITIES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 62-133.7A reads as rewritten:

"**§ 62-133.7A. Rate adjustment mechanism for natural gas local distribution company rates.**

(a) In setting rates for a natural gas local distribution company in a general rate case proceeding under G.S. 62-133, the Commission may adopt, implement, modify, or eliminate a rate adjustment mechanism to enable the company to recover the reasonable and prudently incurred capital investment and associated costs of complying with federal gas pipeline safety requirements, including a return based on the company's then authorized return. Costs incurred for routine maintenance, repair, and replacement of system components shall not be included in a rate adjustment mechanism authorized under this section.The Commission shall adopt, implement, modify, or eliminate a rate adjustment mechanism authorized under this section only upon a finding by the Commission that the mechanism is in the public interest. The Commission may eliminate or modify any rate adjustment mechanism authorized pursuant to this section upon a finding that it is not in the public interest.

(b) The Commission shall provide for audit and reconciliation procedures, including measures for refunds of any overcollections under the adjustment mechanism with interest pursuant to G.S. 62-130(e).

(c) Annual costs recovered under a rate adjustment mechanism authorized under this section shall not exceed four percent (4%) of the total base margin approved by the Commission in the Company's last general rate case. A rate adjustment mechanism authorized under this section shall terminate the earlier of the company's next general rate case or four years after the adoption of the mechanism by the Commission."

SECTION 2. G.S. 133.12 reads as rewritten:

"**§ 62-133.12. Rate adjustment mechanism based on investment in repair, improvement, and replacement of water and sewer facilities.**

(a) The Commission may approve a rate adjustment mechanism in a general rate proceeding pursuant to G.S. 62-133 to allow a water or sewer public utility to recover through a system improvement charge the incremental depreciation expense and capital costs associated with the utility's reasonable and prudently incurred investment in eligible water and sewer system ~~improvements.~~improvement projects. The Commission shall approve a rate adjustment

mechanism authorized by this section only upon a finding that the mechanism is in the public interest. The frequency and manner of rate adjustments under the mechanism shall be as prescribed by the Commission. For the purposes of this section, "improvement projects" means unique, temporary endeavors that are beyond the scope of normal operations of the water or sewer utility.

(b) For purposes of this section, "eligible water system ~~improvements~~improvement projects" or "eligible sewer system ~~improvements~~improvement projects" shall include only those ~~improvements~~ improvement projects found necessary by the Commission to enable the water or sewer utility to provide safe, reliable, and efficient service in accordance with applicable water quality and effluent standards.

(c) For purposes of this section, "eligible water system ~~improvements~~improvement projects" means:

(1) ~~Distribution~~In kind replacements of distribution system mains, hydropneumatic storage tanks, valves, utility service lines (including meter boxes and appurtenances), meters, and ~~hydrants installed as in-kind replacements.~~hydrants.

(2) Main extensions installed to eliminate dead ends and to implement solutions to regional water supply in order to comply with primary and, upon specific Commission approval, secondary drinking water standards.

(3) Equipment and infrastructure installed to comply with primary drinking water standards.

(4) Equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards.

(5) ~~Unreimbursed costs of relocating facilities~~Facility relocations due to highway construction or relocation projects.

(d) For the purposes of this section, "eligible sewer system ~~improvements~~improvement projects" means:

(1) Collection main extensions installed ~~to implement solutions~~ to alternative wastewater ~~problems.~~treatment facilities.

(2) Improvements necessary ~~to reduce inflow and infiltration to the collection system~~ to comply with applicable State and federal law and ~~regulations.~~regulations regarding inflow and infiltration to collection system.

(3) ~~Unreimbursed costs of relocating facilities~~Facility relocations due to highway construction or relocation projects.

(4) ~~Pumps, motors, blowers, and other mechanical equipment installed as in-kind replacements for customers.~~Replacements of collection system duplex pump stations, including pumps, controls, electrical and related equipment.

(e) The Commission shall provide for audit and reconciliation procedures, including measures for refunds of any over-collections under the system improvement charge with interest pursuant to G.S. 62-130(e).

(f) The Commission may eliminate or modify any rate adjustment mechanism authorized pursuant to this section upon a finding that it is not in the public interest.

(g) Cumulative system improvement charges for a water or sewer utility pursuant to a rate adjustment mechanism approved by the Commission under this section may not exceed five percent (5%) of the total annual service revenues approved by the Commission in the water or sewer utility's last general rate case."

SECTION 3. This act is effective July 1, 2015, and applies to rate adjustment mechanism adopted after that date.

SENATE BILL 501:
Strengthen the Do Not Call Registry

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Judiciary I	**Date:**	April 23, 2015
Introduced by:	Sens. Stein, Brown, Alexander	**Prepared by:**	Layla Cummings Committee Counsel
Analysis of:	First Edition		

SUMMARY: ***Senate Bill 501 makes various amendments to the law prohibiting certain telephone solicitations, including: amending the definition of telephone solicitation; amending the definition of telephone solicitor; reducing the time in which a telephone solicitor must cease calls to a telephone subscriber with which it has an established business relationship; and providing that the prohibition on automatic dialing and recorded messages applies to any person including an agent of that person.***

[As introduced, this bill was identical to H519, as introduced by Reps. Adcock, Goodman, Jeter, Warren, which is currently in House Judiciary I.]

CURRENT LAW: Article 4 of Chapter 75 of the General Statutes regulates telephone solicitations. G.S. 75-102 prohibits a telephone solicitor from calling the telephone number of a residential telephone subscriber if the subscriber's telephone number appears on the "Do Not Call" Registry. G.S. 75-104 prohibits the use of automatic dialing and recorded message player to make an unsolicited phone call.

A telephone solicitor may call a telephone number on the "Do Not Call" Registry if the telephone solicitor has an established business relationship with the telephone subscriber. The telephone solicitor, however, must stop any calls to the telephone number if the telephone subscriber expresses a desire to receive no further communication.

BILL ANALYSIS:

Section 1 would amend the definition of telephone solicitations to include creating a lead or referral for which the solicitor will receive compensation. This section would also amend the definition of telephone solicitor to include: subagents, contractors, or other third-party vendors; and parties that receive sales leads or inbound calls from a telephone subscriber that know that the lead or inbound call from the subscriber was generated by a telephone call.

Section 2 would reduce the time from 60 days to 30 days in which the telephone solicitor must stop calling the telephone subscriber if the telephone solicitor relies on the established business relationship of an affiliate to solicit a telephone subscriber whose telephone number is listed on the "Do Not Call" Registry and that person communicates a desire to receive no further communication.

Section 3 would amend the prohibition on the use of automatic dialing and recorded messages to specify the prohibition applies to any person, whether directly or through a salesperson, agent, subagent, contractor, or third party vendor. This section further provides that any party who knows that the sales leads or inbound telephone calls it receives were generated by parties in violation of the prohibition will be jointly liable with that party for each call or lead that was received or accepted.

EFFECTIVE DATE: This bill would become effective when it becomes law.

O. Walker Reagan
Director

S501-SMTS-17 E1 -V2

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 501

Short Title:	Strengthen the Do Not Call Registry.	(Public)
Sponsors:	Senators Stein, Brown, Alexander (Primary Sponsors); Bryant, Waddell, and Woodard.	
Referred to:	Rules and Operations of the Senate.	

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO STRENGTHEN THE DO NOT CALL REGISTRY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 75-101 reads as rewritten:

"**§ 75-101. Definitions.**

The following definitions apply in this Article:

...

(9) Telephone solicitation. – A voice communication, whether prerecorded, live, or a facsimile, over a telephone line or wireless telephone network or via a commercial mobile radio service that is made by a telephone solicitor to a telephone subscriber for the purpose of soliciting or encouraging the purchase or rental of, or investment in, property, goods, or services; obtaining or providing information that will or may be used for that purpose; soliciting or encouraging a telephone subscriber's participation in any contest, sweepstakes, raffle, or lottery, whether legal or illegal; creating a lead or referral for which the solicitor will receive or hopes to receive compensation; or obtaining a charitable donation. "Telephone solicitation" also includes those transactions that are defined as "telemarketing" under the Telemarketing Sales Rule.

(10) Telephone solicitor. – Any individual, business establishment, business, or other legal entity doing business in this State that, directly or through ~~salespersons or~~ salespersons, agents, subagents, contractors, or other third party vendors makes or attempts to make telephone solicitations or causes telephone solicitations to be made. "Telephone solicitor" also includes any party defined as a "telemarketer" under the Telemarketing Sales Rule. The term also includes any party that receives a sales lead or inbound call from a telephone subscriber and knows or has reason to know that the lead or inbound call from the subscriber was generated by a telephone call.

...."

SECTION 2. G.S. 75-102 reads as rewritten:

"**§ 75-102. Restrictions on telephone solicitations.**

...

(c) Any telephone solicitor who makes a telephone solicitation shall do all of the following:

...

(5) Notwithstanding subdivision (3) of this subsection, if a telephone solicitor relies on the established business relationship of an affiliate to solicit a residential telephone subscriber whose telephone number is listed in the latest edition of the "Do Not Call" Registry and the person called communicates a desire to receive no further telephone solicitations from the telephone solicitor, the telephone solicitor shall take all steps necessary to remove that telephone subscriber's telephone number from the contact lists of the telephone solicitor and that affiliate, unless the telephone subscriber indicates otherwise, and the telephone solicitor and that affiliate shall stop calling the telephone subscriber at that number within ~~60~~ 30 business days.

...."

SECTION 3. G.S. 75-104 reads as rewritten:

"**§ 75-104. Restrictions on use of automatic dialing and recorded message players.**

(a) Except as provided in this section, no ~~person~~ person, whether directly or through a salesperson, agent, subagent, contractor, or third party vendor, may use an automatic dialing and recorded message player to make an unsolicited telephone call.

...

(c) Any party that knows or has reason to know that the sales leads or inbound telephone calls it is receiving or accepting were generated by calls placed by another party or parties in violation of subsection (a) of this section shall be jointly liable under this act with said party or parties for each call or lead that is received or accepted."

SECTION 4. This act is effective when it becomes law.

Senate Sgt at Arms

Ed Kessler

Giles Jeffreys

Steve McKaig

SENATE PAGES ATTENDING

COMMITTEE: Commerce **ROOM:** 1027

DATE: 4-23 **TIME:** 11 AM

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Nick Mills	Raleigh	Stein
2. Esmé Merritt-Dorosin	Carrboro	Foushee
3. ~~Alec~~ Alec Johnson	Canton	Van ~~Duyn~~ Duyn
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 23, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
John Palumbo	NCAOA
Thomas B Clark	UNC Dept Gov.
Betsy Bailey	CAGC
Keith Coltrain	Wall Templeton
MIKE CARPENTER	NCHBA
STEVEN WEBB	NCHBA
Ms. Lisa Martin	Cap Advi
Ken Melton	K.M.A.
Regina Howard-Glasper	North Carolina Press Association
Erin Wynia	NCLM
Lynda Elliott	NC Cosmetic Art Examiners

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 23, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Jim Johnson	BSA
Mark Rice	FCA
David Bright	Alliance of Automobile Mfrs.
Laura Dooley	Alliance of Automobile Mfrs.
Chris Agren	DOT
Betsy Ketter	American Heart Association
Richard Stevens	SA
Jennifer Haigwood	NCDOL
Jane Gilchrist	NCDOL
Sarah Koonce	NCDOL
RICH TURNER	PLY GEM

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 23, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Hayes Jernigan	JERNIGAN LAW FIRM
LEONARD JERNIGAN	JERNIGAN LAW FIRM
Gary Harris	NCPCM
Doug Howey	NCPCM
RW Kaylor	Kaylor Law

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 23, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Cady Thomas	Farm Carolina
David Kirkman	NC Atty Gen.
Steve Monge	NCRLA
Lexi Morgan	NCRMA
alice miller	NCDOC
Kasey Grisberg	governors office
Robert Andrews	Sen Lee VA
Walt Gray	NCIC
Andy Chase	KMA
Mike Okun	NC State AFL-CIO
Sarah Collins	NCLM

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 23, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
	BCI
	FMWC
	NCRMA
Will Parry-Hill	NCHFA
David McGowan	NCPC
Tommy Senior	MUA
Jac Tunnell	PNG
Dan Conrad	NCUC
Todd Barlow	NCAJ
	AFFS

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 23, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
TED BRINN	D.E.S.
Lockhart Taylor	DES
Steve Brewer	CTL
Sally Sands	MP
Jim Kent	NC Beer & Wine
Dick Crittm	Law Offices of [illegible]
Phoebe Landon	Brooks Pierce
[illegible]	R. Phillips & Associates
[illegible]	Duke Energy
Andy Ellen	NCRMA

Senate Committee on Commerce
Tuesday, April 28, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on April 28, 2015 in Room 1027/1128 of the Legislative Building. Twenty Six members were present.

Senator Rick Gunn, Chair, presided.

Molly Zuidema from Garner, Olivia Wingler from East Bend, Victoria Wingler from East Bend, Alexandria Wingler from East Bend, and Emry Wingler from Yadnekinville, and Brittlyn Martin from Yadkin served as pages.

Senator Gunn deviated from the agenda order of bills and the order in which they were addressed is reflected below.

SB 429 Labor/2015 Technical & Conforming Changes. (Senator Brock)
Sen. Brock was introduced to speak on the bill. There were no questions from the members. Sen. Ford moved for a favorable report and it carried.

SB 88 Pole Attachment Disputes. (Senator Brown)
Sen. Smith moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Senator Brown was introduced to speak on the bill. Questions from the members were responded to by Senator Brown and Heather Fennell, an attorney from Research Division. Senator Gunn allowed the following people to speak: Frank Styers/Red's Cable TV, Dwight Allen/an attorney with Allen Law Offices, PLLC, and Marcus W. Trathen from Brooks Pierce represented the NC Cable and Telecommunications Association. Senator Tillman moved unfavorable to the bill- favorable to the PCS and it carried.

SB 694 Employee Misclassification Reform. (Senators Newton, Lee, Daniel)
Senator Jackson moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Senator Newton was introduced to speak on the bill. Senator Newton asked that Layla Cummings, an attorney with from the Research Division to explain the bill. Questions by the members were responded to by Sen. Newton and Ms. Cummings. Senator Gunn allowed the following people to speak: John Bussion/ The Bussion Law Firm, Doug Burton/ Whitman Masonry, and Todd Allen/ Publisher from The Wake Forest Weekly. Senator Ford moved unfavorable to the bill- favorable to the PCS and it carried.

SB 434 Cap/Clarify Utility Rate Mechanisms. (Senator Rucho)
Senator Gunn removed this bill from the agenda per Senator Rucho's request.

SB 363 Expand Outdoor Food Service at Public Events. (Senator Hartsell)
Senator Hartsell introduced and explained the bill. There were no questions from the members. Senator Ford moved for a favorable report and it was carried.

The meeting adjourned at 11:56 AM.

Senator Rick Gunn, Chair
Presiding

Karen Johns, Committee Clerk

Senate Committee on Commerce
Tuesday, April 28, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
SB 429	Labor/2015 Technical & Conforming Changes.	Senator Brock
SB 434	Cap/Clarify Utility Rate Mechanisms.	Senator Rucho
SB 694	Employee Misclassification Reform.	Senator Newton Senator Lee Senator Daniel
SB 88	Pole Attachment Compensation.	Senator Brown
SB 363	Expand Outdoor Food Service at Public Events.	Senator Hartsell

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, April 28, 2015

Senator Gunn,
submits the following with recommendations as to passage:

FAVORABLE

SB **363** **(CS#1)** Expand Outdoor Food Service at Public Events.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

SB **429** Labor/2015 Technical & Conforming Changes.

Draft Number:	None
Sequential Referral:	Judiciary I
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 2

Senator Fletcher Hartsell will handle SB 363
Senator Andrew Brock will handle SB 429

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, April 28, 2015

Senator Gunn,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE BILL

SB **88** Pole Attachment Compensation.

Draft Number:	S88-PCS25252-TD-22
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	Yes

TOTAL REPORTED: 1

Senator Harry Brown will handle SB 88

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT

Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, April 28, 2015

Senator Gunn,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE BILL

SB **694** Employee Misclassification Reform.

Draft Number:	S694-PCS35275-TS-5
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator E.S. Newton will handle SB 694

CMR291-V-1

SENATE BILL 429:
Labor/2015 Technical & Conforming Changes

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Judiciary I	**Date:**	April 28, 2015
Introduced by:	Sen. Brock	**Prepared by:**	Wendy Graf Ray Committee Counsel
Analysis of:	First Edition		

SUMMARY: ***Senate Bill 429 makes technical and conforming changes to various provisions in Chapter 95 of the General Statutes (Department of Labor and Labor Regulations)***

BILL ANALYSIS: Senate Bill 429 makes the following changes to labor-related statutes:

- Deletes Statistics as one of the Divisions of the Department of Labor and replaces it with Occupational Safety and Health.
- Deletes requirement that the Governor approve certain organizational decisions of the Commissioner of Labor.
- Adds the following to the list of powers the Commissioner of Labor has under the Uniform Boiler and Pressure Vessel Act:
  - To devise and proctor exams for inspectors of boilers and pressure vessels.
  - To act as proctor for administration of the National Board commissioning exam.
  - To issue, suspend, or revoke boiler and pressure vessel inspector commissions.
- Amends language regarding appeals of determinations of noncomplying devices in three statutes (for boilers and pressure vessels, elevators, and amusement devices) to say that actions are final unless the person against whom the action is taken takes exception to the determination within 15 days.
- Deletes the following statutory sections:
  - G.S. 95-5 (Annual report to the Governor)
  - G.S. 95-6 (Statistical report to the Governor)
  - G.S. 95-11 (Division of Standards and Inspection)
  - G.S. 95-12 (Division of Statistics)
  - G.S. 95-69.13 (Board or Boiler and Pressure Vessels Rules)

EFFECTIVE DATE: The bill is effective when it becomes law.

O. Walker Reagan
Director

S429-SMSU-58 E1 -V1

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 429

Short Title:	Labor/2015 Technical & Conforming Changes.	(Public)
Sponsors:	Senator Brock (Primary Sponsor).	
Referred to:	Rules and Operations of the Senate.	

March 26, 2015

A BILL TO BE ENTITLED

AN ACT MAKING TECHNICAL AND CONFORMING CHANGES TO THE LABOR LAWS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

PART I. TECHNICAL AND CONFORMING CHANGES

SECTION 1.1. G.S. 95-3 reads as rewritten:

"**§ 95-3. Divisions of Department; Commissioner; administrative officers.**

The Department of Labor shall consist of the following officers, divisions and sections:

A Commissioner of Labor.

A Division of Standards and Inspections.

A Division of ~~Statistics.~~Occupational Safety and Health.

Each division shall be in the charge of a chief administrative officer and shall be organized under such rules and regulations as the Commissioner of Labor and the head of the division concerned, ~~with the approval of the Governor,~~ shall prescribe and promulgate. The Commissioner of Labor, ~~with the approval of the Governor,~~ may make provision for one person to act as chief administrative officer of two or more divisions, when such is deemed advisable. The chief administrative officers of the several divisions shall be appointed by the Commissioner of ~~Labor with the approval of the Governor.~~ Labor. The Commissioner of Labor, ~~with the approval of the Governor~~ may combine or consolidate the activities of two or more of the divisions of the Department, or provide for the setting up of other divisions when such action shall be deemed advisable for the more efficient and economical administration of the work and duties of the Department."

SECTION 1.2. G.S. 95-4 reads as rewritten:

"**§ 95-4. Authority, powers and duties of Commissioner.**

The Commissioner of Labor shall be the executive and administrative head of the Department of Labor. In addition to the other powers and duties conferred upon the Commissioner of Labor by this Article, the said Commissioner shall have authority and be charged with the duty:

(1) To appoint and assign to duty such clerks, stenographers, and other employees in the various divisions of the Department, ~~with approval of said director of division,~~ as may be necessary to perform the work of the Department, and fix their compensation, subject to the approval of the Department of Administration. The Commissioner of Labor may assign or transfer stenographers, or clerks, from one division to another, or inspectors from one division to another, or combine the clerical force of two or more

divisions, or require from one division assistance in the work of another division, as he may consider necessary and advisable: Provided, however, the provisions of this subdivision shall not apply to the Industrial Commission, or the Division of Workers' Compensation.

(2) To make such rules and regulations with reference to the work of the Department and of the several divisions thereof as shall be necessary to properly carry out the duties imposed upon the said Commissioner and the work of the ~~Department; such rules and regulations to be made subject to the approval of the Governor.~~Department.

(3) To take and preserve testimony, examine witnesses, administer oaths, and under proper restriction enter any public institution of the State, any factory, store, workshop, laundry, public eating house or mine, and interrogate any person employed therein or connected therewith, or the proper officer of a corporation, or file a written or printed list of interrogatories and require full and complete answers to the same, to be returned under oath within 30 days of the receipt of said list of questions.

(4) To secure the enforcement of all laws relating to the inspection of factories, mercantile establishments, mills, workshops, public eating places, and commercial institutions in the State. To aid him in the work, he shall have power to appoint factory inspectors and other assistants. The duties of such inspectors and other assistants shall be prescribed by the Commissioner of Labor.

(5) To visit and inspect, personally or through his assistants and factory inspectors, at reasonable hours, as often as practicable, the factories, mercantile establishments, mills, workshops, public eating places, and commercial institutions in the State, where goods, wares, or merchandise are manufactured, purchased, or sold, at wholesale or retail.

(6) To enforce the provisions of this section and to prosecute all violations of laws relating to the inspection of factories, mercantile establishments, mills, workshops, public eating houses, and commercial institutions in this State before any court of competent jurisdiction. It shall be the duty of the district attorney of the proper district upon the request of the Commissioner of Labor, or any of his assistants or deputies, to prosecute any violation of a law, which it is made the duty of the said Commissioner of Labor to enforce."

SECTION 1.3. G.S. 95-69.11 reads as rewritten:

"**§ 95-69.11. Powers and duties of Commissioner.**

The Commissioner of Labor is hereby charged, directed, and empowered:

(1) To adopt, modify, or revoke rules governing the construction, operation, and use of boilers and pressure vessels, including, where necessary, requirements for fencing to prevent unauthorized persons from coming in contact with boilers and pressure vessels or the systems they are connected to.

(2) To delegate to the Chief Inspector any powers, duties, and responsibilities that the Commissioner determines will best serve the public interest in the safe operation of boilers and pressure vessels, and to supervise the Chief Inspector in the performance of those duties.

(3) To enforce rules adopted under authority of this Article.

(4) To inspect boilers and pressure vessels covered under this Article.

(5) To issue inspection certificates to those boilers and pressure vessels found in compliance with this Article.

(6) To enjoin violations of this Article in the civil and criminal courts of this State.
(7) To keep adequate records of the type, dimensions, age, conditions, pressure allowed upon, location, and date of the last inspection of all boilers and pressure vessels to which this Article applies.
(8) To require such periodic reports from inspectors, owners, and operators of boilers and pressure vessels as he deems appropriate in carrying out the purposes of this Article.
(9) To have free access, without notice, to any location in this State, during reasonable hours, where a boiler or pressure vessel is being built, installed, or operated for the purpose of ascertaining whether such boiler or pressure vessel is built, installed, or operated in accordance with the provisions of this Article.
(10) To investigate serious accidents involving boilers and pressure vessels to determine the causes of the accidents, and to have full subpoena powers in conducting the investigation.
(11) To establish reasonable fees for the inspection and issuance of inspection certificates for boilers and pressure vessels that are in use.
(12) To establish reasonable fees for the examination and certification of inspectors.
(13) To appoint qualified individuals to the Board of Boiler and Pressure Vessel Rules.
(14) To perform inspections and audits relating to the construction and repair of boilers and pressure vessels and to establish and collect fees for these activities.
(15) To order the payment of civil penalties provided by this section.
(16) To require that before any boiler or pressure vessel that is subject to this Article is transferred into the State, or is moved from one location to another within the State, the owner or the owner's authorized agent shall file with the Commissioner a written notice of intent to do so and the type of device involved and provide a copy of the specifications, previous inspection documents, or other information that the Commissioner deems necessary to determine whether the boiler or pressure vessel is in compliance with the provisions of this Article and the rules adopted under this Article.
(17) To grant exceptions from the requirements of the rules and regulations adopted under authority of this Article and to permit the use of other devices when such exceptions and uses will not expose the public to an unsafe condition likely to result in serious personal injury or property damage.
(18) To devise and proctor examinations covering this Article and the rules adopted under this Article to applicants seeking a commission as inspectors of boilers and pressure vessels in this State.
(19) To act as proctors during the administration of the National Board commissioning examination.
(20) To issue, suspend, or revoke inspector's commissions as inspectors of boilers and pressure vessels within this State. Whenever action is taken under this section to suspend or revoke a commission, the affected party shall be given notice of the availability of an administrative hearing and of judicial review in accordance with Chapter 150B of the General Statutes, the Administrative Procedure Act."

SECTION 1.4. G.S. 95-69.17(c) reads as rewritten:

"(c) ~~Whenever action is taken under this section, the affected party shall be given notice of the availability of an administrative hearing and of judicial review in accordance with Chapter 150B of the General Statutes, the Administrative Procedure Act.~~Any action taken under this section by the Commissioner shall be final, unless within 15 days after receipt of notice thereof by certified mail with return receipt, by signature confirmation as provided by the U.S. Postal Service, by a designated delivery service authorized pursuant to 26 U.S.C. § 7502(f)(2) with delivery receipt, or via hand delivery, the person against whom such action was taken takes exception to the determination, in which event the final determination of the action shall be made in an administrative proceeding and in a judicial proceeding pursuant to Chapter 150B of the General Statutes, the Administrative Procedure Act."

SECTION 1.5. G.S. 95-110.6(c) reads as rewritten:

"(c) ~~Whenever action is taken under this section, the affected party shall be given notice of the availability of an administrative hearing and of judicial review in accordance with Chapter 150B of the General Statutes, the Administrative Procedure Act.~~Any action taken under this section by the Commissioner shall be final, unless within 15 days after receipt of notice thereof by certified mail with return receipt, by signature confirmation as provided by the U.S. Postal Service, by a designated delivery service authorized pursuant to 26 U.S.C. § 7502(f)(2) with delivery receipt, or via hand delivery, the person against whom such action was taken takes exception to the determination, in which event the final determination of the action shall be made in an administrative proceeding and in a judicial proceeding pursuant to Chapter 150B of the General Statutes, the Administrative Procedure Act."

SECTION 1.6. G.S. 95-111.6(c) reads as rewritten:

"(c) ~~Whenever action is taken under this section, the affected party shall be given notice of the availability of an administrative hearing and of judicial review in accordance with Chapter 150B of the General Statutes, the Administrative Procedure Act.~~Any action taken under this section by the Commissioner shall be final, unless within 15 days after receipt of notice thereof by certified mail with return receipt, by signature confirmation as provided by the U.S. Postal Service, by a designated delivery service authorized pursuant to 26 U.S.C. § 7502(f)(2) with delivery receipt, or via hand delivery, the person against whom such action was taken takes exception to the determination, in which event the final determination of the action shall be made in an administrative proceeding and in a judicial proceeding pursuant to Chapter 150B of the General Statutes, the Administrative Procedure Act."

PART II. STATUTORY UPDATING/REPEALS

SECTION 2.1. G.S. 95-5 reads as rewritten:

"~~**§ 95-5. Annual report to Governor; recommendation as to legislation needed.**~~

~~The Commissioner of Labor shall annually, on or before the first day of January, file with the Governor a report covering the activities of the Department, and the report so made on or before January 1 of the years in which the General Assembly shall be in session shall be accompanied by recommendations of the Commissioner with reference to such changes in the law applying to or affecting industrial and labor conditions as the Commissioner may deem advisable. The report of the Commissioner of Labor shall be printed and distributed in such manner and form as the Director of the Budget shall authorize.~~"

SECTION 2.2. G.S. 95-6 reads as rewritten:

"~~**§ 95-6. Statistical report to Governor; publication of information given by employers.**~~

~~It shall be the duty of the Commissioner of Labor to collect in the manner herein provided for, and to assort, systematize, and present to the Governor as a part of the report provided for in G.S. 95-5, statistical details relating to all divisions of labor in the State, and particularly concerning the following: the extent of unemployment, the hours of labor, the number of employees and sex thereof, and the daily wages earned; the conditions with respect to labor in all manufacturing establishments, hotels, stores, and workshops; and the industrial, social,~~

~~educational, moral, and sanitary conditions of the labor classes, in the productive industries of the State. Such statistical details shall include the names of firms, companies, or corporations, where the same are located, the kind of goods produced or manufactured, the period of operation of each year, the number of employees, male or female, the number engaged in clerical work and the number engaged in manual labor, with the classification of the number of each sex engaged in such occupation and the average daily wage paid each: Provided, that the Commissioner shall not, nor shall anyone connected with his office, publish or give or permit to be published or given to any person the individual statistics obtained from any employer, and all such statistics, when published, shall be published in connection with other similar statistics and be set forth in aggregates and averages.~~"

SECTION 2.3. G.S. 95-11 reads as rewritten:

"~~**§ 95-11. Division of Standards and Inspection.**~~

~~(a) The chief administrative officer of the Division of Standards and Inspection shall be known as the Director of the Division. It shall be his duty, under the direction and supervision of the Commissioner of Labor, and under rules and regulations to be adopted by the Department as herein provided, to make or cause to be made all necessary inspections to see that all laws, rules and regulations concerning the safety and well-being of labor are promptly and effectively carried out.~~

~~(b) The Division shall make studies and investigations of special problems connected with the labor of women and children, and create the necessary organization, and appoint an adequate number of investigators, with the consent of the Commissioner of Labor and the approval of the Governor; and the Director of said Division, under the supervision and direction of the Commissioner of Labor and under such rules and regulations as shall be prescribed by said Commissioner, with the approval of the Governor, shall perform all duties devolving upon the Department of Labor, or the Commissioner of Labor with relation to the enforcement of laws, rules, and regulations governing the employment of women and children.~~

~~(c) The Director shall report annually to the Commissioner of Labor the activities of the Division, with such recommendations as may be considered advisable for the improvement of the working conditions for women and children.~~

~~(d) The Division shall collect and collate information and statistics concerning the location, estimated and actual horsepower and condition of valuable water powers, developed and undeveloped, in this State; also concerning farmlands and farming, the kinds, character, and quantity of the annual farm products in this State; also of timber lands and timbers, truck gardening, dairying, and such other information and statistics concerning the agricultural and industrial welfare of the citizens of this State as may be deemed to be of interest and benefit to the public. The Director shall also perform the duties of mine inspector as prescribed in the Chapter on Mines and Quarries.~~

~~(e) The Division shall conduct such research and carry out such studies as will contribute to the health, safety, and general well-being of the working classes of the State. The finding of such investigations, with the approval of the Commissioner of Labor and the Governor and the cooperation of the chief administrative officer of the Division or Divisions directly concerned, shall be promulgated as rules and regulations governing work places and working conditions. All recommendations and suggestions pertaining to health, safety, and well-being of employees shall be transmitted to the Commissioner of Labor in an annual report which shall cover the work of the Division of Standards and Inspection.~~

~~(f) The Division shall make, promulgate and enforce rules and regulations for the protection of employees from accident and from occupational disease; and shall upon request, and after such investigation as it deems proper, issue certificates of compliance to such employers as are found by it to be in compliance with the rules and regulations made and promulgated in accordance with the provisions of this paragraph.~~"

SECTION 2.4. G.S. 95-12 reads as rewritten:

"~~§ 95-12. Division of Statistics.~~

~~The Division of Statistics shall be in charge of a Chief Statistician. It shall be his duty, under the direction and supervision of the Commissioner of Labor, to collect, assort, systematize, and print all statistical details relating to all divisions of labor in this State as is provided in G.S. 95-6.~~"

SECTION 2.5. G.S. 95-69.13 reads as rewritten:

"~~§ 95-69.13. Board of Boiler and Pressure Vessels Rules created; appointment, terms, compensation and duties.~~

~~(a) There is hereby created the North Carolina Board of Boiler and Pressure Vessels Rules consisting of nine members appointed by the Commissioner for a term of five years each. Of these nine appointed members, one shall be a representative of the owners and users of steam boilers within this State, one a representative of boiler manufacturers within this State, one a representative of boilermakers within this State who has had not less than five years' practical experience as a boilermaker, one shall be a representative of the owners or users of pressure vessels within the State, one shall be a representative of the pressure vessel manufacturers within the State, one a representative of boiler inspection and insurance companies authorized to insure boilers and pressure vessels within the State, one a representative of the antique boiler owners and operators in this State, one a contractor holding a Group I North Carolina Heating License, and one a mechanical engineer on the faculty of a recognized engineering college or a licensed professional engineer having boiler and pressure vessel experience. The Commissioner of Labor shall serve as chair. The Chief Inspector shall serve on the Board and in the absence of the Commissioner shall serve as chair.~~

~~(b) The Board shall meet at least twice annually and shall be responsible for:~~

~~(1) Studying and proposing rules and regulations, for adoption, modification or revocation by the Commissioner, governing the construction, installation, inspection, repair, alteration, use and operation of boilers and pressure vessels in this State. The rules and regulations so formulated shall conform as nearly as possible to the standards of the American Society of Mechanical Engineers.~~

~~(2) Devise and proctor examinations covering this Article and the rules adopted under this Article to applicants seeking a commission as inspectors of boilers and pressure vessels in this State.~~

~~(2a) Act as proctors during the administration of the National Board commissioning examination.~~

~~(3) Issue, suspend, or revoke inspector's commissions as inspectors of boilers and pressure vessels within this State. Whenever action is taken under this section to suspend or revoke a commission, the affected party shall be given notice of the availability of an administrative hearing and of judicial review in accordance with Chapter 150B of the General Statutes, the Administrative Procedure Act.~~

~~(c) The members of the Board shall serve without salary but shall be paid a subsistence and travel allowance as established in accordance with Chapter 138 of the General Statutes.~~"

PART III. EFFECTIVE DATE

SECTION 3.1. This act is effective when it becomes law.

SENATE BILL 434:
Cap/Clarify Utility Rate Mechanisms

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Finance	**Date:**	April 23, 2015
Introduced by:	Sen. Rucho	**Prepared by:**	Heather Fennell Committee Counsel
Analysis of:	First Edition		

SUMMARY: Senate Bill 434 would cap the integrity management rider (IMR) that allows recovery under a rate adjustment mechanism for costs incurred by a natural gas distribution companies to comply with federal gas pipeline safety requirements; and would clarify the water system improvements charges (WSIC) and sewer system improvement charges (SSIC), that allows a water or sewer public utility to recover costs associated with infrastructure investments.

CURRENT LAW: G.S. 62-133.7A authorizes the Utilities Commission to adopt a rate adjustment mechanism for natural gas distribution companies to recover costs incurred to comply with federal gas pipeline safety requirements. A rate adjustment mechanism for this purpose may only be adopted in a general rate case if the Commission determines that the mechanism is in the public interest. Before costs can be recovered under this mechanism, the Commission must make a determination that the costs were prudently incurred. The Commission has authorized a natural gas company to adopt a rate adjustment mechanism to recover the costs in an Integrity Management Rider (IMR).

G.S. 62-133.12 authorizes the Commission to establish a rate adjustment mechanism in a general rate case to recover costs associated with infrastructure investments. The mechanism is only allowed when it is in the public interest, and may be modified or eliminated by the Commission if it is no longer in the public interest. Allowable infrastructure investments is limited to certain listed improvements found necessary by the Commission to enable the utility to provide safe, reliable, and efficient service in accordance with applicable water quality and wastewater standards. The Commission is authorized to establish procedures for truing up charges. The mechanism is limited to 5% of the total annual service revenues approved by the Commission in a general rate case. The Commission has authorized a water company to use the rate adjustment mechanism to recover water system improvements charges (WSIC) and sewer system improvement charges (SSIC).

BILL ANALYSIS: Senate Bill 434 would make changes to the two rate adjustment mechanisms.

IMR – The bill would adjust the IMR in the following ways:

- Clarifies that costs for routine maintenance and repair cannot be recovered in the rider.
- Provides that the Commission may modify or eliminate the rider if it is in the public interest.
- Allows the Commission to establish yearly reconciliations for the rider.
- Caps the annual costs that can be recovered under the mechanism at 4% of the total margin approved for the gas company in its last rate case.
- Provides that the rider will terminate at the earlier of four years, or the company's next rate case.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

WSIC/SSIC – The bill would adjust the WSIC and SSIC in the following ways:

- Clarifies that the improvements for which costs can be recovered under the rider must be beyond the scope of normal operations.
- Makes other technical changes to clarify the specific costs that allowed to be recovered under the rider.

EFFECTIVE DATE: This act is effective July 1, 2015, and applies to riders adopted on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 434

Short Title:	Cap/Clarify Utility Rate Mechanisms.	(Public)
Sponsors:	Senator Rucho (Primary Sponsor).	
Referred to:	Rules and Operations of the Senate.	

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO CAP AND SUNSET THE RATE ADJUSTMENT MECHANISM FOR NATURAL GAS DISTRIBUTION COMPANIES FOR PIPELINE SAFETY COSTS AND TO CLARIFY THE RATE ADJUSTMENT MECHANISM FOR WATER AND SEWER FACILITIES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 62-133.7A reads as rewritten:

"**§ 62-133.7A. Rate adjustment mechanism for natural gas local distribution company rates.**

(a) In setting rates for a natural gas local distribution company in a general rate case proceeding under G.S. 62-133, the Commission may adopt, implement, modify, or eliminate a rate adjustment mechanism to enable the company to recover the reasonable and prudently incurred capital investment and associated costs of complying with federal gas pipeline safety requirements, including a return based on the company's then authorized return. Costs incurred for routine maintenance, repair, and replacement of system components shall not be included in a rate adjustment mechanism authorized under this section.The Commission shall adopt, implement, modify, or eliminate a rate adjustment mechanism authorized under this section only upon a finding by the Commission that the mechanism is in the public interest. The Commission may eliminate or modify any rate adjustment mechanism authorized pursuant to this section upon a finding that it is not in the public interest.

(b) The Commission shall provide for audit and reconciliation procedures, including measures for refunds of any overcollections under the adjustment mechanism with interest pursuant to G.S. 62-130(e).

(c) Annual costs recovered under a rate adjustment mechanism authorized under this section shall not exceed four percent (4%) of the total base margin approved by the Commission in the Company's last general rate case. A rate adjustment mechanism authorized under this section shall terminate the earlier of the company's next general rate case or four years after the adoption of the mechanism by the Commission."

SECTION 2. G.S. 133.12 reads as rewritten:

"**§ 62-133.12. Rate adjustment mechanism based on investment in repair, improvement, and replacement of water and sewer facilities.**

(a) The Commission may approve a rate adjustment mechanism in a general rate proceeding pursuant to G.S. 62-133 to allow a water or sewer public utility to recover through a system improvement charge the incremental depreciation expense and capital costs associated with the utility's reasonable and prudently incurred investment in eligible water and sewer system ~~improvements.~~improvement projects. The Commission shall approve a rate adjustment

mechanism authorized by this section only upon a finding that the mechanism is in the public interest. The frequency and manner of rate adjustments under the mechanism shall be as prescribed by the Commission. For the purposes of this section, "improvement projects" means unique, temporary endeavors that are beyond the scope of normal operations of the water or sewer utility.

(b) For purposes of this section, "eligible water system ~~improvements~~improvement projects" or "eligible sewer system ~~improvements~~improvement projects" shall include only those ~~improvements~~ improvement projects found necessary by the Commission to enable the water or sewer utility to provide safe, reliable, and efficient service in accordance with applicable water quality and effluent standards.

(c) For purposes of this section, "eligible water system ~~improvements~~improvement projects" means:

(1) ~~Distribution~~In kind replacements of distribution system mains, hydropneumatic storage tanks, valves, utility service lines (including meter boxes and appurtenances), meters, and ~~hydrants installed as in-kind replacements.~~hydrants.

(2) Main extensions installed to eliminate dead ends and to implement solutions to regional water supply in order to comply with primary and, upon specific Commission approval, secondary drinking water standards.

(3) Equipment and infrastructure installed to comply with primary drinking water standards.

(4) Equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards.

(5) ~~Unreimbursed costs of relocating facilities~~Facility relocations due to highway construction or relocation projects.

(d) For the purposes of this section, "eligible sewer system ~~improvements~~improvement projects" means:

(1) Collection main extensions installed ~~to implement solutions~~ to alternative wastewater ~~problems.~~treatment facilities.

(2) Improvements necessary ~~to reduce inflow and infiltration to the collection system~~ to comply with applicable State and federal law and ~~regulations.~~regulations regarding inflow and infiltration to collection system.

(3) ~~Unreimbursed costs of relocating facilities~~Facility relocations due to highway construction or relocation projects.

(4) ~~Pumps, motors, blowers, and other mechanical equipment installed as in-kind replacements for customers.~~Replacements of collection system duplex pump stations, including pumps, controls, electrical and related equipment.

(e) The Commission shall provide for audit and reconciliation procedures, including measures for refunds of any over-collections under the system improvement charge with interest pursuant to G.S. 62-130(e).

(f) The Commission may eliminate or modify any rate adjustment mechanism authorized pursuant to this section upon a finding that it is not in the public interest.

(g) Cumulative system improvement charges for a water or sewer utility pursuant to a rate adjustment mechanism approved by the Commission under this section may not exceed five percent (5%) of the total annual service revenues approved by the Commission in the water or sewer utility's last general rate case."

SECTION 3. This act is effective July 1, 2015, and applies to rate adjustment mechanism adopted after that date.

SENATE BILL 434:
Cap/Clarify Utility Rate Mechanisms

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Finance	**Date:**	April 23, 2015
Introduced by:	Sen. Rucho	**Prepared by:**	Heather Fennell Committee Counsel
Analysis of:	First Edition		

SUMMARY: ***Senate Bill 434 would cap the integrity management rider (IMR) that allows recovery under a rate adjustment mechanism for costs incurred by a natural gas distribution companies to comply with federal gas pipeline safety requirements; and would clarify the water system improvements charges (WSIC) and sewer system improvement charges (SSIC), that allows a water or sewer public utility to recover costs associated with infrastructure investments.***

CURRENT LAW: G.S. 62-133.7A authorizes the Utilities Commission to adopt a rate adjustment mechanism for natural gas distribution companies to recover costs incurred to comply with federal gas pipeline safety requirements. A rate adjustment mechanism for this purpose may only be adopted in a general rate case if the Commission determines that the mechanism is in the public interest. Before costs can be recovered under this mechanism, the Commission must make a determination that the costs were prudently incurred. The Commission has authorized a natural gas company to adopt a rate adjustment mechanism to recover the costs in an Integrity Management Rider (IMR).

G.S. 62-133.12 authorizes the Commission to establish a rate adjustment mechanism in a general rate case to recover costs associated with infrastructure investments. The mechanism is only allowed when it is in the public interest, and may be modified or eliminated by the Commission if it is no longer in the public interest. Allowable infrastructure investments is limited to certain listed improvements found necessary by the Commission to enable the utility to provide safe, reliable, and efficient service in accordance with applicable water quality and wastewater standards. The Commission is authorized to establish procedures for truing up charges. The mechanism is limited to 5% of the total annual service revenues approved by the Commission in a general rate case. The Commission has authorized a water company to use the rate adjustment mechanism to recover water system improvements charges (WSIC) and sewer system improvement charges (SSIC).

BILL ANALYSIS: Senate Bill 434 would make changes to the two rate adjustment mechanisms.

IMR – The bill would adjust the IMR in the following ways:

- Clarifies that costs for routine maintenance and repair cannot be recovered in the rider.
- Provides that the Commission may modify or eliminate the rider if it is in the public interest.
- Allows the Commission to establish yearly reconciliations for the rider.
- Caps the annual costs that can be recovered under the mechanism at 4% of the total margin approved for the gas company in its last rate case.
- Provides that the rider will terminate at the earlier of four years, or the company's next rate case.

O. Walker Reagan
Director

S434-CMTD-35 E1 -V8

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

WSIC/SSIC – The bill would adjust the WSIC and SSIC in the following ways:

- Clarifies that the improvements for which costs can be recovered under the rider must be beyond the scope of normal operations.
- Makes other technical changes to clarify the specific costs that allowed to be recovered under the rider.

EFFECTIVE DATE: This act is effective July 1, 2015, and applies to riders adopted on or after that date.

SENATE BILL 434

Short Title:	Cap/Clarify Utility Rate Mechanisms.	(Public)
Sponsors:	Senator Rucho (Primary Sponsor).	
Referred to:	Rules and Operations of the Senate.	

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO CAP AND SUNSET THE RATE ADJUSTMENT MECHANISM FOR NATURAL GAS DISTRIBUTION COMPANIES FOR PIPELINE SAFETY COSTS AND TO CLARIFY THE RATE ADJUSTMENT MECHANISM FOR WATER AND SEWER FACILITIES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 62-133.7A reads as rewritten:

"**§ 62-133.7A. Rate adjustment mechanism for natural gas local distribution company rates.**

(a) In setting rates for a natural gas local distribution company in a general rate case proceeding under G.S. 62-133, the Commission may adopt, implement, modify, or eliminate a rate adjustment mechanism to enable the company to recover the reasonable and prudently incurred capital investment and associated costs of complying with federal gas pipeline safety requirements, including a return based on the company's then authorized return. Costs incurred for routine maintenance, repair, and replacement of system components shall not be included in a rate adjustment mechanism authorized under this section.The Commission shall adopt, implement, modify, or eliminate a rate adjustment mechanism authorized under this section only upon a finding by the Commission that the mechanism is in the public interest. The Commission may eliminate or modify any rate adjustment mechanism authorized pursuant to this section upon a finding that it is not in the public interest.

(b) The Commission shall provide for audit and reconciliation procedures, including measures for refunds of any overcollections under the adjustment mechanism with interest pursuant to G.S. 62-130(e).

(c) Annual costs recovered under a rate adjustment mechanism authorized under this section shall not exceed four percent (4%) of the total base margin approved by the Commission in the Company's last general rate case. A rate adjustment mechanism authorized under this section shall terminate the earlier of the company's next general rate case or four years after the adoption of the mechanism by the Commission."

SECTION 2. G.S. 133.12 reads as rewritten:

"**§ 62-133.12. Rate adjustment mechanism based on investment in repair, improvement, and replacement of water and sewer facilities.**

(a) The Commission may approve a rate adjustment mechanism in a general rate proceeding pursuant to G.S. 62-133 to allow a water or sewer public utility to recover through a system improvement charge the incremental depreciation expense and capital costs associated with the utility's reasonable and prudently incurred investment in eligible water and sewer system ~~improvements.~~improvement projects. The Commission shall approve a rate adjustment

mechanism authorized by this section only upon a finding that the mechanism is in the public interest. The frequency and manner of rate adjustments under the mechanism shall be as prescribed by the Commission. For the purposes of this section, "improvement projects" means unique, temporary endeavors that are beyond the scope of normal operations of the water or sewer utility.

(b) For purposes of this section, "eligible water system ~~improvements~~improvement projects" or "eligible sewer system ~~improvements~~improvement projects" shall include only those ~~improvements~~ improvement projects found necessary by the Commission to enable the water or sewer utility to provide safe, reliable, and efficient service in accordance with applicable water quality and effluent standards.

(c) For purposes of this section, "eligible water system ~~improvements~~improvement projects" means:

(1) ~~Distribution~~In kind replacements of distribution system mains, hydropneumatic storage tanks, valves, utility service lines (including meter boxes and appurtenances), meters, and ~~hydrants installed as in-kind replacements.~~hydrants.

(2) Main extensions installed to eliminate dead ends and to implement solutions to regional water supply in order to comply with primary and, upon specific Commission approval, secondary drinking water standards.

(3) Equipment and infrastructure installed to comply with primary drinking water standards.

(4) Equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards.

(5) ~~Unreimbursed costs of relocating facilities~~Facility relocations due to highway construction or relocation projects.

(d) For the purposes of this section, "eligible sewer system ~~improvements~~improvement projects" means:

(1) Collection main extensions installed ~~to implement solutions~~ to alternative wastewater ~~problems.~~treatment facilities.

(2) Improvements necessary ~~to reduce inflow and infiltration to the collection system~~ to comply with applicable State and federal law and ~~regulations.~~regulations regarding inflow and infiltration to collection system.

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(4) ~~Pumps, motors, blowers, and other mechanical equipment installed as in-kind replacements for customers.~~Replacements of collection system duplex pump stations, including pumps, controls, electrical and related equipment.

(e) The Commission shall provide for audit and reconciliation procedures, including measures for refunds of any over-collections under the system improvement charge with interest pursuant to G.S. 62-130(e).

(f) The Commission may eliminate or modify any rate adjustment mechanism authorized pursuant to this section upon a finding that it is not in the public interest.

(g) Cumulative system improvement charges for a water or sewer utility pursuant to a rate adjustment mechanism approved by the Commission under this section may not exceed five percent (5%) of the total annual service revenues approved by the Commission in the water or sewer utility's last general rate case."

SECTION 3. This act is effective July 1, 2015, and applies to rate adjustment mechanism adopted after that date.

SENATE BILL 434:
Cap/Clarify Utility Rate Mechanisms

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Finance	**Date:**	April 23, 2015
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G.S. 62-133.12 authorizes the Commission to establish a rate adjustment mechanism in a general rate case to recover costs associated with infrastructure investments. The mechanism is only allowed when it is in the public interest, and may be modified or eliminated by the Commission if it is no longer in the public interest. Allowable infrastructure investments is limited to certain listed improvements found necessary by the Commission to enable the utility to provide safe, reliable, and efficient service in accordance with applicable water quality and wastewater standards. The Commission is authorized to establish procedures for truing up charges. The mechanism is limited to 5% of the total annual service revenues approved by the Commission in a general rate case. The Commission has authorized a water company to use the rate adjustment mechanism to recover water system improvements charges (WSIC) and sewer system improvement charges (SSIC).

BILL ANALYSIS: Senate Bill 434 would make changes to the two rate adjustment mechanisms.

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- Allows the Commission to establish yearly reconciliations for the rider.
- Caps the annual costs that can be recovered under the mechanism at 4% of the total margin approved for the gas company in its last rate case.
- Provides that the rider will terminate at the earlier of four years, or the company's next rate case.

O. Walker Reagan
Director

S434-SMTD-35 E1 -V8

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

WSIC/SSIC – The bill would adjust the WSIC and SSIC in the following ways:

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- Makes other technical changes to clarify the specific costs that allowed to be recovered under the rider.

EFFECTIVE DATE: This act is effective July 1, 2015, and applies to riders adopted on or after that date.

SENATE BILL 434

Short Title:	Cap/Clarify Utility Rate Mechanisms.	(Public)
Sponsors:	Senator Rucho (Primary Sponsor).	
Referred to:	Rules and Operations of the Senate.	

March 26, 2015

A BILL TO BE ENTITLED

AN ACT TO CAP AND SUNSET THE RATE ADJUSTMENT MECHANISM FOR NATURAL GAS DISTRIBUTION COMPANIES FOR PIPELINE SAFETY COSTS AND TO CLARIFY THE RATE ADJUSTMENT MECHANISM FOR WATER AND SEWER FACILITIES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 62-133.7A reads as rewritten:

"**§ 62-133.7A. Rate adjustment mechanism for natural gas local distribution company rates.**

(a) In setting rates for a natural gas local distribution company in a general rate case proceeding under G.S. 62-133, the Commission may adopt, implement, modify, or eliminate a rate adjustment mechanism to enable the company to recover the reasonable and prudently incurred capital investment and associated costs of complying with federal gas pipeline safety requirements, including a return based on the company's then authorized return. Costs incurred for routine maintenance, repair, and replacement of system components shall not be included in a rate adjustment mechanism authorized under this section.The Commission shall adopt, implement, modify, or eliminate a rate adjustment mechanism authorized under this section only upon a finding by the Commission that the mechanism is in the public interest. The Commission may eliminate or modify any rate adjustment mechanism authorized pursuant to this section upon a finding that it is not in the public interest.

(b) The Commission shall provide for audit and reconciliation procedures, including measures for refunds of any overcollections under the adjustment mechanism with interest pursuant to G.S. 62-130(e).

(c) Annual costs recovered under a rate adjustment mechanism authorized under this section shall not exceed four percent (4%) of the total base margin approved by the Commission in the Company's last general rate case. A rate adjustment mechanism authorized under this section shall terminate the earlier of the company's next general rate case or four years after the adoption of the mechanism by the Commission."

SECTION 2. G.S. 133.12 reads as rewritten:

"**§ 62-133.12. Rate adjustment mechanism based on investment in repair, improvement, and replacement of water and sewer facilities.**

(a) The Commission may approve a rate adjustment mechanism in a general rate proceeding pursuant to G.S. 62-133 to allow a water or sewer public utility to recover through a system improvement charge the incremental depreciation expense and capital costs associated with the utility's reasonable and prudently incurred investment in eligible water and sewer system ~~improvements.~~improvement projects. The Commission shall approve a rate adjustment

mechanism authorized by this section only upon a finding that the mechanism is in the public interest. The frequency and manner of rate adjustments under the mechanism shall be as prescribed by the Commission. For the purposes of this section, "improvement projects" means unique, temporary endeavors that are beyond the scope of normal operations of the water or sewer utility.

(b) For purposes of this section, "eligible water system ~~improvements~~improvement projects" or "eligible sewer system ~~improvements~~improvement projects" shall include only those ~~improvements~~ improvement projects found necessary by the Commission to enable the water or sewer utility to provide safe, reliable, and efficient service in accordance with applicable water quality and effluent standards.

(c) For purposes of this section, "eligible water system ~~improvements~~improvement projects" means:

(1) ~~Distribution~~In kind replacements of distribution system mains, hydropneumatic storage tanks, valves, utility service lines (including meter boxes and appurtenances), meters, and ~~hydrants installed as in-kind replacements.~~hydrants.

(2) Main extensions installed to eliminate dead ends and to implement solutions to regional water supply in order to comply with primary and, upon specific Commission approval, secondary drinking water standards.

(3) Equipment and infrastructure installed to comply with primary drinking water standards.

(4) Equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards.

(5) ~~Unreimbursed costs of relocating facilities~~Facility relocations due to highway construction or relocation projects.

(d) For the purposes of this section, "eligible sewer system ~~improvements~~improvement projects" means:

(1) Collection main extensions installed ~~to implement solutions~~ to alternative wastewater ~~problems.~~treatment facilities.

(2) Improvements necessary ~~to reduce inflow and infiltration to the collection system~~ to comply with applicable State and federal law and ~~regulations.~~regulations regarding inflow and infiltration to collection system.

(3) ~~Unreimbursed costs of relocating facilities~~Facility relocations due to highway construction or relocation projects.

(4) ~~Pumps, motors, blowers, and other mechanical equipment installed as in-kind replacements for customers.~~Replacements of collection system duplex pump stations, including pumps, controls, electrical and related equipment.

(e) The Commission shall provide for audit and reconciliation procedures, including measures for refunds of any over-collections under the system improvement charge with interest pursuant to G.S. 62-130(e).

(f) The Commission may eliminate or modify any rate adjustment mechanism authorized pursuant to this section upon a finding that it is not in the public interest.

(g) Cumulative system improvement charges for a water or sewer utility pursuant to a rate adjustment mechanism approved by the Commission under this section may not exceed five percent (5%) of the total annual service revenues approved by the Commission in the water or sewer utility's last general rate case."

SECTION 3. This act is effective July 1, 2015, and applies to rate adjustment mechanism adopted after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S D

SENATE BILL 694
PROPOSED COMMITTEE SUBSTITUTE S694-CSTS-5 [v.5]
4/27/2015 8:21:34 PM

Short Title: Employee Misclassification Reform. (Public)

Sponsors:

Referred to:

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE EMPLOYEE FAIR CLASSIFICATION ACT.

The General Assembly of North Carolina enacts:

PART I. EMPLOYEE FAIR CLASSIFICATION ACT

SECTION 1.1. Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 81.
"Employee Fair Classification Act.

"**§ 143-760. Title.**

This Article shall be known and may be cited as the "Employee Fair Classification Act."

"**§ 143-761. Definitions; scope.**

(a) The following definitions apply in this Article:

(1) Employ. – As defined by G.S. 95-25.2(3).

(2) Employer. – Any individual or entity that employs one or more employees as defined by G.S. 97-2(3).

(3) Employee. – Any individual that is defined as an employee by either G.S. 95-25.2(4), G.S. 96-1(10), G.S. 97-2(2) or G.S. 105-163.1(4). The term does not mean an individual who is an independent contractor.

(4) Employee misclassification. – Avoiding tax liabilities and other obligations imposed by Chapter 95, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes by misclassifying an employee as an independent contractor.

(5) Employee Classification Division or Division. – The Employee Classification Division within the OSBM.

(6) OSBM. – Office of State Budget and Management.

(b) Nothing in this Article shall be construed, or is intended, to change the definition of "employer" or "employee" under any other provision of law.

"**§ 143-762 Employee Classification Division.**

(a) The Employee Classification Division is established within the Office of State Budget and Management.

(b) The State Budget Director shall appoint a director of the Division to serve at the Budget Director's pleasure with such authority as the Director deems necessary to direct and oversee the Division in carrying out the purposes of this Article. The director shall be exempt from the State Human Resources Act and shall devote his or her entire time to the duties of the Division. The director may delegate any duties and responsibilities as may be necessary to

ensure the proper management of the Division. The director's salary shall be set by the State Budget Director.

(c) The State Budget Director may employ clerical staff, investigators, and other staff within the Division as is necessary for the Division to perform its duties under this Article. Notwithstanding Chapters 126, 143A, and 143B of the General Statutes or any other provision of law, the director may hire or fire personnel and transfer personnel within the Division. The Division shall be provided with adequate offices in which the Division's records shall be kept and its official business transacted during regular business hours. The Division shall also be provided with necessary office furniture, stationery, and other supplies.

(e) The Office of the State Chief Information Officer shall ensure that the Division is provided with all necessary access to the Government Data Analytics Center and all other information technology services.

"**§ 143-763. Division powers and duties.**

(a) The Division shall have the following duties:

(1) Be available during business hours to receive reports of employee misclassification by telephonic, written, or electronic communication.

(2) Investigate reports of employee misclassification, coordinate with, and assist all relevant State agencies in recovering any back taxes, wages, benefits, penalties, or other monies owed as a result of an employer engaging in employee misclassification.

(3) Assess administrative civil penalties for instances of employee misclassification as set forth in G.S. 143-765.

(4) Refer contested penalty assessments to the Office of Administrative Hearings for an in-person hearing.

(5) Where provided by law, coordinate with relevant State agencies and District Attorneys' offices in the prosecution of employers and individuals who fail to pay civil assessments or penalties assessed as a result of the employer or individual's involvement in employee misclassification.

(6) Provide all relevant information pertaining to each instance of reported employee misclassification to the North Carolina Department of Labor, the North Carolina Department of Revenue, the North Carolina Division of Employment Security, and the North Carolina Industrial Commission to facilitate investigation of potential violations of Chapter 143, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes.

(7) Create a publicly available notice that includes the definition of employee misclassification and indicates the civil penalties provided for in G.S. 143-765.

(8) Develop methods and strategies for information sharing between State agencies in order to proactively identify possible instances of employee misclassification.

(9) Develop methods and strategies to educate employers, employees, and the public about proper classification of employees and the prevention of employee misclassification.

(10) Establish training modules and materials pertaining to the investigation and enforcement of incidents of employee misclassification for use by State agency investigators and law enforcement agencies.

(b) The director shall appoint an informal advisory council to advise the director on issues within the jurisdiction of the Division. The members of the advisory council shall include, at a minimum:

(1) The following officers or the officer's designee:

a. Commissioner of Labor.

b. Secretary of Revenue.
c. Chairman of the Industrial Commission.
d. Assistant Secretary of Commerce for the Division of Employment Security.

(2) A representative of workers in this State.
(3) A representative of employers in this State.

The members of the council shall not receive compensation, per diem, or expense reimbursement, from the State Treasury for their service on the advisory council.

(c) No later than October 1 of each year, the Division shall publish annually to the Office of the Governor and to the Joint Legislative Commission on Governmental Operations a report of the administration of this Article, together with any recommendations as the Division deems advisable. This report shall include, at a minimum, the number of reports of employee misclassification received, the number and amount of back taxes, wages, benefits, penalties, or other monies assessed, the amount of back taxes, wages, benefits, penalties, or other monies collected, and the number of cases referred to each State agency.

"**§ 143-764. Determination of independent contractor status.**

(a) The following factors shall be considered in determining whether an individual is an independent contractor for purposes of this Article:

(1) Whether the individual is engaged in an independent business, calling, or occupation.
(2) Whether the individual is to have the independent use of his or her special skill, knowledge, or training in the execution of the work.
(3) Whether the individual is doing a specified piece of work at a fixed price or for a lump sum or upon a quantitative basis.
(4) Whether the individual is not subject to discharge because he or she adopts one method of doing the work rather than another.
(5) Whether the individual is not in the regular employ of the other contracting party.
(6) Whether the individual is free to use such assistants as he or she may think proper.
(7) Whether the individual has full control over such assistants.
(8) Whether the individual selects his or her own time.

(b) The presence of one or more of the foregoing factors is not controlling, nor is the presence of all of the foregoing factors required in determining whether an individual is an independent contractor.

(c) The provisions of this section are intended to codify the holding in Hayes v. Board of Trustees of Elon College, 224 N.C. 11 (1944). Other factors consistent with that holding may also be considered in making a determination under this section.

"**§ 143-765. Employee misclassification prohibited; civil penalties; repeated instances of misclassification.**

(a) Employee misclassification is prohibited.

(b) Any employer who is found by the Division to have engaged in employee misclassification after being assessed any back taxes, wages, benefits, penalties, or other monies by any State agency as a result of misclassifying one or more employees within the previous three calendar years shall be assessed a civil penalty of no greater than one thousand dollars ($1,000) per misclassified employee for any future instances of employee misclassification. In determining the amount of the penalty to be assessed, the Division shall consider the degree of willfulness or negligence by the employer in engaging in the employee misclassification. The penalty herein provided shall be assessed by the Division administratively, with the right to a hearing conducted by the Industrial Commission if requested in writing within 30 days after notice of the assessment of the penalty. Enforcement

of the penalty shall be made by the Office of the Attorney General. The clear proceeds of penalties provided for in this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(c) Nothing in this section shall be construed to create a private right of action, at law or in equity, for the activities prohibited by this Article.

"**§ 143-766. Temporary amnesty program.**

(a) The Division shall establish and administer a temporary amnesty program for the purpose of encouraging voluntary self-reporting by employers currently engaging in employee misclassification. Every employer participating in the temporary amnesty program shall be immune from the civil penalties provided for in G.S. 143-765 for past instances of employee misclassification that are voluntarily self-reported by the employer in accordance with the procedures of the temporary amnesty program.

(b) The Division shall establish procedures for participation in the temporary amnesty program. These procedures shall require, at a minimum, that a participating employer:

(1) File an application with the Division on a form prescribed by the Division on or before April 1, 2016. This form shall require, at a minimum, the employer's name, physical address, mailing address, telephone number, Social Security number or taxpayer ID number, and disclosure of all actual or potential instances of employee misclassification. If available, this form shall require the employer's registered agent, driver's license number, license number(s), and issuing agency of all licenses issued by a State licensing board.

(2) Comply with any and all determinations made or directives issued by the Division pertaining to the employer's application and compliance with this Article.

(c) Nothing in this section shall be construed to limit the liability of a participating employer in any civil or criminal matter not provided for by this Article.

"**§ 143-767. Occupational licensing boards and commissions; notice requirement; applicant certification.**

(a) Every State occupational licensing board or commission that is authorized to issue any license, permit, or certification shall include on every application for licensure, permit, or certification, or application for renewal of the same, a certification that the applicant has read and understands the employee misclassification notice set forth in G.S. 143-763(a)(7).

(b) Every applicant for a license, permit, or certification issued by a State occupational licensing board or commission shall truthfully certify on the appropriate application that the applicant has read and understands the employee misclassification notice set forth in G.S. 143-763(a)(7).

(c) An occupational licensing board or commission shall deny the license, permit, or certification application of any applicant who fails to comply with the certification requirement set forth in subsection (b) of this section.

"**§ 143-768. Confidentiality; access to records.**

The records of the Division that are not civil penalty assessments or final orders relating to an appeal of a civil penalty assessment, insofar as they refer to reported violations, investigations, or other enforcement actions taken by the Division, are not public records under G.S. 132-1, but are subject to inspection by State and federal agencies as required by the provisions of this Article and Chapter 95, Chapter 96, Chapter 97, and Chapter 105 of the General Statutes."

SECTION 1.2. G.S. 97-5.1 is repealed.

PART II. MISCLASSIFICATION NOTICE ADDED TO NCDOL POSTERS

SECTION 2.1. G.S. 95-25.15(c) reads as rewritten:

"(c) A poster summarizing the major provisions of this Article shall be displayed in every establishment subject to this Article. This poster shall also include notice indicating the following:

(1) Any worker who is defined as an employee by either G.S. 95-25.2(4), G.S. 95-47.1(6), G.S. 143-174, G.S. 96-1(10), G.S. 97-2(2), or G.S. 105-163.1(4) shall be treated as an employee unless the individual is an independent contractor.

(2) Any employee who believes that they have been misclassified as an independent contractor by their employer may report the suspected misclassification to the Employee Classification Division.

(3) The physical location, mailing address, telephone number, and E-mail address where alleged incidents of employee misclassification may be reported to the Employee Classification Division."

PART III. SANCTIONS AND OTHER REQUIREMENTS CONCERNING EMPLOYEE MISCLASSIFICATION

SECTION 3.1. G.S. 87-11 reads as rewritten:

"**§ 87-11. Revocation of license; charges of fraud, negligence, incompetency, etc.; hearing thereon; reissuance of certificate.**

(a) The Board shall have the power to refuse to issue or renew or revoke, suspend, or restrict a certificate of license or to issue a reprimand or take other disciplinary action if a general contractor licensed under this Article is found guilty of any fraud or deceit in obtaining a license, or gross negligence, incompetency, or misconduct in the practice of his or her profession, or willful violation of any provision of this ~~Article.~~ Article, or if a penalty was imposed pursuant to G.S. 143-765(b) that has been upheld upon final adjudication. The Board shall also have the power to revoke, suspend, or otherwise restrict the ability of any person to act as a qualifying party for a license to practice general contracting, as provided in G.S. 87-10(c), for any copartnership, corporation or any other organization or combination, if that person committed any act in violation of the provisions of this section and the Board may take disciplinary action against the individual license held by that person.

(a1) Any person may prefer charges of fraud, deceit, negligence, or misconduct against any general contractor licensed under this Article. The charges shall be in writing and sworn to by the complainant and submitted to the Board. The charges, unless dismissed without hearing by the Board as unfounded or trivial, shall be heard and determined by the Board in accordance with the provisions of Chapter 150B of the General Statutes.

(b) The Board shall adopt and publish guidelines, consistent with the provisions of this Article, governing the suspension and revocation of licenses. These guidelines shall include references to the prohibition of employee misclassification under Article 81 of Chapter 143 of the General Statutes and state that engaging in employee misclassification is grounds for revocation of a license issued under this Article.

(c) The Board shall establish and maintain a system whereby detailed records are kept regarding complaints against each licensee. This record shall include, for each licensee, the date and nature of each complaint, investigatory action taken by the Board, any findings by the Board, and the disposition of the matter.

(d) The Board may reissue a license to any person, firm or corporation whose license has been revoked: Provided, five or more members of the Board vote in favor of such reissuance for reasons the Board may deem sufficient.

The Board shall immediately notify the Secretary of State of its findings in the case of the revocation of a license or of the reissuance of a revoked license.

A certificate of license to replace any certificate lost, destroyed or mutilated may be issued subject to the rules and regulations of the Board.

(e) The Board shall be entitled to recover its reasonable administrative costs associated with the investigation and prosecution of a violation of this Article or rules or regulations of the Board up to a maximum of five thousand dollars ($5,000) for any licensee or qualifying party found to have committed any of the following:

(1) Fraud or deceit in obtaining a license.

(2) Gross negligence, incompetency, or misconduct in the practice of general contracting.

(3) Willful violation of any provision of this Article."

SECTION 3.2. G.S. 143-59.2(a) reads as rewritten:

"(a) Ineligible Vendors. – A vendor is not entitled to enter into a contract for goods or services with any department, institution, or agency of the State government subject to the provisions of this Article if any officer or director of the vendor, or any owner if the vendor is an unincorporated business entity, within five years prior to the date of the bid solicitation, has been assessed a civil penalty pursuant to G.S. 143-765(b) that has been upheld upon final adjudication, or within 10 years immediately prior to the date of the bid solicitation, has been convicted of any violation of Chapter 78A of the General Statutes or the Securities Act of 1933 or the Securities Exchange Act of 1934."

SECTION 3.3. G.S. 153A-134 is amended by adding a new subsection to read:

"(d) An applicant subject to regulation and licensure by a county under this section shall certify to the county on the relevant application that the applicant has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.4. G.S. 160A-194 is amended by adding a new subsection to read:

"(d) An applicant subject to regulation and licensure by a city under this section shall certify to the county on the relevant application that the applicant has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.5. G.S. 153A-360 reads as rewritten:

"**§ 153A-360. Inspections of work in progress.**

(a) As the work pursuant to a permit progresses, local inspectors shall make as many inspections of the work as may be necessary to satisfy them that it is being done according to the provisions of the applicable State and local laws and local ordinances and regulations and of the terms of the permit. In exercising this power, each member of the inspection department has a right, upon presentation of proper credentials, to enter on any premises within the territorial jurisdiction of the department at any reasonable hour for the purposes of inspection or other enforcement action. If a permit has been obtained by an owner exempt from licensure under G.S. 87-1(b)(2), no inspection shall be conducted without the owner being personally present, unless the plans for the building were drawn and sealed by an architect licensed pursuant to Chapter 83A of the General Statutes.

(b) Each owner shall certify to the county on the relevant application that the owner has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.6. G.S. 160A-420 reads as rewritten:

"**§ 160A-420. Inspections of work in progress.**

(a) As the work pursuant to a permit progresses, local inspectors shall make as many inspections thereof as may be necessary to satisfy them that the work is being done according to the provisions of any applicable State and local laws and of the terms of the permit. In exercising this power, members of the inspection department shall have a right to enter on any premises within the jurisdiction of the department at all reasonable hours for the purposes of inspection or other enforcement action, upon presentation of proper credentials. If a permit has been obtained by an owner exempt from licensure under G.S. 87-1(b)(2), no inspection shall be conducted without the owner being personally present, unless the plans for the building were drawn and sealed by an architect licensed pursuant to Chapter 83A of the General Statutes.

(b) Each owner shall certify to the city on the relevant application that the owner has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

PART IV. UNEMPLOYMENT INSURANCE AND WORKERS' COMPENSATION FOR NEWSPRINT EMPLOYEES

SECTION 4.1. G.S. 96-1 reads as rewritten:

"**§ 96-1. Title and definitions.**

...

(b) Definitions. – The following definitions apply in this Chapter:

...

(12) Employment. – Defined in section 3306 of the Code, with the following additions and exclusions:

a. Additions. – The term includes ~~service~~ all of the following:

1. Service to a governmental ~~unit,~~unit.
2. Service to a nonprofit ~~organization, or~~organization.
3. Service to an Indian tribe as described in 3306(c)(7) and 3306(c)(8) of the Code.
4. Service described in section 3306(c)(15)(A) or (B) of the Code involving delivery or distribution of newspapers or shopping news or involving the sale of newspapers or magazines.

b. Exclusions. – The term excludes all of the following:

1. Service performed by an independent contractor.
2. Service performed for a governmental entity or nonprofit organization under 3309(b) and 3309(c) of the Code.
3. Service by one or more of the following individuals if the individual is authorized to exercise independent judgment and control over the performance of the work and is compensated solely by way of commission:
   A. A real estate broker, as defined in G.S. 93A-2.
   B. A securities salesman, as defined in G.S. 78A-2.

...."

SECTION 4.2. G.S. 97-2(2) reads as rewritten:

"**§ 97-2. Definitions.**

When used in this Article, unless the context otherwise requires:

...

(2) Employee. – The term "employee" means every person engaged in an employment under any appointment or contract of hire or apprenticeship, express or implied, oral or written, including aliens, and also minors, whether lawfully or unlawfully employed, but excluding persons whose employment is both casual and not in the course of the trade, business, profession, or occupation of his employer, and as relating to those so employed by the State, the term "employee" shall include all officers and employees of the State, including such as are elected by the people, or by the General Assembly, or appointed by the Governor to serve on a per diem, part-time or fee basis, either with or without the confirmation of the Senate; as relating to municipal corporations and political subdivisions of the State, the term "employee" shall include all officers and employees thereof, including such as are elected by the people. The term "employee" shall include members of the North Carolina National Guard while on State active duty under orders of the Governor and members of the North Carolina State

Defense Militia while on State active duty under orders of the Governor. The term "employee" shall include deputy sheriffs and all persons acting in the capacity of deputy sheriffs, whether appointed by the sheriff or by the governing body of the county and whether serving on a fee basis or on a salary basis, or whether deputy sheriffs serving upon a full-time basis or a part-time basis, and including deputy sheriffs appointed to serve in an emergency, but as to those so appointed, only during the continuation of the emergency. The sheriff shall furnish to the board of county commissioners a complete list of all deputy sheriffs named or appointed by him immediately after their appointment and notify the board of commissioners of any changes made therein promptly after such changes are made. Any reference to an employee who has been injured shall, when the employee is dead, include also the employee's legal representative, dependents, and other persons to whom compensation may be payable: Provided, further, that any employee, as herein defined, of a municipality, county, or of the State of North Carolina, while engaged in the discharge of the employee's official duty outside the jurisdictional or territorial limits of the municipality, county, or the State of North Carolina and while acting pursuant to authorization or instruction from any superior officer, shall have the same rights under this Article as if such duty or activity were performed within the territorial boundary limits of their employer.

Every executive officer elected or appointed and empowered in accordance with the charter and bylaws of a corporation shall be considered as an employee of such corporation under this Article.

Any such executive officer of a corporation may, notwithstanding any other provision of this Article, be exempt from the coverage of the corporation's insurance contract by such corporation's specifically excluding such executive officer in such contract of insurance, and the exclusion to remove such executive officer from the coverage shall continue for the period such contract of insurance is in effect, and during such period such executive officers thus exempted from the coverage of the insurance contract shall not be employees of such corporation under this Article.

All county agricultural extension service employees who do not receive official federal appointments as employees of the United States Department of Agriculture and who are field faculty members with professional rank as designated in the memorandum of understanding between the North Carolina Agricultural Extension Service, North Carolina State University, A & T State University, and the boards of county commissioners shall be deemed to be employees of the State of North Carolina. All other county agricultural extension service employees paid from State or county funds shall be deemed to be employees of the county board of commissioners in the county in which the employee is employed for purposes of workers' compensation.

The term "employee" shall also include members of the Civil Air Patrol currently certified pursuant to G.S. 143B-1031(a) when performing duties in the course and scope of a State-approved mission pursuant to Subpart C of Part 5 of Article 13 of Chapter 143B of the General Statutes.

"Employee" shall not include any person performing voluntary service as a ski patrolman who receives no compensation for such services other than meals or lodging or the use of ski tow or ski lift facilities or any combination thereof.

Any sole proprietor or partner of a business or any member of a limited liability company may elect to be included as an employee under the workers' compensation coverage of such business if he is actively engaged in the operation of the business and if the insurer is notified of his election to be so included. Any such sole proprietor or partner or member of a limited liability company shall, upon such election, be entitled to employee benefits and be subject to employee responsibilities prescribed in this Article.

Employee" shall include an authorized pickup firefighter of the North Carolina Forest Service of the Department of Agriculture and Consumer Services when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service. As used in this section, "authorized pickup firefighter" means an individual who has completed required fire suppression training as a wildland firefighter and who is available as needed by the North Carolina Forest Service for emergency fire suppression activities, including immediate dispatch to wildfires and standby for initial attack on fires during periods of high fire danger.

~~It shall be a rebuttable presumption that the term "employee" shall not include any person performing services in the sale of newspapers or magazines to ultimate consumers under an arrangement whereby the newspapers or magazines are to be sold by that person at a fixed price and the person's compensation is based on the retention of the excess of the fixed price over the amount at which the newspapers or magazines are charged to the person.~~"

PART V. SEVERABILITY

SECTION 5.1. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

PART VI. EFFECTIVE DATE

SECTION 6.1. This act becomes effective July 1, 2015.

SENATE BILL 694:
Employee Misclassification Reform

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 28, 2015
Introduced by:	Sens. Newton, Lee, Daniel	**Prepared by:**	Wendy Graf Ray
Analysis of:	PCS to First Edition		Layla Cummings
	S694-CSTS-5[v.5]		Committee Counsel

SUMMARY: ***Senate Bill 694 would enact the Employee Fair Classification Act to prevent the misclassification of employees as independent contractors and make other reforms regarding employee misclassification.***

The Proposed Committee Substitute (PCS) revises the name of the new Division created, expands the factors for determining whether an individual is an independent contractor, and makes other conforming and clarifying changes.

BILL ANALYSIS:

PART I. EMPLOYEE FAIR CLASSIFICATION ACT

Section 1 would create a new Article in Chapter 143 of the General Statutes entitled the "Employee Fair Classification Act" (Act).

Employee Classification Division: The bill would establish the Employee Classification Division (Division) in the Office of State Budget and Management to carry out the purposes of the Act. The State Budget Director would appoint the Director of the Division. The Division would have the following duties:

- Be available to receive reports of employee misclassification by telephonic, written, or electronic communication.
- Investigate reports of employee misclassification and assist all relevant State agencies in recovering any back taxes, wages, benefits, penalties, or other monies as a result of employee misclassification.
- Assess administrative civil penalties for instances of employee misclassification.
- Refer contested penalty assessments to the Office of Administrative Hearings.
- Coordinate with relevant State agencies and District Attorneys' offices in the prosecution of employers and individuals who fail to pay civil assessments or penalties assessed as a result of the employer or individual's involvement in employee misclassification.
- Provide all relevant information pertaining to each instance of reported employee misclassification to the North Carolina Department of Labor, the North Carolina Department of Revenue, the North Carolina Division of Employment Security, and the North Carolina Industrial Commission to facilitate investigation of potential statutory violations.
- Create a publicly available notice that includes the definition of employee misclassification and indicates the civil penalties.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

- Develop methods and strategies for information sharing between State agencies in order to proactively identify possible instances of employee misclassification.
- Develop methods and strategies to educate employers, employees, and the public about proper classification of employees and the prevention of employee misclassification.
- Establish training modules and materials pertaining to the investigation and enforcement of incidents of employee misclassification for use by State agency investigators and law enforcement agencies.

Informal Advisory Council: The Director would be directed to appoint an informal advisory council to advise on matters within the jurisdiction of the Division to include the following members:

- The following officers or their designee: Commissioner of Labor; Secretary of Revenue; Chairman of the Industrial Commission; and the Assistant Secretary of Commerce for the Division of Employment Security.
- A representative of workers in this State.
- A representative of employers in this State.

Reporting: The Division would issue annually on October 1 to the Joint Legislative Commission on Governmental Operations a report on the administration of the Article and any recommendations of the Division. The report would include: the number of reports of employee misclassification received; the number and amount of back taxes, wages, benefits, penalties, or other monies assessed; the amount of back taxes, wages, benefits, penalties, or other monies collected; and the number of cases referred to each State agency.

Determination of Independent Contractor Status: The following factors would be considered when determining whether an individual is an independent contractor:

- Whether the individual is engaged in an independent business, calling, or occupation.
- Whether the individual is to have the independent use of his or her special skill, knowledge, or training in the execution of the work.
- Whether the individual is doing a specified piece of work at a fixed price or for a lump sum or upon a quantitative basis.
- Whether the individual is not subject to discharge because he or she adopts one method of doing the work rather than another.
- Whether the individual is not in the regular employ of the other contracting party.
- Whether the individual is free to use such assistants as he or she may think proper.
- Whether the individual has full control over such assistants.
- Whether the individual selects his or her own time.

Prohibition on Employee Misclassification and Civil Penalties: The PCS would prohibit employee misclassification. Employee misclassification is defined as avoiding tax liabilities and other obligations imposed by Chapter 95, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes by misclassifying an employee as an independent contractor.

Any employer who the Division finds engaged in employee misclassification would be assessed back taxes, wages, benefits, penalties, or other monies by the relevant State agency as a result of

misclassifying one or more employees within the previous three calendar years. The employer may also be assessed a civil penalty of up to $1,000 per misclassified employee for any future misclassifications.

Temporary Amnesty Program: The Division would establish and administer a temporary amnesty program to encourage voluntary self-reporting by employers currently engaging in employee misclassification. Employers participating in this program would be immune from civil penalties for past instances of employee misclassification that are voluntarily self-reported.

The Division would establish procedures for participation in the temporary amnesty program. These procedures would require, at minimum, the employer file an application with the Division before April 1, 2016 and comply with all determinations and directives issued by the Division pursuant to this Act.

Nothing in this section would be construed to limit the liability of an employer in a civil or criminal matter not provided for by this Act.

Notice and Certification Requirement by Occupational Licensing Boards and Commissions: Every State occupational licensing board or commission would be required to include on every application for licensure, permit, or certification, a certification that the applicant has read and understands the employee misclassification notice provided by the Division. Every applicant for a license, permit, or certification shall certify that he or she has read and understands the misclassification notice. An occupational licensing board or commission would be required to deny the license, permit, or certification of any applicant who fails to comply with the certification requirement.

Confidentiality: The records of the Division would not be public records. This does not apply to civil penalty assessments or final orders relating to an appeal of a civil penalty assessment, or other enforcement actions taken by the Division. The records of the Division would be subject to inspection by State and federal agencies as required by other statutory provisions.

Taxicab Drivers: Section 1.2 would repeal G.S. 97-5.1, which creates a rebuttable presumption that taxicab drivers are independent contractors under the Workers' Compensation Act.

PART II. MISCLASSIFICATION NOTICE ADDED TO NCDOL POSTERS

Section 2 would require the Department of Labor to include on the required poster summarizing the Wage and Hour Act in covered businesses, a notice indicating the following:

- Any worker who is defined as an employee under the law shall be treated as an employee unless the individual is an independent contractor.
- Any employee who believes they have been misclassified may report to the Division.
- The physical location, mailing address, telephone number, and email address where alleged incidents of misclassification occurred may be reported to the Division.

PART III. SANCTIONS AND OTHER REQUIREMENTS

Section 3.1 would authorize the State Licensing Board for General Contractors to refuse to issue or renew or revoke, suspend, or restrict a certificate of license or take disciplinary action if a civil penalty was imposed on a licensed general contractor pursuant to a violation of the Act. This section would also direct the Board to adopt and publish guidelines referencing the prohibition on employee misclassification and providing that a violation of that prohibition is grounds for revocation of a license issued by the Board.

Section 3.2 would make a vendor ineligible to enter into a contract with an agency of the State government if, within five years of the bid solicitation, the vendor has been assessed a civil penalty for a violation of the Act.

Section 3.3 and 3.4 would require applicants subject to regulation and licensure by a county or city to certify to the county or city that they have read and understand the employee misclassification notice provided by the Division.

Section 3.5 and 3.6 would require owners of sites with work in progress subject to local inspection by the county or city to certify to the county or city that they have read and understand the employee misclassification notice provided by the Division.

PART IV. UNEMPLOYMENT INSURANCE AND WORKERS' COMPENSATION FOR NEWSPRINT EMPLOYEES

Section 4.1 would amend the definition of employment in Chapter 96, Employment Security, to add service involving delivery or distribution of newspapers or shopping news or involving the sale of newspapers or magazines.

Section 4.2 would delete a provision from the Workers' Compensation Act that creates a rebuttable presumption that the term "employee" does not include any person performing newspaper or magazine sales under an arrangement where the newspapers or magazines are sold to the ultimate consumers at a fixed price and the person's compensation is based on the retention of the excess of the fixed price over the amount at which the newspapers or magazines are charged to the person.

EFFECTIVE DATE: The act would become effective July 1, 2015.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

SENATE BILL 694

Short Title:	Employee Misclassification Reform.	(Public)
Sponsors:	Senators Newton, Lee, and Daniel (Primary Sponsors).	
Referred to:	Rules and Operations of the Senate.	

March 30, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE EMPLOYEE FAIR CLASSIFICATION ACT.

The General Assembly of North Carolina enacts:

PART I. EMPLOYEE FAIR CLASSIFICATION ACT

SECTION 1.1. Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 81.

"Employee Fair Classification Act.

"**§ 143-760. Title.**

This Article shall be known and may be cited as the "Employee Fair Classification Act."

"**§ 143-761. Definitions; scope.**

(a) The following definitions apply in this Article:

(1) Employ. – To suffer or permit to work.

(2) Employer. – Any entity that employs one or more employees as defined by G.S. 95-272(3).

(3) Employee. – Any individual that is defined as an employee by either G.S. 143-25.2(4), G.S. 143-47.1(6), G.S. 143-174, G.S. 96-1(10), G.S. 97-2(2) or G.S. 105-163.1(4). The term does not mean an individual who is an independent contractor under G.S. 143-273.

(4) Employee misclassification. – Avoiding tax liabilities and other obligations imposed by Chapter 95, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes by misclassifying an employee as an independent contractor.

(5) Employee Misclassification Division or Division. – The Employee Misclassification Division within the OSBM.

(6) OSBM. – Office of State Budget and Management.

(b) Nothing in this Article shall be construed, or is intended, to change the definition of "employer" or "employee" under any other provision of law.

(c) The provisions G.S. 143-280 are intended to codify the holding in Hayes v. Board of Trustees of Elon College, 244 N.C. 11(1944).

"**§ 143-762 Employee Misclassification Division.**

(a) The Employee Misclassification Division is established within the Office of State Budget and Management.

(b) The State Budget Director shall appoint a director of the Division to serve at the Budget Director's pleasure with such authority as the Director deems necessary to direct and

oversee the Division in carrying out the purposes of this Article. The director shall be exempt from the State Human Resources Act and shall devote his or her entire time to the duties of the Division. The director may delegate any duties and responsibilities as may be necessary to ensure the proper management of the Division. The director's salary shall be set by the State Budget Director.

(c) The State Budget Director may employ clerical staff, investigators, and other staff within the Division as is necessary for the Division to perform its duties under this Article. Notwithstanding Chapters 126, 143A, and 143B of the General Statutes or any other provision of law, the director may hire or fire personnel and transfer personnel within the Division. The Division shall be provided with adequate offices in which the Division's records shall be kept and its official business transacted during regular business hours. The Division shall also be provided with necessary office furniture, stationery, and other supplies.

(e) The Office of the State Chief Information Officer shall ensure that the Division is provided with all necessary access to the Government Data Analytics Center and all other information technology services.

"**§ 143-763. Division powers and duties.**

(a) The Division shall have the following duties:

(1) Be available during business hours to receive reports of employee misclassification by telephonic, written, or electronic communication.

(2) Investigate reports of employee misclassification, coordinate with, and assist all relevant State agencies in recovering any back taxes, wages, benefits, penalties, or other monies owed as a result of an employer engaging in employee misclassification.

(3) Assess administrative civil penalties for instances of employee misclassification as set forth in G.S. 143-765.

(4) Refer contested penalty assessments to the Office of Administrative Hearings for an in-person hearing.

(5) Where provided by law, coordinate with relevant State agencies and District Attorneys' offices in the prosecution of employers and individuals who fail to pay civil assessments or penalties assessed as a result of the employer or individual's involvement in employee misclassification.

(6) Provide all relevant information pertaining to each instance of reported employee misclassification to the North Carolina Department of Labor, the North Carolina Department of Revenue, the North Carolina Division of Employment Security, and the North Carolina Industrial Commission to facilitate investigation of potential violations of Chapter 143, Chapter 96, Chapter 97, or Chapter 105 of the General Statutes.

(7) Create a publicly available notice that includes the definition of employee misclassification and indicates the civil penalties provided for in G.S. 143-765.

(8) Develop methods and strategies for information sharing between State agencies in order to proactively identify possible instances of employee misclassification.

(9) Develop methods and strategies to educate employers, employees, and the public about proper classification of employees and the prevention of employee misclassification.

(10) Establish training modules and materials pertaining to the investigation and enforcement of incidents of employee misclassification for use by State agency investigators and law enforcement agencies.

(b) The director shall appoint an informal advisory council to advise the director on issues within the jurisdiction of the Division. The members of the advisory council shall include, at a minimum:

(1) The following officers or the officer's designee:

a. Commissioner of Labor.

b. Secretary of Revenue.

c. Chairman of the Industrial Commission.

d. Assistant Secretary of Commerce for the Division of Employment Security.

(2) A representative of workers in this State.

(3) A representative of employers in this State.

The members of the council shall not receive compensation, per diem, or expense reimbursement, from the State Treasury for their service on the advisory council.

(c) No later than October 1 of each year, the Division shall publish annually to the Office of the Governor and to the Joint Legislative Commission on Governmental Operations a report of the administration of this Article, together with any recommendations as the Division deems advisable. This report shall include, at a minimum, the number of reports of employee misclassification received, the number and amount of back taxes, wages, benefits, penalties, or other monies assessed, the amount of back taxes, wages, benefits, penalties, or other monies collected, and the number of cases referred to each State agency.

"**§ 143-764. Determination of independent contractor status.**

(a) The following factors shall be considered in determining whether an individual is an independent contractor for purposes of this Article:

(1) Whether the individual is engaged in an independent business or occupation wherein specialized skill, knowledge, or training is utilized independently to complete a specific piece of work.

(2) Whether the individual is in the regular employ of the contracting party and is paid for completing a specific piece of work instead of being paid wages.

(3) Whether the individual selects his or her own hours to complete the work by a deadline and is not subject to discharge if one method of performing the work is adopted over another method.

(4) Whether the individual has the freedom to use and independently control his or her own assistants.

(b) The presence of one or more of the foregoing factors is not controlling, nor is the presence of all of the foregoing factors required in determining whether an individual is an independent contractor.

"**§ 143-765. Employee misclassification prohibited; civil penalties; repeated instances of misclassification.**

(a) Employee misclassification is prohibited.

(b) Any employer who is found by the Division to have engaged in employee misclassification after being assessed any back taxes, wages, benefits, penalties, or other monies by any State agency as a result of misclassifying one or more employees within the previous three calendar years shall be assessed a civil penalty of no greater than one thousand dollars ($1,000) per misclassified employee for any future instances of employee misclassification. In determining the amount of the penalty to be assessed, the Division shall consider the degree of willfulness or negligence by the employer in engaging in the employee misclassification. The penalty herein provided shall be assessed by the Division administratively, with the right to a hearing conducted by the Office of Administrative Hearings if requested in writing within 30 days after notice of the assessment of the penalty. Enforcement of the penalty shall be made by the Office of the Attorney General. The clear

proceeds of penalties provided for in this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(c) Nothing in this section shall be construed to create a private right of action, at law or in equity, for the activities prohibited by this Article.

"**§ 143-766. Temporary amnesty program.**

(a) The Division shall establish and administer a temporary amnesty program for the purpose of encouraging voluntary self-reporting by employers currently engaging in employee misclassification. Every employer participating in the temporary amnesty program shall be immune from the civil penalties provided for in G.S. 143-765 for past instances of employee misclassification that are voluntarily self-reported by the employer in accordance with the procedures of the temporary amnesty program.

(b) The Division shall establish procedures for participation in the temporary amnesty program. These procedures shall require, at a minimum, that a participating employer:

(1) File an application with the Division on a form prescribed by the Division on or before April 1, 2016. This form shall require, at a minimum, the employer's name, physical address, mailing address, telephone number, Social Security number or taxpayer ID number, and disclosure of all actual or potential instances of employee misclassification. If available, this form shall require the employer's registered agent, driver's license number, license number(s), and issuing agency of all licenses issued by a State licensing board.

(2) Comply with any and all determinations made or directives issued by the Division pertaining to the employer's application and compliance with this Article.

(c) Nothing in this section shall be construed to limit the liability of a participating employer in any civil or criminal matter not provided for by this Article.

"**§ 143-767. Occupational licensing boards and commissions; notice requirement; applicant certification.**

(a) Every State occupational licensing board or commission that is authorized to issue any license, permit, or certification shall include on every application for licensure, permit, or certification, or application for renewal of the same, a certification that the applicant has read and understands the employee misclassification notice set forth in G.S. 143-763(a)(7).

(b) Every applicant for a license, permit, or certification issued by a State occupational licensing board or commission shall truthfully certify on the appropriate application that the applicant has read and understands the employee misclassification notice set forth in G.S. 143-763(a)(7).

(c) An occupational licensing board or commission shall deny the license, permit, or certification application of any applicant who fails to comply with the certification requirement set forth in subsection (b) of this section.

"**§ 143-768. Confidentiality; access to records.**

The records of the Division that are not civil penalty assessments or final orders relating to an appeal of a civil penalty assessment, insofar as they refer to reported violations, investigations, or other enforcement actions taken by the Division, are not public records under G.S. 132-1, but are subject to inspection by State and federal agencies as required by the provisions of this Article and Chapter 95, Chapter 96, Chapter 97, and Chapter 105 of the General Statutes."

SECTION 1.2. G.S. 97-5.1 is repealed.

PART II. MISCLASSIFICATION NOTICE ADDED TO NCDOL POSTERS

SECTION 2.1. G.S. 95-25.15(c) reads as rewritten:

"(c) A poster summarizing the major provisions of this Article shall be displayed in every establishment subject to this Article. This poster shall also include notice indicating the following:

(1) Any worker who is defined as an employee by either G.S. 95-25.2(4), G.S. 95-47.1(6), G.S. 143-174, G.S. 96-1(10), G.S. 97-2(2), or G.S. 105-163.1(4) shall be treated as an employee unless the individual is an independent contractor.

(2) Any employee who believes that they have been misclassified as an independent contractor by their employer may report the suspected misclassification to the Employee Misclassification Division.

(3) The physical location, mailing address, telephone number, and E-mail address where alleged incidents of employee misclassification may be reported to the Employee Misclassification Division."

PART III. SANCTIONS AND OTHER REQUIREMENTS CONCERNING EMPLOYEE MISCLASSIFICATION

SECTION 3.1. G.S. 87-11 reads as rewritten:

"**§ 87-11. Revocation of license; charges of fraud, negligence, incompetency, etc.; hearing thereon; reissuance of certificate.**

(a) The Board shall have the power to refuse to issue or renew or revoke, suspend, or restrict a certificate of license or to issue a reprimand or take other disciplinary action if a general contractor licensed under this Article is found guilty of any fraud or deceit in obtaining a license, or gross negligence, incompetency, or misconduct in the practice of his or her profession, or willful violation of any provision of this ~~Article.~~ Article, or has been found to have engaged in employee misclassification in violation of Article 81 of Chapter 143 of the General Statutes. The Board shall also have the power to revoke, suspend, or otherwise restrict the ability of any person to act as a qualifying party for a license to practice general contracting, as provided in G.S. 87-10(c), for any copartnership, corporation or any other organization or combination, if that person committed any act in violation of the provisions of this section and the Board may take disciplinary action against the individual license held by that person.

(a1) Any person may prefer charges of fraud, deceit, negligence, or misconduct against any general contractor licensed under this Article. The charges shall be in writing and sworn to by the complainant and submitted to the Board. The charges, unless dismissed without hearing by the Board as unfounded or trivial, shall be heard and determined by the Board in accordance with the provisions of Chapter 150B of the General Statutes.

(b) The Board shall adopt and publish guidelines, consistent with the provisions of this Article, governing the suspension and revocation of licenses. These guidelines shall include references to the prohibition of employee misclassification under Article 81 of Chapter 143 of the General Statutes and state that engaging in employee misclassification is grounds for revocation of a license issued under this Article.

(c) The Board shall establish and maintain a system whereby detailed records are kept regarding complaints against each licensee. This record shall include, for each licensee, the date and nature of each complaint, investigatory action taken by the Board, any findings by the Board, and the disposition of the matter.

(d) The Board may reissue a license to any person, firm or corporation whose license has been revoked: Provided, five or more members of the Board vote in favor of such reissuance for reasons the Board may deem sufficient.

The Board shall immediately notify the Secretary of State of its findings in the case of the revocation of a license or of the reissuance of a revoked license.

A certificate of license to replace any certificate lost, destroyed or mutilated may be issued subject to the rules and regulations of the Board.

(e) The Board shall be entitled to recover its reasonable administrative costs associated with the investigation and prosecution of a violation of this Article or rules or regulations of the Board up to a maximum of five thousand dollars ($5,000) for any licensee or qualifying party found to have committed any of the following:

(1) Fraud or deceit in obtaining a license.

(2) Gross negligence, incompetency, or misconduct in the practice of general contracting.

(3) Willful violation of any provision of this Article."

SECTION 3.2. G.S. 143-59.2(a) reads as rewritten:

"(a) Ineligible Vendors. – A vendor is not entitled to enter into a contract for goods or services with any department, institution, or agency of the State government subject to the provisions of this Article if any officer or director of the vendor, or any owner if the vendor has been assessed a civil penalty under the Employee Fair Classification Act within five years prior to the date of the bid solicitation, is an unincorporated business entity, within 10 years immediately prior to the date of the bid solicitation, has been convicted of any violation of Chapter 78A of the General Statutes or the Securities Act of 1933 or the Securities Exchange Act of 1934."

SECTION 3.3. G.S. 153A-134 is amended by adding a new subsection to read:

"(d) An applicant subject to regulation and licensure by a county under this section shall certify to the county that the applicant has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.4. G.S. 160A-194 is amended by adding a new subsection to read:

"(d) An applicant subject to regulation and licensure by a city under this section shall certify to the county that the applicant has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.5. G.S. 153A-360 reads as rewritten:

"**§ 153A-360. Inspections of work in progress.**

(a) As the work pursuant to a permit progresses, local inspectors shall make as many inspections of the work as may be necessary to satisfy them that it is being done according to the provisions of the applicable State and local laws and local ordinances and regulations and of the terms of the permit. In exercising this power, each member of the inspection department has a right, upon presentation of proper credentials, to enter on any premises within the territorial jurisdiction of the department at any reasonable hour for the purposes of inspection or other enforcement action. If a permit has been obtained by an owner exempt from licensure under G.S. 87-1(b)(2), no inspection shall be conducted without the owner being personally present, unless the plans for the building were drawn and sealed by an architect licensed pursuant to Chapter 83A of the General Statutes.

(b) Each owner shall certify to the county that the owner has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

SECTION 3.6. G.S. 160A-420 reads as rewritten:

"**§ 160A-420. Inspections of work in progress.**

(a) As the work pursuant to a permit progresses, local inspectors shall make as many inspections thereof as may be necessary to satisfy them that the work is being done according to the provisions of any applicable State and local laws and of the terms of the permit. In exercising this power, members of the inspection department shall have a right to enter on any premises within the jurisdiction of the department at all reasonable hours for the purposes of inspection or other enforcement action, upon presentation of proper credentials. If a permit has been obtained by an owner exempt from licensure under G.S. 87-1(b)(2), no inspection shall be conducted without the owner being personally present, unless the plans for the building were drawn and sealed by an architect licensed pursuant to Chapter 83A of the General Statutes.

(b) Each owner shall certify to the city that the owner has read and understands the employee misclassification notice required under G.S. 143-763(a)(7)."

PART IV. CONFORMING CHANGE TO WORKERS' COMPENSATION ACT

SECTION 4.1. G.S. 97-2(2) reads as rewritten:

"**§ 97-2. Definitions.**

When used in this Article, unless the context otherwise requires:

...

(2) Employee. – The term "employee" means every person engaged in an employment under any appointment or contract of hire or apprenticeship, express or implied, oral or written, including aliens, and also minors, whether lawfully or unlawfully employed, but excluding persons whose employment is both casual and not in the course of the trade, business, profession, or occupation of his employer, and as relating to those so employed by the State, the term "employee" shall include all officers and employees of the State, including such as are elected by the people, or by the General Assembly, or appointed by the Governor to serve on a per diem, part-time or fee basis, either with or without the confirmation of the Senate; as relating to municipal corporations and political subdivisions of the State, the term "employee" shall include all officers and employees thereof, including such as are elected by the people. The term "employee" shall include members of the North Carolina National Guard while on State active duty under orders of the Governor and members of the North Carolina State Defense Militia while on State active duty under orders of the Governor. The term "employee" shall include deputy sheriffs and all persons acting in the capacity of deputy sheriffs, whether appointed by the sheriff or by the governing body of the county and whether serving on a fee basis or on a salary basis, or whether deputy sheriffs serving upon a full-time basis or a part-time basis, and including deputy sheriffs appointed to serve in an emergency, but as to those so appointed, only during the continuation of the emergency. The sheriff shall furnish to the board of county commissioners a complete list of all deputy sheriffs named or appointed by him immediately after their appointment and notify the board of commissioners of any changes made therein promptly after such changes are made. Any reference to an employee who has been injured shall, when the employee is dead, include also the employee's legal representative, dependents, and other persons to whom compensation may be payable: Provided, further, that any employee, as herein defined, of a municipality, county, or of the State of North Carolina, while engaged in the discharge of the employee's official duty outside the jurisdictional or territorial limits of the municipality, county, or the State of North Carolina and while acting pursuant to authorization or instruction from any superior officer, shall have the same rights under this Article as if such duty or activity were performed within the territorial boundary limits of their employer.

Every executive officer elected or appointed and empowered in accordance with the charter and bylaws of a corporation shall be considered as an employee of such corporation under this Article.

Any such executive officer of a corporation may, notwithstanding any other provision of this Article, be exempt from the coverage of the corporation's insurance contract by such corporation's specifically excluding such executive officer in such contract of insurance, and the exclusion to

remove such executive officer from the coverage shall continue for the period such contract of insurance is in effect, and during such period such executive officers thus exempted from the coverage of the insurance contract shall not be employees of such corporation under this Article.

All county agricultural extension service employees who do not receive official federal appointments as employees of the United States Department of Agriculture and who are field faculty members with professional rank as designated in the memorandum of understanding between the North Carolina Agricultural Extension Service, North Carolina State University, A & T State University, and the boards of county commissioners shall be deemed to be employees of the State of North Carolina. All other county agricultural extension service employees paid from State or county funds shall be deemed to be employees of the county board of commissioners in the county in which the employee is employed for purposes of workers' compensation.

The term "employee" shall also include members of the Civil Air Patrol currently certified pursuant to G.S. 143B-1031(a) when performing duties in the course and scope of a State-approved mission pursuant to Subpart C of Part 5 of Article 13 of Chapter 143B of the General Statutes.

"Employee" shall not include any person performing voluntary service as a ski patrolman who receives no compensation for such services other than meals or lodging or the use of ski tow or ski lift facilities or any combination thereof.

Any sole proprietor or partner of a business or any member of a limited liability company may elect to be included as an employee under the workers' compensation coverage of such business if he is actively engaged in the operation of the business and if the insurer is notified of his election to be so included. Any such sole proprietor or partner or member of a limited liability company shall, upon such election, be entitled to employee benefits and be subject to employee responsibilities prescribed in this Article.

Employee" shall include an authorized pickup firefighter of the North Carolina Forest Service of the Department of Agriculture and Consumer Services when that individual is engaged in emergency fire suppression activities for the North Carolina Forest Service. As used in this section, "authorized pickup firefighter" means an individual who has completed required fire suppression training as a wildland firefighter and who is available as needed by the North Carolina Forest Service for emergency fire suppression activities, including immediate dispatch to wildfires and standby for initial attack on fires during periods of high fire danger.

~~It shall be a rebuttable presumption that the term "employee" shall not include any person performing services in the sale of newspapers or magazines to ultimate consumers under an arrangement whereby the newspapers or magazines are to be sold by that person at a fixed price and the person's compensation is based on the retention of the excess of the fixed price over the amount at which the newspapers or magazines are charged to the person.~~"

PART V. SEVERABILITY

SECTION 5.1. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

PART VI. EFFECTIVE DATE

SECTION 6.1. This act becomes effective July 1, 2015.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S D

SENATE BILL 88
PROPOSED COMMITTEE SUBSTITUTE S88-CSTD-22 [v.2]

4/27/2015 10:17:16 AM

Short Title: Pole Attachment Disputes. (Public)

Sponsors:

Referred to:

February 17, 2015

A BILL TO BE ENTITLED

AN ACT TO ASSIGN POLE ATTACHMENT DISPUTES TO THE NORTH CAROLINA UTILITIES COMMISSION

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 62-350(a) reads as rewritten:

"(a) A municipality, or a membership corporation organized under Chapter 117 of the General Statutes, that owns or controls poles, ducts, or ~~conduits~~ conduits, but which is exempt from regulation under section 224 of the Communications Act of 1934, as amended, shall allow any communications service provider to utilize its poles, ducts, and conduits at ~~just, reasonable,~~just and reasonable ~~and nondiscriminatory~~ rates, and nondiscrimatory terms, and conditions adopted pursuant to negotiated or adjudicated agreements. A request to utilize poles, ducts, or conduits under this section may be denied only if there is insufficient capacity or for reasons of safety, reliability, and generally applicable engineering principles, and those limitations cannot be remedied by rearranging, expanding, or otherwise reengineering the facilities at the reasonable and actual cost of the municipality or membership corporation to be reimbursed by the communications service provider. In granting a request under this section, a municipality or membership corporation shall require the requesting entity to comply with applicable safety requirements, including the National Electrical Safety Code and the applicable rules and regulations issued by the Occupational Safety and Health Administration."

SECTION 2. G.S. 62-350(c) reads as rewritten:

"(c) In the event the parties are unable to reach an agreement within 90 days of a request to negotiate pursuant to subsection (b) of this section, or if either party believes in good faith that an impasse has been reached prior to the expiration of the 90-day period, either party may ~~bring an action in Business Court in accordance with the procedures for a mandatory business case set forth in G.S. 7A-45.4, and the Business Court~~initiate proceedings to resolve the dispute before the Commission. The Commission shall have exclusive jurisdiction over proceedings arising under this section, and shall adjudicate individual disputes arising under this section on a case-by-case basis. The Commission shall not exercise general rate-making authority over communication service provider utilization of municipal or membership corporation facilities. The Public Staff shall automatically be made a party to any proceedings under this section and shall provide evidence and argument as may be appropriate to serve the using and consuming public.~~such actions.~~ The parties shall identify with specificity in their respective ~~pleadings~~ filings the issues in ~~dispute,~~dispute. ~~and the Business Court shall (i) establish a procedural schedule which, unless otherwise agreed by the parties, is intended to resolve the action within a time period not to exceed 180 days of the commencement of the action, (ii)~~ The Commission, in its discretion, may consider any evidence or rate-making

methodologies offered or proposed by the parties, and shall resolve any dispute identified in the ~~pleadings~~ filings consistent with the public interest and necessity so as to derive just and reasonable rates, terms, and ~~conditions,~~conditions. ~~taking into consideration and applying such other factors or evidence that may be presented by a party, including without limitation the rules and regulations applicable to attachments by each type of communications service provider under section 224 of the Communications Act of 1934, as amended, and (iii)~~ The Commission shall apply any new rate adopted as a result of the action retroactively to the date immediately following the expiration of the 90-day negotiating period or initiation of the ~~lawsuit,~~proceeding, whichever is earlier. If the new rate is for the continuation of an existing agreement, the new rate shall apply retroactively to the date immediately following the end of the existing agreement. Prior to ~~commencing any action~~initiating any proceedings under this subsection, a party must pay any undisputed fees related to the use of poles, ducts, or conduits which are due and owing under a preexisting agreement with the municipality or membership corporation. In any ~~action~~ proceeding brought under this subsection, the ~~court~~ Commission may resolve any existing disputes regarding fees alleged to be owing under a preexisting agreement or regarding safety compliance arising under subsection (d) of this section. The provisions of this section do not apply to an entity whose poles, ducts, and conduits are subject to regulation under section 224 of the Communications Act of 1934, as amended."

SECTION 3. G.S. 62-350(d)(4) reads as rewritten:

"(4) All attaching parties shall work cooperatively to determine the causation of, and to effectuate any remedy for, noncompliant lines, equipment, and attachments. In the event of disputes under this subsection, the involved municipality or membership corporation or any attaching party may initate procedings to resolve any dispute before the Commission. ~~bring an action in the Business Court in accordance with the procedures for a mandatory business case set forth in G.S. 7A-45.4, and the Business Court~~The Commission shall have exclusive jurisdiction ~~over such actions.~~ proceedings arising under this section, and shall adjudicate individual disputes arising under this section on a case-by-case basis. The Commission shall not exercise general rate-making authority over communication service provider utilization of municipal or membership corporation facilities. The Public Staff shall automatically be made a party to any proceedings under this section and shall provide evidence and argument as may be appropriate to serve the using and consuming public. The ~~Business Court~~Commission shall resolve such disputes consistent with the public interest and necessity. Nothing herein shall prevent a municipality or membership corporation from taking such action as may be necessary to remedy any exigent issue which is an imminent threat of death or injury to persons or damage to property."

SECTION 4. G.S. 62-350(f) reads as rewritten:

"(f) The ~~Business Court~~Commission may adopt such rules as it deems necessary to ~~implement its jurisdiction and authority under this section.~~exercise its responsibility to adjudicate any disputes arising under this Section."

SECTION 5. G.S. 7A-45.4(b)(3) is repealed.

SECTION 6. Notwithstanding the deletion of language referencing the factors or evidence that may be presented by a party in Section 2 of this act, the Commission may consider any evidence presented by a party in a proceeding brought under G.S. 62-350.

SECTION 7. This act is effective when it becomes law and applies to any action filed on or after that date.

SENATE BILL 88:
Pole Attachment Compensation

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 28, 2015
Introduced by:	Sen. Brown	**Prepared by:**	Heather Fennell
Analysis of:	PCS to First Edition S88-CSTD-22		Committee Counsel

SUMMARY: The PCS to Senate Bill 88 would move pole attachment compensation disputes to the Utilities Commission from the Business Court.

[As introduced, this bill was identical to H403, as introduced by Reps. Stam, Lewis, Lucas, Presnell, which is currently in House Judiciary I, if favorable, Public Utilities.]

CURRENT LAW: G.S. 62-350 requires municipalities and certain membership corporations to permit communications service providers to use their poles, ducts, and conduits at just and reasonable rates and conditions pursuant to negotiated or adjudicated agreements. Under the statute, a "communications service provider" includes entities that provide telephone service, broadband service, or cable service. A request to a municipality or membership corporation to use its poles, ducts, or conduits could be denied only if there is insufficient capacity or for reasons of safety, reliability, and generally applicable engineering principles, and the limitations could not be remedied at a reasonable cost to be reimbursed by the communications service provider.

If the parties are not able to reach an agreement within 90 days, either party may bring an action in Business Court. The Business Court must establish a procedural schedule intended to resolve the action within 180 days, and must resolve any dispute so as to derive just and reasonable rates, terms and conditions, consistent with the public interest and necessity.

BILL ANALYSIS: The PCS to Senate Bill 88 would move the adjudication of pole attachment disputes from the Business Court to the North Carolina Utilities Commission. The Commission would have exclusive jurisdiction over the disputes on a case-by-case basis, but may not exercise general rate-making authority over the use of poles or conduits by communication service providers. The Public Staff, the consumer advocate of the Commission, would be automatically made a party to any dispute.

The Commission may consider any evidence or rate-making methodology offered by the parties. The Commission is authorized to adopt rules to carry out its duties under the bill.

In addition to moving the adjudication to the Utilities Commission, the bill modifies the statutory language in the following ways:

- Inserts language restating federal law that municipalities and membership corporations are exempt from regulation under the federal law that provides guidance to the FCC on the regulation of rates, terms, and conditions, for pole attachments.
- Provides that the agreements to utilize poles, ducts, and conduits, whether negotiated or adjudicated, must contain "just and reasonable rates" and "nondiscriminatory terms and conditions." The prior statutory language provided the agreements must contain "just, reasonable, and nondiscriminatory rates, terms, and conditions."
- Deletes a specific reference to a section of the federal Communications Act that provides guidance to the FCC for regulation of rates, terms, and conditions, for pole attachments

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

between entities that are subject to that federal law, in the reference to the types of factors or evidence the parties may present in resolving a dispute.

- Removes the requirement that pole attachment disputes be subject to a procedural schedule that requires the action to be resolved by the adjudicating body within 180 days.

EFFECTIVE DATE: The bill is effective when it becomes law and applies to actions filed on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 1

SENATE BILL 88

Short Title:	Pole Attachment Compensation.	(Public)
Sponsors:	Senators Brown (Primary Sponsor); Bryant, Clark, Cook, Curtis, Daniel, J. Davis, Foushee, Harrington, Hise, B. Jackson, Lee, McInnis, Pate, Rabin, Rabon, Randleman, Sanderson, Smith, Smith-Ingram, Van Duyn, and Woodard.	
Referred to:	Rules and Operations of the Senate.	

February 17, 2015

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THAT ELECTRIC MEMBERSHIP CORPORATIONS AND MUNICIPAL ELECTRIC PROVIDERS ARE EXEMPT FROM SECTION 224 OF THE COMMUNICATIONS ACT OF 1934 IN THE STATE'S REGULATION OF POLE ATTACHMENTS AND TO PROVIDE GUIDANCE IN RESOLVING DISPUTES REGARDING COMPENSATION FOR POLE ATTACHMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 62-350(a) reads as rewritten:

"(a) A municipality, or a membership corporation organized under Chapter 117 of the General Statutes, that owns or controls poles, ducts, or ~~conduits~~ conduits, but which is exempt from regulation under section 224 of the Communications Act of 1934, as amended, shall allow any communications service provider to utilize its poles, ducts, and conduits at just, reasonable, and nondiscriminatory rates, terms, and conditions adopted pursuant to negotiated or adjudicated agreements. A request to utilize poles, ducts, or conduits under this section may be denied only if there is insufficient capacity or for reasons of safety, reliability, and generally applicable engineering principles, and those limitations cannot be remedied by rearranging, expanding, or otherwise reengineering the facilities at the reasonable and actual cost of the municipality or membership corporation to be reimbursed by the communications service provider. In granting a request under this section, a municipality or membership corporation shall require the requesting entity to comply with applicable safety requirements, including the National Electrical Safety Code and the applicable rules and regulations issued by the Occupational Safety and Health Administration."

SECTION 2. G.S. 62-350(c) reads as rewritten:

"(c) In the event the parties are unable to reach an agreement within 90 days of a request to negotiate pursuant to subsection (b) of this section, or if either party believes in good faith that an impasse has been reached prior to the expiration of the 90-day period, either party may bring an action in Business Court in accordance with the procedures for a mandatory business case set forth in G.S. 7A-45.4, and the Business Court shall have exclusive jurisdiction over such actions. The parties shall identify with specificity in their respective pleadings the issues in dispute, and the Business Court shall (i) establish a procedural schedule which, unless otherwise agreed by the parties, is intended to resolve the action within a time period not to exceed 180 days of the commencement of the action, (ii) resolve any dispute identified in the pleadings consistent with the public interest and necessity so as to derive just and reasonable rates, terms, and conditions, as the term "just and reasonable" has been determined in

accordance with the laws of this State, taking into consideration and applying such other factors or evidence that may be presented by a party, ~~including without limitation the rules and regulations applicable to attachments by each type of communications service provider under section 224 of the Communications Act of 1934, as amended,~~ and (iii) apply any new rate adopted as a result of the action retroactively to the date immediately following the expiration of the 90-day negotiating period or initiation of the lawsuit, whichever is earlier. If the new rate is for the continuation of an existing agreement, the new rate shall apply retroactively to the date immediately following the end of the existing agreement. Prior to commencing any action under this subsection, a party must pay any undisputed fees related to the use of poles, ducts, or conduits which are due and owing under a preexisting agreement with the municipality or membership corporation. In any action brought under this subsection, the court may resolve any existing disputes regarding fees alleged to be owing under a preexisting agreement or regarding safety compliance arising under subsection (d) of this section. The provisions of this section do not apply to an entity whose poles, ducts, and conduits are subject to regulation under section 224 of the Communications Act of 1934, as amended."

SECTION 3. This act is effective when it becomes law and applies to any action filed on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S 2

SENATE BILL 363
Health Care Committee Substitute Adopted 4/27/15

Short Title: Expand Outdoor Food Service at Public Events. (Public)

Sponsors:

Referred to:

March 24, 2015

A BILL TO BE ENTITLED

AN ACT AUTHORIZING PUSHCARTS OR MOBILE FOOD UNITS TO PREPARE AND SERVE FOOD ON THE PREMISES, PROVIDED THEY ARE BASED FROM A COMMISSARY OR RESTAURANT LOCATED ON THE PREMISES OF A FACILITY CONTAINING THREE THOUSAND PERMANENT SEATS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-248(c1) reads as rewritten:

"(c1) The Commission shall adopt rules governing the sanitation of pushcarts and mobile food units. A permitted restaurant or commissary shall serve as a base of operations for a pushcart. A mobile food unit shall meet all of the sanitation requirements of a permitted commissary or shall have a permitted restaurant or commissary that serves as its base of operation. Pushcarts or mobile food units that are based from a permitted commissary or restaurant that is located on the premises of a facility which contains at least 3,000 permanent seats shall be allowed to prepare and serve food on the premises. Raw meat, poultry, and fish shall be prepared in a permitted commissary or restaurant in a pre-portioned or ready-to-cook form. Pushcarts or mobile food units that handle raw ingredients shall be equipped with a handwashing sink. All open food and utensils shall be provided with overhead protection or otherwise equipped with individual covers, such as domes, chafing lids, or cookers with hinged lids. Food equipment and supplies shall be located in enclosed areas and protected from environmental contamination when not in operation."

SECTION 2. This act is effective when it becomes law.

SENATE BILL 363:
Expand Outdoor Food Service at Public Events

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	April 28, 2015
Introduced by:	Sen. Hartsell	**Prepared by:**	Wendy Graf Ray Kristen Harris Committee Counsel
Analysis of:	Second Edition		

SUMMARY: ***Senate Bill 363 allows pushcarts or mobile food units to prepare and serve food on the premises provided they are based from a permitted commissary or restaurant that is located on the premises of a facility containing at least 3,000 permanent seats.***

[As introduced, this bill was identical to H440, as introduced by Rep. Setzer, which is currently in House Regulatory Reform.]

CURRENT LAW/RULES:

15A NCAC 18A.2651 provides the following definitions:

Mobile food unit - a food establishment or pushcart designed to be readily moved to vend food.

Pushcart – a mobile piece of equipment or vehicle used to vend food.

Commissary – a food establishment that services a mobile food unit or a pushcart

Restaurant – a food establishment that prepares or serves food and provides seating.

15A NCAC 18A .2670 provides general requirements for pushcarts and mobile food units.

15A NCAC 18A .2671 provides specific requirements for pushcarts.

15A NCAC 18A .2672 provides specific requirements for mobile food units

BILL ANALYSIS: Senate Bill 363 allows pushcarts or mobile food units to prepare and serve food on the premises provided they are based from a permitted commissary or restaurant that is located on the premises of a facility containing at least 3,000 permanent seats.

- Raw meat, poultry, and fish must be prepared in a permitted commissary or restaurant in pre-portioned or ready-to-cook form. Pushcarts or mobile food units that handle raw ingredients must be equipped with a handwashing sink.
- Open food and utensils must be provided with overhead protection or otherwise equipped with individual covers such as domes, chafing lids, or cookers with hinged lids.
- Food equipment and supplies must be located in enclosed areas and protected from environmental contamination when not in operation.

EFFECTIVE DATE: This bill would become effective when it becomes law.

Theresa Matula, staff to Senate Health Care, substantially contributed to this summary.

O. Walker Reagan
Director

S363-SMSU-60 E2 -V2

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

SENATE PAGES ATTENDING

COMMITTEE: Commerce **ROOM:** 11 AM

DATE: 4-28 **TIME:** 1027

PLEASE PRINT <u>LEGIBLY</u>!!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Molly Zuidema	Garner	Barefoot
2. Olivia Wingler	East Bend NC	Krawiec
3. victoria Wingler	East Bend NC	Krawiec
4. Alexandria Wingler	East Bend NC	Krawiec
5. Emry Wingler	Yadkinville NC	Krawiec
6. Brittlyn Martin	Yadkinville NC	Krawiec
7.		
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

Senate Sgt at Arms

Sen Commerce

4/28/2015

Matt Urben

Charles Marsalis

Dale Huff

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 28, 2015

Name of Committee — **Date**

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NAME	FIRM OR AGENCY AND ADDRESS
Tammy Sewell	NWRA
Carr McLamb	TSS
Kathy Hawkins	Duke Energy
Erik Pelletier	America Rising, LLC
Stephen Fowler	CCS
Wendy Kelly	[illegible]

VISITOR REGISTRATION SHEET

SENATE COMMERCE — April 28, 2015

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Janae Moore	AT&T
Donna B Clark	UNC Dept Gov.
[illegible]	[illegible]
TJ Bybee	NP
Ryan Minto	Gov's Office
Martha Jenkins	DCR
Dwight Allen	Allen Law Offices, PLLC
Meghan Cook	OITS
Todd Allen	The Wake Weekly
Cassy Thomas	Focus Carolina
[illegible]	NCSBA

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SENATE COMMERCE — April 28, 2015

Name of Committee — **Date**

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Jake Cole	NCCC
Ru Kayla	Kayla Law Firm
Nelson Freeman	NC DOR
Robert Patchal	Young Moore
Dan Conrad	NCUC
Trey Ribon	ATT
Tim Norman	NCBEC
Trent Nomble	DHHS
Ward Gray	NCIC
Ryan Boyce	NCIC

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SENATE COMMERCE — April 28, 2015

Name of Committee — **Date**

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Ryan Mewald	WM
Martha Babcock	NCC
David McGowan	NCPL
[illegible]	NCEEC
Steve Mange	NCRLA
[illegible]	[illegible]
David Parrott	IB
Sandra Kunca	NCDOL
Dan Muskus	PSG
Chris Millner	[illegible]
Christine Ryan	LABOR

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SENATE COMMERCE — April 28, 2015

Name of Committee — **Date**

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Robert Andrews	
[illegible]	NC Chamber
Lexi Morgan	NCRMA
Connie Wilson	NCCTA
Laurie Morris	LCLC
Harry Jones	Jordan Price
David Heiman	NC Center for Nonprofits
Jim Johnson	BSA
Jennifer Haigwood	NCDOL
Davies Baum	Tharrington Smith

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SENATE COMMERCE — April 28, 2015

Name of Committee — **Date**

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Doug Hawey	NC PCNI
[illegible]	NMPS
ANDY WELSH	SA
Will Parry-Hill	NC HFA
John Garrison	Public Staff NCUC
Chris Ayers	Public Staff - NCUC
Dianna Downey	Public Staff NCUC
Phoebe Landon	Brooks Pierce
Mia Bailey	ElectriCities
David Barnes	ElectriCities
Steve Brewer	CTL

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SENATE COMMERCE — April 28, 2015

Name of Committee — **Date**

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Brad Atkins	NCTCC
Berry Jenkins	CAGC
Betsy Bailey	CAGC
David Crawford	AIA NC
Preston Howard	NCMA
Kelli Mehra	Duke Energy
Chris Agan	DOT
Butch Gunnells	NC Bev
Sarah Hardin	CTZ
Will Culpepper	MVA

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SENATE COMMERCE — April 28, 2015

Name of Committee — **Date**

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Mike Carpenter	NCWBA
Breeder Blackwell	CFUMC

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SENATE COMMERCE — April 28, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

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David Crain	Partners Business
Dale Carpenter	Carpenter Const + P16
DOUG BURTON	WHITEMAN MASONRY
Bill Rowe	NC Justice Center
LEONARD JERNIGAN	JERNIGAN LAW FIRM
Hayes Jernigan	Jernigan Law Firm
Michelle Frazier	MF+S
Jaz Tunnell	PNG
Marcus Trotter	BPM+L
Brian Gregory	Charter

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SENATE COMMERCE — April 28, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	TWC
Crystal Collins	NC Trucking Assn
[signature]	NC Press Assn
Les Hyatt	NC Press Assn
[signature]	HTGC
Robert Schwentker	NCAEC
[signature]	NCAEC
Patrick Buffkin	NCAEC
Elizabeth Bise	Brooks Pierce
Jim Coggin	Charter Communications
Erin Jones	TWC

Senate Committee on Commerce
Thursday, May 14, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on May 14, 2015 in Room 1027/1128 of the Legislative Building. Twenty six members were present.

Senator Rick Gunn, Co-Chair, presided.

Chris McCain from Burlington, Matthew Anderson from Hays, Robbie Blankinship from Raleigh, Andrew Hall from Wrightsville Beach, Rachel Gore from Wilmington, Brenna Daniel from Morganton and Elizabeth White from Deep Gap served as pages.

Senator Gunn chose to hear the bills out of order from the agenda. The order heard is as follows.

HB 130 Davie County/Food for Detention Facilities. (Representative Howard)
Sen. Brock was introduced to speak on the bill on Rep. Howard's behalf. There were no questions from the members. Sen. Tillman moved for a favorable report and it carried. Sen. Brock will manage the bill on the Senate Floor.

HB 405 Property Protection Act. (Representatives Szoka, Whitmire, Jordan, R. Moore)
Rep. Szoka was introduced to speak on the bill. Questions asked by the members were responded to by the Layla Cummings and Wendy Graf Ray, attorneys from the Research Division. Rep. Jordan was introduced to speak on the bill. There were more questions and Rep. Szoka and Jordan responded with the help of the before mentioned staff. Sen. Gunn allowed comments from the visitors. Two people asked to speak and both spoke against the bill. They are as follows: Chloe Waterman/Senior Manager, State Legislative Strategy Government Relations and Mark J. Prak from Brooks and Pierce. Sen. Rucho moved for a favorable report and it carried.

The meeting adjourned at 11:29 AM.

Senator Rick Gunn, Chair
Presiding

Karen Johns, Committee Clerk

Senate Committee on Commerce
Thursday, May 14, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 405	Property Protection Act.	Representative Szoka Representative Whitmire Representative Jordan Representative R. Moore
HB 130	Davie County/Food for Detention Facilities.	Representative Howard

Principal Clerk
Reading Clerk

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Commerce** will meet at the following time:

DAY	DATE	TIME	ROOM
Thursday	May 14, 2015	11:00 AM	1027/1128 LB

The following will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 405	Property Protection Act.	Representative Szoka Representative Whitmire Representative Jordan Representative R. Moore
HB 130	Davie County/Food for Detention Facilities.	Representative Howard

Senator Rick Gunn, Co-Chair
Senator Wesley Meredith, Co-Chair

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Thursday, May 14, 2015

Senator Gunn,
submits the following with recommendations as to passage:

FAVORABLE

HB **130** **(CS#1)** Davie County/Food for Detention Facilities.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

HB **405** **(CS#1)** Property Protection Act.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 2

Senator Andrew Brock will handle HB 130
Senator Robert Rucho will handle HB 405

HOUSE BILL 405:
Property Protection Act

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	May 14, 2015
Introduced by:	Reps. Szoka, Whitmire, Jordan, R. Moore	**Prepared by:**	Wendy Graf Ray Layla Cummings Committee Counsel
Analysis of:	Third Edition		

SUMMARY: House Bill 405 would protect property owners from damages resulting from individuals acting in excess of the scope of permissible access and conduct granted to them.

[As introduced, this bill was identical to S433, as introduced by Sens. Rucho, Tucker, B. Jackson, which is currently in Rules and Operations of the Senate.]

BILL ANALYSIS: House Bill 405 provides that any person who intentionally gains access to the nonpublic areas of another's premises and engages in an act that exceeds the person's authority to enter those areas is liable to the owner or operator of the premises for any damages sustained.

"Nonpublic areas" are those areas not accessible to or not intended to be accessed by the general public.

An act that exceeds a person's authority to enter "the nonpublic areas of another's premises" is any of the following:

- An employee who enters the nonpublic areas of an employer's premises for a reason other than a bona fide intent of seeking or holding employment or doing business with the employer and, without authorization, captures or removes the employer's data or any other documents for the purpose of using the information to breach the person's duty of loyalty to the employer.
- An employee who enters the nonpublic areas of an employer's premises for a reason other than a bona fide intent of seeking or holding employment or doing business with the employer and, without authorization, intentionally creates or produces an image or sound occurring within an employer's premises and uses the recording to breach the person's duty of loyalty to the employer.
- Knowingly or intentionally placing on the employer's premises an unattended camera or electronic surveillance device and using that device to record images or data.
- Conspiring in organized retail theft.
- An act that substantially interferes with the ownership or possession of real property.

Any person who intentionally directs, assists, compensates, or induces another person to violate this section shall be jointly liable.

The following remedies are available to any party who prevails under these provisions:

- Equitable relief.
- Damages.
- Costs and fees, including reasonable attorneys' fees.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

- Exemplary damages in the amount of $5,000 for each day, or portion thereof, that a defendant has acted in violation of this section.

These provisions do not diminish protections available to employees dealing with retaliatory discrimination and protections for reporting improper government activities. The provisions do not apply to government agencies or law enforcement officers engaged in a lawful investigation or the owner of the premises. Nothing in the section limits other remedies that are available at common law or conferred by statute.

EFFECTIVE DATE: The act becomes effective January 1, 2016 and applies to acts committed on or after that date.

Brad Krehely, counsel to House Judiciary II Committee, substantially contributed to this summary.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H 3

HOUSE BILL 405*
Committee Substitute Favorable 4/21/15
Third Edition Engrossed 4/22/15

Short Title: Property Protection Act. (Public)

Sponsors:

Referred to:

April 1, 2015

A BILL TO BE ENTITLED

AN ACT TO PROTECT PROPERTY OWNERS FROM DAMAGES RESULTING FROM INDIVIDUALS ACTING IN EXCESS OF THE SCOPE OF PERMISSIBLE ACCESS AND CONDUCT GRANTED TO THEM.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 99A of the General Statutes reads as rewritten:

"**Chapter 99A.**

"**Civil Remedies for ~~Criminal Actions.~~Interference With Property.**

"**§ 99A-1. Recovery of damages for interference with property rights.**

Notwithstanding any other provisions of the General Statutes of North Carolina, when personal property is wrongfully taken and carried away from the owner or person in lawful possession of such property without his consent and with the intent to permanently deprive him of the use, possession and enjoyment of said property, a right of action arises for recovery of actual and punitive damages from any person who has or has had, possession of said property knowing the property to be stolen.

An agent having possession, actual or constructive, of property lawfully owned by his principal, shall have a right of action in behalf of his principal for any unlawful interference with that possession by a third person.

In cases of bailments where the possession is in the bailee, a trespass committed during the existence of the bailment shall give a right of action to the bailee for the interference with his special property and a concurrent right of action to the bailor for the interference with his general property.

Any abuse of, or damage done to, the personal property of another or one who is in possession thereof, unlawfully, is a trespass for which damages may be recovered.

"**§ 99A-2. Recovery of damages for exceeding the scope of authorized access to property.**

(a) Any person who intentionally gains access to the nonpublic areas of another's premises and engages in an act that exceeds the person's authority to enter those areas is liable to the owner or operator of the premises for any damages sustained. For the purposes of this section, "nonpublic areas" shall mean those areas not accessible to or not intended to be accessed by the general public.

(b) For the purposes of this section, an act that exceeds a person's authority to enter the nonpublic areas of another's premises is any of the following:

(1) An employee who enters the nonpublic areas of an employer's premises for a reason other than a bona fide intent of seeking or holding employment or doing business with the employer and thereafter without authorization

captures or removes the employer's data, paper, records, or any other documents and uses the information to breach the person's duty of loyalty to the employer.

(2) An employee who intentionally enters the nonpublic areas of an employer's premises for a reason other than a bona fide intent of seeking or holding employment or doing business with the employer and thereafter without authorization records images or sound occurring within an employer's premises and uses the recording to breach the person's duty of loyalty to the employer.

(3) Knowingly or intentionally placing on the employer's premises an unattended camera or electronic surveillance device and using that device to record images or data.

(4) Conspiring in organized retail theft, as defined in Article 16A of Chapter 14 of the General Statutes.

(5) An act that substantially interferes with the ownership or possession of real property.

(c) Any person who intentionally directs, assists, compensates, or induces another person to violate this section shall be jointly liable.

(d) A court may award to a party who prevails in an action brought pursuant to this section one or more of the following remedies:

(1) Equitable relief.

(2) Compensatory damages as otherwise allowed by State or federal law.

(3) Costs and fees, including reasonable attorneys' fees.

(4) Exemplary damages as otherwise allowed by State or federal law in the amount of five thousand dollars ($5,000) for each day, or portion thereof, that a defendant has acted in violation of subsection (a) of this section.

(e) Nothing in this section shall be construed to diminish the protections provided to employees under Article 21 of Chapter 95 or Article 14 of Chapter 126 of the General Statutes, nor may any party who is covered by these Articles be liable under this section.

(f) This section shall not apply to any governmental agency or law enforcement officer engaged in a lawful investigation of the premises or the owner or operator of the premises.

(g) Nothing in this section shall be construed to limit any other remedy available at common law or provided by the General Statutes."

SECTION 2. This act becomes effective January 1, 2016, and applies to acts committed on or after that date.

HOUSE BILL 130:
Davie County/Food for Detention Facilities

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	May 14, 2015
Introduced by:	Rep. Howard	**Prepared by:**	Wendy Graf Ray Kristen Harris Committee Counsel
Analysis of:	Second Edition		

SUMMARY: House Bill 130 would allow the Davie County Board of Commissioners and the Davie County Sheriff to contract with the Davie County Board of Education to provide food for the Davie County Detention facility.

CURRENT LAW: Article 8 of Chapter 143, Public Contracting, sets out the general law for public contracts. That Article generally requires formal bidding of contracts for the purchase of apparatus, supplies, materials, or equipment with an estimated expenditure of $90,000 or more in public funds. G.S. 143-129. Contracts with an estimated expenditure between $30,000 and $90,000 are to be put to informal bid. G.S. 143-131.

A public school is not required to comply with the requirement to purchase all supplies under Article 8 of Chapter 143 when purchasing supplies and food for school food services. G.S. 115C-264(c).

BILL ANALYSIS: The bill would allow the Davie County Commissioners and Sheriff to contract with the local school board to provide food services for the Davie County detention facility. Meals provided under the contract between the Sheriff and the Board of Education must meet the minimum standards established by the Secretary of Health and Human Services. The contract would be exempt from the provisions of Article 8 of Chapter 143.

EFFECTIVE DATE: Effective when it becomes law.

Staff Attorney Erika Churchill substantially contributed to this summary.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H 2

HOUSE BILL 130
Committee Substitute Favorable 3/18/15

Short Title: Davie County/Food for Detention Facilities. (Local)

Sponsors:

Referred to:

March 4, 2015

A BILL TO BE ENTITLED

AN ACT AUTHORIZING DAVIE COUNTY TO CONTRACT WITH THE LOCAL BOARD OF EDUCATION FOR THE PROVISION OF MEALS TO INMATES IN THE COUNTY DETENTION FACILITY.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding G.S. 66-58 or any other provision of law, the County and the Sheriff may enter into a contract with the local board of education to provide meals for inmates in the County's detention facility. Meals provided under the contract shall meet the minimum standards established by the Secretary of Health and Human Services as provided in G.S. 153A-221 and Subchapter 14J of Title 10A of the North Carolina Administrative Code. Any contract authorized under this section shall not be subject to the provisions of Article 8 of Chapter 143 of the General Statutes.

SECTION 2. This act applies to Davie County only.

SECTION 3. This act is effective when it becomes law.

SENATE SERGEANT-AT-ARMS

COMMITTEE: Senate Commerce Committee

DATE: 5/14/15 ROOM: 1027

1. Steve Wilson
2. Matt Urben
3. Canton Lewis
4.
5.
6.

Senate Commerce Committee

5/14/15 1027

Steve Wilson
Math Urban
Canton Lewis

SENATE PAGES ATTENDING

COMMITTEE: Commerce **ROOM:** 1027

DATE: 5-14 **TIME:** 11 AM

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!....*or else!*

	Page Name	Hometown	Sponsoring Senator
1.	Chris McCain	Burlington	Woodard
2.	[redacted] Matthew Anderson	Hays	Randleman
3.	Robbie Blankinship	Raleigh	Sen Alexander
4.	Andrew Hall	Wrightsville Beach	Senator Lee
5.	Rachel Gore	Wilmington	Senator Rabon
6.	Brenna Daniel	Morganton	Sen. Daniel
7.	Elizabeth White	Deep Gap	Sen. Soucek
8.			
9.			
10.			

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 14th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Preston Rock	Tobacco Free NC
Susan Vick	Duke Energy
Rachael Estes	NCCN
Terri Burke	NCUC
Thomas Romm	NCRVMA
Andy Shaw	NCRVMA
[illegible]	Gordon Prin
Lily Burdick	
Cassie Gavin	Sierra Club
Mike Quick	NCCUSA
Paul Sherman	NCFB

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 14th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 14th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Mia Hofelich	NCMMC
Meg Miller	KLG
Joe McClees	McClees Consulting
[signature]	MWC

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 14th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
MARK PRAK	NC Assn of Broadcasters/ NC Press Assn
J. BUSSIAN	NC Press Assn
[signature]	UNC Dept Govt.
[signature]	Parkinson Assn
Chloe Waterman	ASPCA
Madeline Hurley	Intern
[illegible]	[illegible]
Lauren Payne	NC GRANGE
Josue Rosado	Senate Intern
Brian Miller	House Intern
[signature]	Intern Jr.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 14th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
JAKE PARKER	NCFB
Jake Cashion	NCCC
[illegible]	NC
Will Culpepper	MVA
Meredith Reich	Lowe's
Kara Weishaar	SA
[illegible]	AFPFO
[illegible]	[illegible]
Amanda Honaker	TSS
[illegible]	CFSA
[illegible]	CFSA

Senate Committee on Commerce
Tuesday, May 19, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on May 19, 2015 in Room 1027/1128 of the Legislative Building. Twenty three members were present.

Senator Wesley Meredith, Chair, presided.

Korbin Cummings from Harrisburg, Jacob Noblett from Gastonia, Brian Britt from Greensboro, Abigail Efting from Wilmington, and Malcolm Livingston from Raleigh served as pages.

HB 332 Natural Gas Econ. Dev. Infrastructure. (Representatives Hager, Collins, McElraft, Saine)
Sen. Tillman moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Rep. Hagar was introduced to speak on the bill. Questions from the members were answered by Rep. Hagar and Heather Fennell an attorney from the Research Division. Sen. Meredith also asked the following people to assist with the responses: Christopher J. Ayers/Executive Director/Public Staff for the North Carolina Utilities Commission, Jeffrey L. Davis/Director/Natural Gas Division/Public Staff for the North Carolina Utilities Commission and Daniel Conrad from the State of North Carolina Utilities Commission. Representative Christopher Millis also assisted. After 45 minutes of discussion, Sen. Meredith allowed people from the audience to make their comments before the committee members. They spoke in the order reflected below:

1) Betsy McCorkle/Director of Government Affairs for NC Sustainable Energy Association
2) Joseph Kyzer/North Carolina Communications Director for Americans for Prosperity
3) Angie Whitener Maier/Director of Policy Development & Communications for the NC Pork Council
4) Becki Gray/Vice President for Outreach for the John Locke Foundation
5) John Morrison from Ecoplexus

Following the statements made by the above, there was one question from the committee. Sen. Meredith asked Kathleen G. Hawkins who represents Duke Energy to respond. Senator Tillman moved unfavorable to the bill – favorable to the PCS and it carried.

HB 909 Sale of Antique Spirituous Liquor. (Representatives Hager, J. Bell)
This bill was not heard during this committee meeting due to time constraints.

The meeting adjourned at 12:03 PM.

Senator Wesley Meredith, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Tuesday, May 19, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 332	Natural Gas Econ. Dev. Infrastructure.	Representative Hager Representative Collins Representative McElraft Representative Saine
HB 909	Sale of Antique Spirituous Liquor.	Representative Hager Representative J. Bell

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, May 19, 2015

Senator Gunn,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 2, BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL

HB **332** **(CS#2)** Natural Gas Econ. Dev. Infrastructure.

Draft Number:	H332-PCS20359-TD-28
Sequential Referral:	Finance
Recommended Referral:	None
Long Title Amended:	Yes

TOTAL REPORTED: 1

Senator Robert Rucho will handle HB 332

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H D

HOUSE BILL 332
Committee Substitute Favorable 4/1/15
Committee Substitute #2 Favorable 4/16/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H332-CSTD-28 [v.4]
5/18/2015 8:35:44 PM

Short Title: Energy Policy Amendments. (Public)

Sponsors:

Referred to:

March 24, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE RECOVERY OF CAPITAL-RELATED COSTS INCURRED BY A NATURAL GAS UTILITY FOR CONSTRUCTING NATURAL GAS INFRASTRUCTURE FOR A LARGE MANUFACTURING EMPLOYER, AND TO AMEND THE LAWS RELATED TO ENERGY POLICY.

The General Assembly of North Carolina enacts:

PART I. NATURAL GAS ECONOMIC DEVELOPMENT INFRASTRUCTURE

SECTION 1.1. Article 7 of Chapter 62 of the General Statutes is amended by adding a new section to read:

"**§ 62-133.13. Cost recovery for natural gas economic development infrastructure.**

(a) Purpose. – The purpose of this section is to prescribe a methodology for cost recovery by a natural gas local distribution company that constructs natural gas economic development infrastructure to serve a project the Department of Commerce determines is an eligible project under G.S. 143B-437.021. The Commission shall adopt rules to implement this section.

(b) Eligibility. – Cost recovery under this section is limited to natural gas economic development infrastructure the Commission determines satisfies all of the following conditions:

(1) The project will be located in an area where adequate natural gas infrastructure for the eligible project is not economically feasible.

(2) Either the developer, prospective customer, or the occupant of the eligible project provides, prior to initiation of construction of the natural gas economic development infrastructure, a binding commitment in the form of a commercial contract or other form acceptable to the Commission to the natural gas local distribution company regarding service needed for a period of at least 10 years from the date the gas is made available.

(3) The projected margin revenues not recoverable under G.S. 62-133.4 from the eligible project will not be sufficient to cover the cost of the natural gas infrastructure associated with the project.

(c) Economic Feasibility. – The Commission shall permit a natural gas local distribution company to recover reasonable and prudent natural gas economic development infrastructure costs only to the extent necessary to make the construction of the infrastructure economically feasible, as determined by the Commission. In determining economic feasibility, the Commission shall employ the net present value method of analysis. Only natural gas

economic development infrastructure with a negative net present value shall be determined to be economically infeasible.

(d) Costs Recoverable. – Eligible economic development infrastructure development costs are the reasonable and prudent costs determined by the Commission to be both directly related to the construction of natural gas infrastructure for an eligible project and economically infeasible. The costs may include any of the following:

(1) Planning costs.

(2) Development costs.

(3) Construction costs and an allowance for funds used during construction and a return on investment once the project is completed calculated using the pretax overall rate of return approved by the Commission in the company's most recent general rate case.

(4) A revenue retention factor.

(5) Depreciation.

(6) Property taxes.

(e) Rate Adjustment Surcharge Mechanism. – The Commission shall permit recovery of eligible economic development infrastructure costs in a rate adjustment surcharge mechanism. The mechanism shall allow for recovery on an annual or semiannual basis, as determined by the Commission, subject to audit and reconciliation procedures. Any rate adjustment surcharge mechanism adopted under this section shall terminate upon the earlier of the full recovery of the costs allowed under subsection (d) of this section or the natural gas local distribution company's next general rate case in which the eligible infrastructure development costs shall be included in the natural gas distribution company's rate base. Nothing in this section precludes the natural gas local distribution company from recovering eligible economic development infrastructure costs in a general rate case.

(f) Limitations. – A natural gas local distribution company shall not invest more than twenty-five million dollars ($25,000,000) of eligible infrastructure development costs in any year. The aggregate amount of eligible infrastructure development costs recovered under rate adjustment surcharge mechanisms for all natural gas local distribution companies in the State cannot exceed seventy-five million dollars ($75,000,000). Cumulative rate adjustments allowed under a rate adjustment surcharge mechanism approved by the Commission under this section shall not exceed five percent (5%) of the total annual service margin revenues not recoverable under G.S. 62-133.4 approved by the Commission in the natural gas local distribution company's last general rate case."

SECTION 1.2. Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-437.021. Natural gas economic development infrastructure.**

(a) Purpose and Definitions. – The purpose of this section is to provide eligibility criteria for projects that require natural gas service infrastructure. Costs of natural gas service infrastructure for projects the Department determines are eligible projects under this section may be recovered by natural gas local distribution companies with approval of the North Carolina Utilities Commission under G.S. 62-133.13. The definitions used in G.S. 143B-437.01 apply in this section. In addition, as used in this section, the term "Department" means the Department of Commerce.

(b) Eligibility. – An eligible project is an economic development project that the Department determines satisfies all of the following conditions:

(1) The eligible project will provide opportunities for natural gas usage, jobs, and other economic development benefits in addition to those provided by the project.

(2) The Department certifies that the business has invested or intends to invest at least two hundred million dollars ($200,000,000) of private funds in

improvements to real property and additions to tangible personal property in the project.

(3) The business employs or intends to employ at least 1,500 full-time employees or equivalent full-time contract employees at the project at the time the application is made and the business agrees to maintain at least 1,500 full-time employees or equivalent full-time contract employees at the project.

(c) Wage Standard. – A project may be considered an eligible project under this section only if the project is undertaken by a business that satisfies a wage standard at the project. A business satisfies the wage standard if it pays an average weekly wage that is at least equal to one hundred and ten percent (110%) of the average wage for all insured private employers in the county. The Department of Commerce shall annually publish the wage standard for each county. In making the wage calculation, the business shall include any jobs that were filled for at least 1,600 hours during the calendar year, regardless of whether the jobs are full-time positions or equivalent full-time contract positions. Each year that a rate adjustment surcharge mechanism under G.S. 62-133.13 is in effect, the business shall provide the Department a certification that the business continues to satisfy the wage standard.

(d) Health Insurance. – A project may be considered an eligible project under this section only if the project is undertaken by a business that makes available health insurance for all of the full-time employees and equivalent full-time contract employees of the project with respect to which the application is made. For the purposes of this subsection, a business makes available health insurance if it pays at least fifty percent (50%) of the premiums for health care coverage.

Each year that a rate adjustment surcharge mechanism under G.S. 62-133.13 is in effect, the business shall provide the Department a certification that the business continues to make available health insurance for all full-time employees of the project governed by the agreement.

(e) Safety and Health Programs. – A project may be considered an eligible project under this section only if the project is undertaken by a business that has no citations under the Occupational Safety and Health Act that have become a final order within the last three years for willful serious violations or for failing to abate serious violations with respect to the location for which the eligible project is located. For the purposes of this subsection, "serious violation" has the same meaning as in G.S. 95-127.

(f) Environmental Impact. – A project may be considered an eligible project under this section only if the project is undertaken by a business that certifies that, at the time of the application, the business satisfies the environmental impact standard under G.S. 105-129.83."

SECTION 1.3. This Part is effective when it becomes law and expires July 1, 2020. The expiration does not affect the validity of any rate adjustment surcharge mechanism imposed or authorized under the provisions of this act prior to the effective date of the expiration.

PART II. AMENDMENTS TO ENERGY POLICY
UPDATED REPS REQUIREMENTS

SECTION 2.1. G.S. 62-133.8 reads as rewritten:

"**§ 62-133.8. Renewable Energy and Energy Efficiency Portfolio Standard (REPS).**

...

(b) Renewable Energy and Energy Efficiency Standards (REPS) for Electric Public Utilities. –

(1) Each electric public utility in the State shall be subject to a Renewable Energy and Energy Efficiency Portfolio Standard (REPS) according to the following schedule:

Calendar Year	**REPS Requirement**

2012	3% of 2011 North Carolina retail sales
2015 and thereafter	6% of 2014 North Carolina retail sales
~~2018~~	~~10% of 2017 North Carolina retail sales~~
~~2021 and thereafter~~	~~12.5% of 2020 North Carolina retail sales~~

...

(c) Renewable Energy and Energy Efficiency Standards (REPS) for Electric Membership Corporations and Municipalities. –

(1) Each electric membership corporation or municipality that sells electric power to retail electric power customers in the State shall be subject to a Renewable Energy and Energy Efficiency Portfolio Standard (REPS) according to the following schedule:

Calendar Year	**REPS Requirement**
2012	3% of 2011 North Carolina retail sales
2015 and thereafter	6% of 2014 North Carolina retail sales
~~2018 and thereafter~~	~~10% of 2017 North Carolina retail sales~~

...."

AMEND COST CAPS FOR REPS COMPLIANCE

SECTION 2.2.(a) G.S. 62-133.8(h)(4) reads as rewritten:

"(4) An electric power supplier shall be allowed to recover the incremental costs incurred to comply with the requirements of subsections (b), (c), (d), (e), and (f) of this section and fund research as provided in subdivision (1) of this subsection through an annual rider not to exceed the following per-account annual charges:

Customer Class	**2008-2011**	**2012-~~2014~~and thereafter**	**~~2015 and thereafter~~**
Residential per account	$10.00	$12.00	~~$34.00~~
Commercial per account	$50.00	$150.00	~~$150.00~~
Industrial per account	$500.00	$1,000.00	~~$1,000.00~~"

SECTION 2.2.(b) This section becomes effective July 1, 2015, and applies to cost recovery proceedings that occur on or after that date.

ENERGY EFFICIENCY FOR REPS COMPLIANCE

SECTION 2.3.(a) G.S. 62-133.8(b)(2)c. reads as rewritten:

"c. Reduce energy consumption through the implementation of an energy efficiency measure; provided, however, an electric public utility subject to the provisions of this subsection may meet up to ~~twenty-five percent (25%)~~fifty percent (50%) of the requirements of this section through savings due to implementation of energy efficiency measures. ~~Beginning in calendar year 2021 and each year thereafter, an electric public utility may meet up to forty percent (40%) of the requirements of this section through savings due to implementation of energy efficiency measures.~~"

SECTION 2.3.(b) This section becomes effective July 1, 2015.

COST RECOVERY HOLD HARMLESS

SECTION 2.4. Incremental costs incurred by an electric power supplier prior to July 1, 2015, to comply with any requirement repealed or amended by this Part may be recovered as provided in G.S. 62-133.8(h), as amended by this Part. For the purposes of cost recovery under this act, costs incurred prior to July 1, 2015, include all of the following:

(1) Costs under purchase contracts for renewable energy entered into prior to July 1, 2015, for the purpose of complying with REPS requirements repealed or amended by this Part.

(2) The costs of renewable energy facilities built by a public utility for which a certificate of public convenience and necessity has been issued by the Commission prior to July 1, 2015, for the purpose of complying with REPS requirements repealed or amended by this Part.

(3) Other costs the Utilities Commission determines are reasonable and prudent costs incurred prior to July 1, 2015, to comply with the REPS requirements repealed or amended by this Part.

STANDARD CONTRACT FOR SMALL POWER PRODUCERS

SECTION 2.5.(a) G.S. 62-3(27a) reads as rewritten:

"(27a) "Small power producer" means a person or corporation owning or operating an electrical power production facility with a power production capacity which, together with any other facilities located at the same site, does not exceed 80 megawatts of electricity and which depends upon renewable resources for its primary source of energy. For the purposes of this section, renewable resources shall mean: hydroelectric ~~power.~~power, solar electric, solar thermal, wind, geothermal, ocean current, wave energy resources, and biomass derived from agricultural waste, animal waste, wood waste, spent pulping liquors, combustible residues, liquids, or gases not derived from fossil fuel, energy crops, or landfill methane. A small power producer shall not include persons primarily engaged in the generation or sale of electricity from other than small power production facilities."

SECTION 2.5.(b) G.S. 62-156(b)(1) reads as rewritten:

"(1) Term of Contract. – Long-term contracts for the purchase of electricity by the utility from small power producers shall be encouraged in order to enhance the economic feasibility of small power production. The Commission shall require electric utilities to provide standard contracts to small power facilities that generate electricity from swine or poultry waste with a capacity of no greater than five megawatts. For small power producers that generate electricity from all other renewable energy resources, the Commission shall require electric public utilities to provide standard contracts for facilities with a capacity of no greater than 100 kilowatts of capacity."

SECTION 2.5.(c) G.S. 62-156(b) is amended by adding a new subdivision to read:

"(4) Avoided Cost of Capacity. – The Commission approved standard contract shall not require payment for capacity during the years in which the electric utility lacks a capacity need, as demonstrated through the electric public utility's most recent integrated resource plan approved by the Commission under G.S. 62-110.1(c) for small power producers that generate electricity from renewable resources other than swine or poultry waste."

SECTION 2.5.(d) This section is effective January 1, 2017, and applies to facilities for which a certificate of public convenience and necessity has been applied for on or after that date.

STUDY OF REPS REQUIREMENTS

SECTION 2.6. The Joint Legislative Commission on Energy Policy shall study reforms to the REPS requirements under G.S. 62-133.8, issues related to grid security and

stability related to dispatchable versus non-dispatchable power, and any other matter related to the long-term energy needs of the State the Council deems appropriate.

PART III. SEVERABILITY CLAUSE AND EFFECTIVE DATE

SECTION 3.1. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part declared to be unconstitutional or invalid.

SECTION 3.2. Except as otherwise provided, this act is effective when it becomes law.

HOUSE BILL 332:
Energy Policy Amendments

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	May 19, 2015
Introduced by:	Reps. Hager, Collins, McElraft, Saine	**Prepared by:**	Heather Fennell Committee Counsel
Analysis of:	PCS to Third Edition H332-CSTD		

SUMMARY: The PCS divides House Bill 332 into two parts.

Part I would allow natural gas local distribution companies to recover the infeasible portion of a line extension through its rates for line extensions to companies that will invest at least $200 million in improvements and employ at least 1,500 employees. The PCS makes no changes to Part I of the bill.

Part II was added in the PCS and provides the following:

- ***Maintains the REPS requirements at 6% in perpetuity.***
- ***Amends the costs caps for REPS cost recovery.***
- ***Allows a greater percentage of energy efficiency to be used to meet the REPS requirements.***
- ***Amends the requirements for standard contracts available for qualifying facilities.***

Part I – Natural Gas Economic Development Infrastructure

CURRENT LAW: The rates for natural gas local distribution companies (LDCs) are regulated by the Utilities Commission under G.S. 62-133 and 62-133.4. The rates include the wholesale cost of gas and the "margin." The margin amount includes the prudently incurred costs for delivering the gas sold and a rate of return on the capital investment made by the company. The wholesale cost of the natural gas distributed is passed through directly to the customer. Natural gas local distribution companies do not profit from fluctuations in the wholesale price of natural gas.

When service of natural gas is extended to a new customer, the LDC will calculate what portion of the cost of the line extension will be recovered through the margin generated by the increase in gas distributed through the line extension. The cost of the line extension that would be recovered through the margin is considered "feasible" where the cost of the line extension that would not be recovered through the margin is considered "infeasible." The customer requesting the line extension must cover the infeasible costs of the line extension.

The General Assembly has created several economic development tools to provide funding to expand natural gas for job creation:

- Industrial Development Fund Utility Account. Funds can be used to construct or improve gas lines in economically distressed counties.
- Site Infrastructure Development Fund. Grants authorized for site development for businesses that will invest $100 million and employ 100 new employees.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

- Expanded Gas Products Service to Agriculture Fund. In Section 15.13 of S.L. 2014-100 the General Assembly allocated $5 million for grants to expand natural gas service to agricultural projects under G.S. 143B-437.020.

BILL ANALYSIS: The PCS for House Bill 332 would allow a LDC to recover the infeasible portion of natural gas infrastructure to eligible projects in rates through an annual rider.

Commerce Approval: The Department of Commerce must first determine that the natural gas infrastructure is for an eligible project. To be eligible, a project must meet all of the following conditions:

- The project will provide opportunities for natural gas usage, jobs and other economic development benefits.
- The business has invested or intends to invest at least $200 million in private funds for real and personal property.
- The business will employ or intends to employ at least 1,500 full time employees.

The business must also meet a wage standard of 110% of the average wage in the county where the project is located, the business must pay at least 50% of the premiums for health insurance coverage for its employees, must not have any safety and health program violations, and must not have a disqualifying environmental event as determined by the Department of Environment and Natural Resources.

Utilities Commission: Costs for natural gas infrastructure may be recovered in a rider by an LDC for infrastructure related to projects approved by the Department of Commerce, if the Commission determines the project meets all of the following conditions:

- The project is located in an area where the natural gas infrastructure for the project is not economically feasible.
- The developer of the project, the prospective customer, or the occupant of the project provides a binding commitment that the project will use the natural gas service for at least 10 years.
- The projected margin generated by the eligible project will not cover the cost of the natural gas infrastructure.

Once approved, the economically infeasible costs of the infrastructure will be recovered in a rider. The costs recovered in the rider will include the costs normally recovered for infrastructure, including the planning and development costs, construction costs, financing costs, depreciation, and property taxes.

The Commission is directed to adopt rules to implement the rider mechanism. The rider may be allowed on an annual or semiannual basis, and will be subject to periodic reconciliation. The rider will terminate when the costs are fully recovered, or with the LDC's next general rate case, whichever occurs first. A LDC may not invest more than $25 million a year in infrastructure development costs, and the amount recovered in the rider may not exceed 5% of the margin revenues approved in the last rate case of the LDC. The total amount of infrastructure costs that can be recovered by all LDC's in the state is limited to $75 million.

EFFECTIVE DATE: This Part is effective when it becomes law and expires July 1, 2020.

Part II – Energy Policy Amendments

CURRENT LAW: In 2007, the General Assembly enacted a Renewable Energy Portfolio Standard (REPS) requirement for electric power suppliers.[1] REPS require electric power suppliers to provide a designated amount or percentage of power from renewable energy resources as a portion of their overall provision of electricity.

Types of Renewable Energy: Renewable energy resources that can be used to meet the REPS requirements are:

- Solar electric, solar thermal, wind, hydropower, geothermal, or ocean current or wave energy resource.
- A biomass resource, including agricultural waste, animal waste, wood waste, spent pulping liquors, combustible residues, combustible liquids, combustible gases, energy crops, or landfill methane.
- Waste heat derived from a renewable energy resource and used to produce electricity or useful, measurable thermal energy at a retail electric customer's facility.
- Hydrogen derived from a renewable energy resource.

"Renewable energy resource" does not include peat, a fossil fuel, or nuclear energy resource.

REPS Requirements: The REPS requirements vary based on the type of electric supplier, and is as follows:

Calendar Year	Electric Public Utilities
2012	3% of 2011 retail sales
2015	6% of 2014 retail sales
2018	10% of 2017 retail sales
2021 and thereafter	12.5% of 2020 retail sales

Calendar Year	EMCs and Municipalities
2012	3% of 2011 retail sales
2015	6% of 2014 retail sales
2018 and thereafter	10% of 2017 retail sales

All electric power suppliers may meet the REPS requirements by:

- Generating electric power at a new renewable energy facility.
- Reducing energy consumption through the implementation of an energy efficiency measure.
- Purchasing electric power from a new renewable energy facility.
- Purchasing renewable energy certificates derived from in-state or out-of-state new renewable energy facilities.
- Using electric power that is supplied by a new renewable energy facility or saved due to the implementation of an energy efficiency measure that exceeds the REPS requirements for any calendar year as a credit towards meeting the REPS requirements in the following calendar year or sell the associated renewable energy certificates.
- Reducing electricity demand with a program that is voluntary, under the real-time control of both the electric power supplier and the retail electric customer, and measured in real time, using two-way communications devices that communicate on the basis of standards.

[1] S.L. 2007-397, also known as "Senate Bill 3."

Electric public utilities may also meet the REPS requirements by using a renewable energy resource to generate electric power at a generating facility. Electric membership corporations and municipalities may also meet the REPS requirements by purchasing electricity from renewable energy facilities, and acquiring all or part of its electric power from an electric power supplier who meets the REPS requirements.

Set-Asides: Commonly known as set-asides, part of the REPS requirements must be met with solar, poultry waste, and swine waste resources in the following amounts:

Solar		Swine Waste		Poultry Waste	
2010	0.02%	2012	0.07%	2012	170,000 MW hrs
2012	0.07%			2013	700,000 MW hrs
2015	0.14%	2015	0.14%	2014, and thereafter	700,000 MW hrs
2018 and thereafter	0.20%	2018 and thereafter	0.20%		

Off-Ramp: The Utilities Commission (Commission) may provide for a procedure to modify or delay compliance with the REPS provisions, if the Commission determines it is in the public interest to do so.

Cost Cap: Electric power suppliers are allowed to recover costs of compliance with the REPS requirements through an annual rider proceeding. The recovery of costs may not exceed an amount equal to the per-customer annual charges in the following schedule:

Customer Class	2008-2011	2012-2014	2015 and thereafter
Residential, per acct	$10	$12	$34
Commercial, per acct	$50	$150	
Industrial, per acct	$500	$1000	

PURPA and Qualifying Facilities

The Public Utilities Regulatory Policy Act of 1978 (PURPA) was enacted by Congress to reduce dependence on foreign oil and promote renewable energy. PURPA requires utilities to purchase energy generated by qualified facilities at a rate based on "avoided cost." The avoided cost is "the incremental costs to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source."

BILL ANALYSIS: Part II of the PCS to H332 does all of the following:

Updated REPS requirements: Section 2.1 amends the REPS requirements to create a permanent requirement of 6% of 2014 retail sales. In 2007, the General Assembly enacted a Renewable Energy Portfolio Standard (REPS) requirement for electric power suppliers. REPS require electric power suppliers to provide a designated amount or percentage of power from renewable energy resources as a portion of their overall provision of electricity. This section amends the REPS requirements to maintain the requirements at the current level, resulting in a permanent REPS requirement of 6% of 2014 retail sales for electric public utilities, electric membership corporations, and municipalities.

Amend Cost Caps for REPS Compliance: Section 2.2 amends the cost caps for REPS compliance. Electric public utilities are allowed to recover costs of compliance with the REPS requirements through an annual rider proceeding. The recovery of costs may not exceed the amount equal to the per-customer annual charges set in the statute. This part freezes the cost caps at the 2014 level. The 2014 cost caps are $12 for residential, $150 for commercial, and $1000 for industrial accounts per year. For 2015, the residential cost cap was scheduled to increase to $34. For 2015, the commercial and industrial cost caps are unchanged from 2014 levels.

Energy Efficiency for REPS Compliance: Section 2.3 increases the percentage that energy efficiency measures can be used to meet the REPS requirements to 50%. Under current law public utilities can meet up to 25% of the REPS requirements with energy efficiency measures through 2021, and up to 40% after 2021.

Cost Recovery and Hold Harmless: Section 2.3 provides the incremental costs incurred by an electric power supplier to comply with any provision modified or repealed by this act can be recovered as provided in the REPS statute.

Standard Contracts for Small Power Producers: Section 2.5 amends provisions related to qualifying facilities. **Effective for facilities that apply for a certificate to build on or after January 1, 2017,** provisions related to qualifying facilities are amended in the following ways:

- Conforms the definition of small power producer with the definition of renewable energy resources in the REPS requirements. Under current law, the definition of small power producer was limited to producers of electricity from hydroelectric sources.
- Provides the Commission may provide standard contracts for the purchase of power from small power producers, but utilities are only required to provide the standard contracts to the following facilities:
    - Swine and poultry waste facilities with a capacity of 5 MW or less.
    - Facilities that produce electricity from all other renewable energy resources with a capacity of 100 kw or less.
- Also provides that the standard contract for the purchase of power from small power producers that produce electricity from renewable resources other than swine and poultry waste shall not require payments for capacity in years the utility does not require the capacity.

Study of REPS requirements: Section 2.6. directs the Energy Policy Council to study reforms to the REPS requirements, issues related to grid security and stability related to dispatchable versus non-dispatchable power, and any other matters related to the energy needs of the State.

EFFECTIVE DATE: Unless otherwise provided, this act is effective when it becomes law.

HOUSE BILL 332
Committee Substitute Favorable 4/1/15
Committee Substitute #2 Favorable 4/16/15

Short Title: Natural Gas Econ. Dev. Infrastructure. (Public)

Sponsors:

Referred to:

March 24, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE RECOVERY OF CAPITAL-RELATED COSTS INCURRED BY A NATURAL GAS UTILITY FOR CONSTRUCTING NATURAL GAS INFRASTRUCTURE FOR A LARGE MANUFACTURING EMPLOYER.

The General Assembly of North Carolina enacts:

SECTION 1. Article 7 of Chapter 62 of the General Statutes is amended by adding a new section to read:

"**§ 62-133.13. Cost recovery for natural gas economic development infrastructure.**

(a) Purpose. – The purpose of this section is to prescribe a methodology for cost recovery by a natural gas local distribution company that constructs natural gas economic development infrastructure to serve a project the Department of Commerce determines is an eligible project under G.S. 143B-437.021. The Commission shall adopt rules to implement this section.

(b) Eligibility. – Cost recovery under this section is limited to natural gas economic development infrastructure the Commission determines satisfies all of the following conditions:

(1) The project will be located in an area where adequate natural gas infrastructure for the eligible project is not economically feasible.

(2) Either the developer, prospective customer, or the occupant of the eligible project provides, prior to initiation of construction of the natural gas economic development infrastructure, a binding commitment in the form of a commercial contract or other form acceptable to the Commission to the natural gas local distribution company regarding service needed for a period of at least 10 years from the date the gas is made available.

(3) The projected margin revenues not recoverable under G.S. 62-133.4 from the eligible project will not be sufficient to cover the cost of the natural gas infrastructure associated with the project.

(c) Economic Feasibility. – The Commission shall permit a natural gas local distribution company to recover reasonable and prudent natural gas economic development infrastructure costs only to the extent necessary to make the construction of the infrastructure economically feasible, as determined by the Commission. In determining economic feasibility, the Commission shall employ the net present value method of analysis. Only natural gas economic development infrastructure with a negative net present value shall be determined to be economically infeasible.

(d) Costs Recoverable. – Eligible economic development infrastructure development costs are the reasonable and prudent costs determined by the Commission to be both directly

related to the construction of natural gas infrastructure for an eligible project and economically infeasible. The costs may include any of the following:

(1) Planning costs.
(2) Development costs.
(3) Construction costs and an allowance for funds used during construction and a return on investment once the project is completed calculated using the pretax overall rate of return approved by the Commission in the company's most recent general rate case.
(4) A revenue retention factor.
(5) Depreciation.
(6) Property taxes.

(e) Rate Adjustment Surcharge Mechanism. – The Commission shall permit recovery of eligible economic development infrastructure costs in a rate adjustment surcharge mechanism. The mechanism shall allow for recovery on an annual or semiannual basis, as determined by the Commission, subject to audit and reconciliation procedures. Any rate adjustment surcharge mechanism adopted under this section shall terminate upon the earlier of the full recovery of the costs allowed under subsection (d) of this section or the natural gas local distribution company's next general rate case in which the eligible infrastructure development costs shall be included in the natural gas distribution company's rate base. Nothing in this section precludes the natural gas local distribution company from recovering eligible economic development infrastructure costs in a general rate case.

(f) Limitations. – A natural gas local distribution company shall not invest more than twenty-five million dollars ($25,000,000) of eligible infrastructure development costs in any year. The aggregate amount of eligible infrastructure development costs recovered under rate adjustment surcharge mechanisms for all natural gas local distribution companies in the State cannot exceed seventy-five million dollars ($75,000,000). Cumulative rate adjustments allowed under a rate adjustment surcharge mechanism approved by the Commission under this section shall not exceed five percent (5%) of the total annual service margin revenues not recoverable under G.S. 62-133.4 approved by the Commission in the natural gas local distribution company's last general rate case."

SECTION 2. Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-437.021. Natural gas economic development infrastructure.**

(a) Purpose and Definitions. – The purpose of this section is to provide eligibility criteria for projects that require natural gas service infrastructure. Costs of natural gas service infrastructure for projects the Department determines are eligible projects under this section may be recovered by natural gas local distribution companies with approval of the North Carolina Utilities Commission under G.S. 62-133.13. The definitions used in G.S. 143B-437.01 apply in this section. In addition, as used in this section, the term "Department" means the Department of Commerce.

(b) Eligibility. – An eligible project is an economic development project that the Department determines satisfies all of the following conditions:

(1) The eligible project will provide opportunities for natural gas usage, jobs, and other economic development benefits in addition to those provided by the project.
(2) The Department certifies that the business has invested or intends to invest at least two hundred million dollars ($200,000,000) of private funds in improvements to real property and additions to tangible personal property in the project.
(3) The business employs or intends to employ at least 1,500 full-time employees or equivalent full-time contract employees at the project at the

time the application is made and the business agrees to maintain at least 1,500 full-time employees or equivalent full-time contract employees at the project.

(c) Wage Standard. – A project may be considered an eligible project under this section only if the project is undertaken by a business that satisfies a wage standard at the project. A business satisfies the wage standard if it pays an average weekly wage that is at least equal to one hundred and ten percent (110%) of the average wage for all insured private employers in the county. The Department of Commerce shall annually publish the wage standard for each county. In making the wage calculation, the business shall include any jobs that were filled for at least 1,600 hours during the calendar year, regardless of whether the jobs are full-time positions or equivalent full-time contract positions. Each year that a rate adjustment surcharge mechanism under G.S. 62-133.13 is in effect, the business shall provide the Department a certification that the business continues to satisfy the wage standard.

(d) Health Insurance. – A project may be considered an eligible project under this section only if the project is undertaken by a business that makes available health insurance for all of the full-time employees and equivalent full-time contract employees of the project with respect to which the application is made. For the purposes of this subsection, a business makes available health insurance if it pays at least fifty percent (50%) of the premiums for health care coverage.

Each year that a rate adjustment surcharge mechanism under G.S. 62-133.13 is in effect, the business shall provide the Department a certification that the business continues to make available health insurance for all full-time employees of the project governed by the agreement.

(e) Safety and Health Programs. – A project may be considered an eligible project under this section only if the project is undertaken by a business that has no citations under the Occupational Safety and Health Act that have become a final order within the last three years for willful serious violations or for failing to abate serious violations with respect to the location for which the eligible project is located. For the purposes of this subsection, "serious violation" has the same meaning as in G.S. 95-127.

(f) Environmental Impact. – A project may be considered an eligible project under this section only if the project is undertaken by a business that certifies that, at the time of the application, the business satisfies the environmental impact standard under G.S. 105-129.83."

SECTION 3. This act is effective when it becomes law and expires July 1, 2020. The expiration does not affect the validity of any rate adjustment surcharge mechanism imposed or authorized under the provisions of this act prior to the effective date of the expiration.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H D

HOUSE BILL 909
Committee Substitute Favorable 4/29/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H909-CSTQ-14 [v.16]
5/18/2015 8:14:25 PM

Short Title: ABC Omnibus Legislation. (Public)

Sponsors:

Referred to:

April 20, 2015

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE CONTROL COMMISSION LAWS.

The General Assembly of North Carolina enacts:

AUTHORIZE AND REGULATE THE SALE OF ANTIQUE SPIRITUOUS LIQUOR

SECTION 1.(a) G.S. 18B-101 reads as rewritten:

"**§ 18B-101. Definitions.**

As used in this Chapter, unless the context requires otherwise:

...

(5) "ALE Branch" means the Alcohol Law Enforcement Branch of the Department of Public Safety.

(5a) "Antique spirituous liquor" means spirituous liquor that has not been in production or bottled in the last 20 years, is in the original manufacturer's unopened container, is not owned by a distillery, and is not otherwise available for purchase by an ABC Board except through the special order process pursuant to G.S. 18B-1001(20).

(5b) "Antique spirituous liquor seller" means a person who sells antique spirituous liquor to an ABC Board.

(5c) "Bailment surcharge" means the charge imposed on each case of liquor shipped from a Commission warehouse as provided in G.S. 18B-208. This bailment surcharge is in addition to the bailment charge imposed by G.S. 18B-804(b)(2).

...."

SECTION 1.(b) G.S. 18B-1001 is amended by adding a new subsection to read:

"(20) Antique spirituous liquor permit. – A permit under this subdivision may be issued to a holder of a mixed beverages permit issued under subdivision (10) of this subsection. Notwithstanding any law to the contrary, the permit holder may sell at retail antique spirituous liquor for use in mixed beverages for consumption on premises. The acquisition of antique spirituous liquor on or after September 1, 2015, shall be in accordance with the process established by rule of the Commission for special orders of spirituous liquor that is not on the list approved by the Commission."

SECTION 1.(c) G.S. 18B-902(d) is amended by adding a new subdivision to read:

"(43) Antique spirituous liquor permit – $100.00."

SECTION 1.(d) G.S. 18B-1001(10) reads as rewritten:

"(10) Mixed Beverages Permit. – A mixed beverages permit authorizes the retail sale of mixed beverages for consumption on the premises. The permit also authorizes a mixed beverages permittee (i) to obtain a purchase-transportation permit under G.S. 18B-403 and 18B-404, (ii) to obtain an antique spirituous liquor permit under subdivision (20) of this section, and (iii) to use for culinary purposes spirituous liquor lawfully purchased for use in mixed beverages. The permit may be issued for any of the following:

a. Restaurants;
b. Hotels;
c. Private clubs;
d. Convention centers;
e. Community theatres;
f. Nonprofit organizations; and
g. Political organizations."

SECTION 1.(e) G.S. 18B-804 reads as rewritten:

"**§ 18B-804. Alcoholic beverage pricing.**

(a) Uniform Price of Spirituous Liquor. – The retail price of spirituous liquor sold in ABC stores shall be uniform throughout the State, unless otherwise provided by the ABC law.

(b) Sale Price of Spirituous Liquor. – The sale of spirituous ~~liquor~~liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:

(1) The distiller's or the antique spirituous liquor seller's price.
(2) The freight and bailment charges of the State warehouse as determined by the Commission.
(3) A markup for local boards as determined by the Commission.
(4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).
(5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).
(6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
(6a) The bailment surcharge.
(6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
(7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.
(8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.
(9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.

...."

SECTION 1.(f) G.S. 105-113.80(c) reads as rewritten:

"(c) Liquor. – An excise tax of thirty percent (30%) is levied on spirituous liquor and antique spirituous liquor sold in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's or the antique spirituous liquor seller's price plus

(i) the State ABC warehouse freight and bailment ~~charges.~~charges and (ii) a markup for local ABC boards."

SECTION 1.(g) No later than September 1, 2015, the ABC Commission shall establish and adopt temporary rules to implement the provisions of this act.

SECTION 1.(h) Subsections (a) through (f) of this section become effective upon adoption of rules pursuant to subsection (g) of this section. The remainder of this section is effective when it becomes law.

PROHIBIT THE SALE, POSSESSION, OR CONSUMPTION OF POWDERED ALCOHOL AND CLARIFY THAT THE ADMINISTRATIVE PROCEDURE ACT APPLIES TO CERTAIN ACTIONS TAKEN BY THE ABC COMMISSION.

SECTION 2.(a) G.S. 18B-101 reads as rewritten:

"**§ 18B-101. Definitions.**

As used in this Chapter, unless the context requires otherwise:

...

(12a) "Premises" means all areas, whether inside or outside the licensed premises, where the permittee has control of the property through a lease, deed, or other legal process.

(12b) "Powdered alcohol" means any powder or crystalline substance capable of being converted into a liquid alcoholic beverage fit for human consumption.

(13) "Sale" means any transfer, trade, exchange, or barter, in any manner or by any means, for consideration.

...."

SECTION 2.(b) G.S. 18B-102 is amended by adding a new subsection to read:

"(a1) Powdered Alcohol Prohibition. – It shall be unlawful for any person to manufacture, sell, transport, import, deliver, furnish, purchase, consume, or possess powdered alcohol."

AUTHORIZE THE EASTERN BAND OF CHEROKEE INDIANS TRIBAL ALCOHOLIC BEVERAGE CONTROL COMMISSION TO ISSUE WINE SHIPPER PERMITS AND COMMERCIAL ABC PERMITS AND CLARIFY THAT THE EASTERN BAND OF CHEROKEE INDIANS TRIBAL ALCOHOLIC BEVERAGE CONTROL COMMISSION MAINTAINS EXCLUSIVE AUTHORITY TO ISSUE CERTAIN PERMITS.

SECTION 3.(a) G.S. 18B-112 reads as rewritten:

"**§ 18B-112. Tribal alcoholic beverage control.**

...

(b) Compliance Required. – The Eastern Band of Cherokee Indians shall comply with the following provisions of this Chapter to the extent they apply to or can be made applicable to the tribe:

(1) The following provisions of Article 1. – General Provisions.

a. G.S. 18B-101(4), (7), (7c), (9), (10), (11), (12), (12a), (13), (14)(14a), (14b), and (15).

b. G.S. 18B-102.1.

c. G.S. 18B-104.

d. G.S. 18B-105, except that this section shall not apply to any establishment where gaming is permitted under a State compact and pursuant to federal law.

e. G.S. 18B-109(b).

f. G.S. 18B-110.

g. G.S. 18B-111.

h. G.S. 18B-112.

(2) Article 1A. – Compensation for Injury Caused by Sales to Underage Persons, to the extent it applies to retail establishments or the tribal alcoholic beverage control commission if it operates ABC stores, or any other permitted establishment, at retail pursuant to the provisions of this section.
(3) Article 3. – Sale, Possession, and Consumption, except for G.S. 18B-308 and G.S. 18B-309.
(4) Article 4. – Transportation.
(5) Article 5. – Enforcement, except for G.S. 18B-500 and G.S. 18B-501.
(6) Article 6. – Elections, compliance with only G.S. 18B-603(f) and (g) are required.
(7) Article 9. – Issuance of Permits, except for G.S. 18B-902(g) and (h) and G.S. 18B-906.
~~(7)~~(8) Article 10. – Retail ~~Activity, except for G.S. 18B-1001.1, 18B-1001.2, and 18B-1001.3.~~Activity.
(9) Article 11. – Commercial Activity, as clarified by the following:
a. The tribal alcoholic beverage control commission may issue commercial activity permits to any qualifying applicant that establishes a commercial business wholly on Indian Country lands and shall have sole enforcement authority over any permittee receiving a permit from the tribal alcoholic beverage control commission only to the extent the regulated conduct occurs on Indian Country lands.
b. The Eastern Band of Cherokee Indians shall recognize any permit issued by the North Carolina Alcoholic Beverage Control Commission allowing commercial activity in the same manner as if such permit was issued by the tribal alcoholic beverage control commission. The North Carolina Alcoholic Beverage Control Commission shall recognize any commercial activity permit issued by the tribal alcoholic beverage commission in the same manner as if the permit were issued by the North Carolina Alcoholic Beverage Control Commission.
c. The North Carolina Alcoholic Beverage Control Commission shall retain exclusive enforcement authority over all permits it issues to commercial activity permittees for violations of its rules or this Chapter.

Any provision of Articles 12 and 13 of this Chapter which has not been made applicable to the Eastern Band of Cherokee Indians by this section shall act as a bar to engaging in any activity authorized by that Article or section.

...

(d) Establishment of a Tribal Commission. – In accordance with the provisions of 18 U.S.C. § 1161, the Eastern Band of Cherokee Indians is authorized to establish a tribal alcoholic beverage control commission to regulate the purchase, possession, consumption, sale, and delivery of alcoholic beverages ~~at retail~~ on any land designated as Indian Country pursuant to 18 U.S.C. § 1151 under the jurisdiction of the Eastern Band of Cherokee Indians. The tribal commission shall have exclusive authority to issue ~~retail~~ABC permits to retail and commercial establishments located wholly on Indian Country lands under the jurisdiction of the Eastern Band of Cherokee Indians and to regulate the purchase, possession, consumption, sale, and delivery of alcoholic beverages at ~~retail~~permitted outlets and premises. Permits issued by the tribal commission pursuant to this section shall be deemed issued by the State for the purposes of sales and delivery of beer and wine by wholesalers to the retail outlets located on Indian Country lands. The fees generated by the tribal alcoholic beverage control commission for the

issuance of retail permits may be retained by the Eastern Band of Cherokee Indians to offset costs of operating the tribal alcoholic beverage control commission.

...."

SECTION 3.(b) G.S. 18B-101(14a) reads as rewritten:

"(14a) "Tourism ABC establishment" means a restaurant or hotel that meets both of the following requirements:

a. Is located on property, a property line of which is located within 1.5 miles of the end of an entrance or exit ramp of a junction on a national scenic parkway designed to attract local, State, national, and international tourists between the State line and Milepost ~~460.~~469, provided that the Eastern Band of Cherokee Indians tribal alcoholic beverage control commission established under G.S. 18B-112 shall have exclusive authority to issue permits pursuant to this subdivision between Milepost 460 and the southern terminus of the national scenic byway at Milepost 469 for any restaurant or hotel that is located wholly on Indian Country lands.

b. Is located in a county in which the on-premises or off-premises sale of malt beverages or unfortified wine is authorized in at least one city."

ALLOW SPIRITUOUS LIQUOR TASTINGS AT ABC STORES.

SECTION 4.(a) Article 8 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"**§ 18B-800.1. Spirituous liquor tastings at ABC stores.**

(a) Definition. – For purposes of this section, the term "permit holder" means the holder of a distillery permit issued under G.S. 18B-1105, a distiller broker representative permit, or a distiller representative permit.

(b) Authorization. – A local board may allow a permit holder to conduct a consumer tasting event at any ABC store within the local board's system subject to the following conditions:

(1) The permit holder shall conduct the consumer tasting event and shall be solely responsible for any violations of this Chapter occurring in connection with the consumer tasting event.

(2) The spirituous liquor shall be poured only by either (i) an employee of the permit holder conducting the consumer tasting event who is at least 21 years of age or (ii) the permit holder conducting the consumer tasting event.

(3) Each consumer shall be limited to one one-quarter ounce tasting sample of any product made available for sampling at the consumer tasting event, and the total amount of the tasting samples offered to and consumed by each consumer shall not exceed one-half ounce of spirituous liquor in any calendar day.

(4) The permit holder shall not offer, or allow consumption of, tasting samples by any consumer who is visibly intoxicated.

(5) The permit holder shall not offer, or allow consumption of, tasting samples by any consumer under the legal age for consuming spirituous liquor. The person pouring the spirituous liquor shall be responsible for verifying the age of the consumer being served by checking the identification of the consumer.

(6) The permit holder shall not charge a consumer for any tasting sample.

(7) The spirituous liquor used in the consumer tasting event shall be purchased by the permit holder at the price set by the Commission from any ABC store.

The permit holder shall remove any remaining spirituous liquor used in the consumer tasting event at the conclusion of the consumer tasting event.

(8) A local board shall allow consumer tasting events to be conducted only between the hours of 1:00 p.m. and 7:00 p.m. on any day the ABC store where the consumer tasting event is being held is authorized by law to sell spirituous liquor, and no consumer tasting event shall be conducted for more than three hours.

(9) The local board shall not allow more than three consumer tasting events per calendar week, and the local board shall not allow more than two different permit holders to conduct a consumer tasting event at one time.

(10) The local board shall designate a tasting area within the ABC store that enables the permit holder to ensure that the consumer tasting event is being conducted in compliance with this section. Consumers shall only be allowed to consume tasting samples within the designated tasting area. The local board shall maintain a floor plan at each ABC store within its system that identifies the designated tasting area.

(11) A consumer tasting event shall not be allowed unless the local board is located in a municipality that has approved the sale of mixed beverages.

(12) The permit holder conducting the event may provide point-of-sale advertising materials and advertising specialties to consumers at the consumer tasting event.

(13) The local board may post notice of the consumer tasting event at the local board's administrative offices and at any of the ABC stores within the local board's system, and the local board may provide notice of the consumer tasting event to any mixed beverage permittee that purchases spirituous liquor from an ABC store within the local board's system.

(14) The permit holder shall provide written notice of the consumer tasting event to the ABC Commission at least 48 hours before the consumer tasting event. The notice shall include the date of the consumer tasting event, the time of the consumer tasting event, the ABC store at which the consumer tasting event will be held, and the spirituous liquor that will be provided for tasting at the consumer tasting event.

(15) The permit holder shall maintain for a period of at least one year a record of each consumer tasting event conducted. The record shall include the date of the consumer tasting event, the time of the consumer tasting event, an identification of the ABC store at which the consumer tasting event was held, an identification of the spirituous liquor that was provided for tasting at the consumer tasting event, and the name of any person who poured spirituous liquor at the consumer tasting event. The permit holder shall allow the ABC Commission to inspect those records at any time.

(16) Any additional conditions imposed by the local board. Any additional conditions shall be in writing, and the local board shall post notice of the additional conditions at the local board's administrative offices and at all of the ABC stores within the local board's system.

(c) Consideration Prohibited. – Except as otherwise provided under this section, a permit holder conducting a consumer tasting event under this section shall not provide any consideration to the local board, its board members, or its employees for any purpose related to the consumer tasting event. A consumer tasting event shall not be used by permit holders for unlawful inducements to a local board."

SECTION 4.(b) G.S. 18B-301 reads as rewritten:

"**§ 18B-301. Possession and consumption of fortified wine and spirituous liquor.**

...

(e) Incident to Sale. – It shall be lawful to possess fortified wine and spirituous liquor at any place, such as an ABC store, where possession is a necessary incident to lawful sale. Consumption at such a place shall be unlawful unless the establishment has a permit authorizing consumption on the premises as well as ~~sale.~~sale or a consumer tasting event authorized by G.S. 18B-800.1 is being conducted at the ABC store.

(f) Unlawful Possession or Use. – As illustration, but not limitation, of the general prohibition stated in G.S. 18B-102(a), it shall be unlawful for:

(1) Any person to consume fortified wine, spirituous liquor, or mixed beverages or to offer such beverages to another ~~person:~~person at any of the following places:

a. On the premises of an ABC ~~store, or~~store, unless a consumer tasting event authorized by G.S. 18B-800.1 is being conducted at the ABC store.

b. Upon any property used or occupied by a local ~~board, or~~board.

c. On any public road, street, highway, or sidewalk.

...."

SECTION 4.(c) G.S. 18B-1105(a) reads as rewritten:

"(a) Authorized Acts. – The holder of a distillery permit ~~may:~~may do any of the following:

(1) Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous ~~liquor;~~liquor.

(2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the State, and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or ~~nations;~~nations.

(3) Transport into or out of the distillery the maximum amount of liquor allowed under federal law, if the transportation is related to the distilling process.

(4) Conduct consumer tasting events at ABC stores in accordance with G.S. 18B-800.1."

ALLOW DISTILLERY PERMIT HOLDERS TO SELL SPIRITUOUS LIQUOR DISTILLED ON PREMISES TO VISITORS OF THE DISTILLERY FOR CONSUMPTION OFF THE PREMISES

SECTION 5.(a) G.S. 18B-1105(a) reads as rewritten:

"(a) Authorized Acts. – The holder of a distillery permit ~~may:~~may do any of the following:

(1) Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous ~~liquor;~~liquor.

(2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the State, and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or ~~nations;~~nations.

(3) Transport into or out of the distillery the maximum amount of liquor allowed under federal law, if the transportation is related to the distilling process.

(5) Sell spirituous liquor distilled at the distillery in closed containers to visitors who tour the distillery for consumption off the premises if the distillery manufactures less than 100,000 proof gallons per year. Sales under this subdivision are allowed only in an area where the establishment of an ABC store has been approved pursuant to G.S. 18B-602(g) and are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor sold under this

subdivision must (i) be sold at the price set by the Commission for the corresponding North Carolina code item, including all applicable excise taxes, bottle charges, and sales taxes; and (ii) have affixed to its bottle a sticker that bears the words "North Carolina Distillery Tour Commemorative Spirit" in addition to any other labeling requirements set by law. Consumers purchasing spirituous liquor under this subdivision are limited to purchasing, per calendar year, no more than one of any North Carolina code item listed for sale in the State. The distillery shall use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the purchaser's name, drivers license number, and date of birth for at least one year from the date of purchase. The distillery shall not sell any North Carolina code item to a customer who has purchased the item in the last year. The distillery permittee shall remit all excise taxes, bottle charges, and sales taxes derived from sales under this subdivision to the Department of Revenue in accordance with Article 2C of Chapter 105 of the General Statutes. The Commission shall adopt rules regulating the retail sale of spirituous liquor under this subdivision."

SECTION 5.(b) G.S. 105-113.68 is amended by adding a new subdivision to read:

"(4a) Distillery permittee. – A distillery that holds a distillery permit issued by the ABC Commission under G.S. 18B-1105."

SECTION 5.(c) G.S. 105-113.80(c) reads as rewritten:

"(c) Liquor. – An excise tax of thirty percent (30%) is levied on liquor sold in ABC ~~stores.~~ and in permitted distilleries. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's price plus (i) the State ABC warehouse freight and bailment charges, and (ii) a markup for local ABC boards."

SECTION 5.(d) G.S. 105-113.81(e) reads as rewritten:

"(e) Tasting. – Resident ~~breweries and wineries~~ breweries, wineries, and distilleries are not required to remit excise taxes on malt ~~beverages and wine~~ beverages, wine, or spirituous liquor given free of charge to customers, visitors, and employees on the manufacturer's licensed premises for consumption on those premises."

SECTION 5.(e) G.S. 105-113.83(a) reads as rewritten:

"(a) Liquor. – The excise tax on liquor levied under G.S. 105-113.80(c) is payable monthly by the local ABC board and by a distillery permittee to the Secretary. The tax shall be paid on or before the 15th day of the month following the month in which the tax was collected."

ALLOW CERTAIN ABC PERMITTEES TO SELL CIDER IN CERTAIN CONTAINERS FOR CONSUMPTION OFF THE PERMITTED PREMISES AND MAKE TECHNICAL CHANGES TO THE SALE OF MALT BEVERAGES IN GROWLERS

SECTION 6.(a) G.S. 18B-1001 reads as rewritten:

"**§ 18B-1001. Kinds of ABC permits; places eligible.**

When the issuance of the permit is lawful in the jurisdiction in which the premises are located, the Commission may issue the following kinds of permits:

(1) On-Premises Malt Beverage Permit. – An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a cleaned, sanitized, resealable container ~~as defined in 4 NCAC 2T.0308(a)~~ that is filled or refilled and sealed for consumption off the ~~premises, complies with 4 NCAC 2T.0303, 4 NCAC 2T.0305, and 4 NCAC~~

~~2T.0308(d) (e),~~ premises and ~~the container~~ that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:

a. Restaurants;
b. Hotels;
c. Eating establishments;
d. Food businesses;
e. Retail businesses;
f. Private clubs;
g. Convention centers;
h. Community theatres;
i. Breweries as authorized by G.S. 18B-1104(7) and (8).

(2) Off-Premises Malt Beverage Permit. – An off-premises malt beverage permit authorizes (i) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages in a cleaned, sanitized, resealable container ~~as defined in 4 NCAC 2T.0308(a)~~ that is filled or refilled and sealed for consumption off the ~~premises, complies with 4 NCAC 2T.0303, 4 NCAC 2T.0305, and 4 NCAC 2T.0308(d) (e),~~premises and ~~the container~~that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:

a. Restaurants.
b. Hotels.
c. Eating establishments.
d. Food businesses.
e. Retail businesses.
f. The holder of a brewing, distillation, and fermentation course authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages manufactured during its brewing, distillation, and fermentation program at one noncampus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee.

(3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, ~~and~~ (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the ~~premises.~~premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another on-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by on-premises unfortified wine permittees, purchases of wine by a retail permittee from

another retail permittee for the purpose of resale, and sale of wine by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of wine may be transferred only if both the transferor and transferee are located within the territory designated between the winery and the wholesaler on file with the Commission. Prior to or contemporaneous with any such transfer, the transferor shall notify each wholesaler who distributes the transferred product of the transfer. The notice shall be in writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items transferred. The holder of the permit is authorized to ship unfortified wine in closed containers to individual purchasers inside and outside the State. Orders received by a winery by telephone, Internet, mail, facsimile, or other off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision. The permit may be issued for any of the following:

a. Restaurants;
b. Hotels;
c. Eating establishments;
d. Private clubs;
e. Convention centers;
f. Cooking schools;
g. Community theatres;
h. Wineries;
i. Wine producers.

(4) Off-Premises Unfortified Wine Permit. – An off-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine in the manufacturer's original container for consumption off the ~~premises and~~ premises, (ii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) ~~it authorizes~~ the holder of the permit to ship unfortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another off-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-premises unfortified wine permittees, purchases of wine by a retail permittee from another retail permittee for the purpose of resale, and sale of wine by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of wine may be transferred only if both the transferor and transferee are located within the territory designated between the winery and the wholesaler on file with the Commission. Prior to or contemporaneous with any such transfer, the transferor shall notify each wholesaler who distributes the transferred product of the transfer. The notice shall be in writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items transferred. The permit may also be issued to the holder of a viticulture/enology course authorization under G.S. 18B-1114.4. A school obtaining a permit under this subdivision is authorized to sell wines

manufactured during its viticulture/enology program at one non-campus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee. The permit may also be issued for a winery or a wine producer for sale of its own unfortified wine during hours when the winery or wine producer's premises is open to the public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d) concerning hours for the retail sale of unfortified wine. A winery obtaining a permit under this subdivision is authorized to sell wine manufactured by the winery at one additional location in the county under the same conditions specified in G.S. 18B-1101(5) for the sale of wine at the winery; provided, however, that no other alcohol sales shall be authorized at the additional location. Orders received by a winery by telephone, Internet, mail, facsimile, or other off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision.

...

(16) Wine Shop Permit. – A wine shop permit authorizes (i) the retail sale of malt beverages, unfortified wine, and fortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages or unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas in a cleaned, sanitized, resealable container ~~as defined in 4 NCAC 2T.0308(a)~~ that is filled or refilled and sealed for consumption off the ~~premises, complies with 4 NCAC 2T.0303, 4 NCAC 2T.0305, and 4 NCAC 2T.0308(d) (e);~~premises and ~~the container~~ that identifies the permittee and the date the container was filled or refilled, and (iii) wine tastings on the premises conducted and supervised by the permittee in accordance with subdivision (15) of this section. It also authorizes the holder of the permit to ship malt beverages, unfortified wine, and fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses whose primary purpose is selling malt beverages and wine for consumption off the premises and regularly and customarily educating consumers through tastings, classes, and seminars about the selection, serving, and storing of wine. The holder of the permit is authorized to sell unfortified wine for consumption on the premises, provided that the sale of wine for consumption on the premises does not exceed forty percent (40%) of the establishment's total sales for any 30-day period. The holder of a wine-tasting permit not engaged in the preparation or sale of food on the premises is not subject to Part 6 of Article 8 of Chapter 130A of the General Statutes.

...."

SECTION 6.(b) The North Carolina Alcoholic Beverage Control Commission rules regulating the retail sale of malt beverages in growlers shall apply to the retail sale of unfortified wine in growlers until such time as the Commission shall adopt administrative rules implementing this act.

ALLOW ALTERNATING PROPRIETORSHIPS FOR BREWERIES

SECTION 7. G.S. 18B-903 is amended by adding a new subsection to read:

"(c1) Construction of Change in Ownership. - Nothing in subsection (c) of this section shall be construed to limit alternating brewery proprietorships in which the holder of a brewery permit leases or otherwise makes available its facility to another holder of a brewery permit. In this arrangement, the tenant

brewery shall maintain title to the malt beverages at all stages of the brewing process and shall be responsible for all aspects associated with manufacturing the product, including maintaining appropriate records, obtaining label approval in its own name, and remitting the appropriate taxes. Alternating brewery proprietorships are authorized so long as there is no common ownership or other affiliation between the two breweries except for the alternating brewery proprietorship arrangement, and the Commission shall have no authority to grant an exemption to this requirement pursuant to G.S. 18B-1116(b)."

AUTHORIZE THE ABC COMMISSION TO ISSUE GUEST ROOM CABINET PERMITS TO CERTAIN 18-HOLE GOLF COURSES

SECTION 8. G.S. 18B-1001(13) reads as rewritten:

"(13) Guest Room Cabinet Permit. – A guest room cabinet permit authorizes a ~~hotel having a mixed beverages permit or a private club having a mixed beverages permit and management contracts for the rental of living units~~guest room cabinet permittee to sell to its room guests, from securely locked cabinets, malt beverages, unfortified wine, fortified wine, and spirituous liquor. A permittee shall designate and maintain at least ten percent (10%) of the permittee's guest rooms as rooms that do not have a guest room cabinet. A permittee may dispense alcoholic beverages from a guest room cabinet only in accordance with written policies and procedures filed with and approved by the Commission. A permittee shall provide a reasonable number of vending machines, coolers, or similar machines on premises for the sale of soft drinks to hotel guests.

A guest room cabinet permit may be issued ~~for~~to any of the following:

a. A hotel (i) holding a mixed beverages permit and (ii) located in a county subject to G.S. 18B-600(f).

b. A hotel (i) holding a mixed beverages permit and (ii) located in a county that has a population in excess of 150,000 by the last federal census.

c. A ~~qualifying~~ private club (i) holding a mixed beverages permit, (ii) having management contracts for the rental of living units, and (iii) located in a county defined in G.S. 18B-101(13a)b.2.

d. An 18-hole golf course (i) holding a mixed beverages permit or located in a county where ABC stores have heretofore been established but in which the sale of mixed beverages has not been approved, (ii) having management contracts for the rental of living units, and (iii) located in a county that has a population in excess of 20,000 people by the last federal census."

EFFECTIVE DATE

SECTION 9. Except as otherwise provided, this act is effective when it becomes law.

HOUSE BILL 909:
ABC Omnibus Legislation

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	May 19, 2015
Introduced by:	Reps. Hager, J. Bell	**Prepared by:**	Chris Saunders Staff Attorney
Analysis of:	PCS to Second Edition H909-CSTQ-14 [v.16]		

SUMMARY: The Proposed Committee Substitute (PCS) for House Bill 909 would make various changes to the Alcoholic Beverage Control (ABC) Commission laws.

CURRENT LAW AND BILL ANALYSIS:

Section 1.(a) would define "antique spirituous liquor" as spirituous liquor that has not been in production or bottled in the last 20 years, is in the original manufacturer's unopened container, is not owned by a distillery, and is not otherwise available for purchase by an ABC Board except through the special order process pursuant to G.S. 18B-1001(20).

Sections 1.(b), 1.(c), and 1.(d) would create an antique spirituous liquor permit, with a $100 fee, which could be issued to a mixed beverage permittee and would authorize the sale of antique spirituous liquors at retail for use in mixed beverages for consumption on premises. Permittees would be authorized to purchase antique spirituous liquor through the ABC Commission special order process.

Sections 1.(e) and 1(.(f) would amend the alcoholic beverage pricing statute and the alcohol taxing statute to include language for pricing and taxing antique spirituous liquor.

Section 1.(g) would direct the ABC Commission to adopt temporary rules to implement the provisions of this act by September 1, 2015.

Section 2.(a) would amend G.S. 18B-101 to define "powdered alcohol" as any powder or crystalline substance capable of being converted into a liquid alcoholic beverage fit for human consumption.

Section 2.(b) would amend G.S. 18B-102 to make it unlawful for any person to manufacture, sell, transport, import, deliver, furnish, purchase, consume, or possess powdered alcohol.

Section 3.(a) would authorize the Eastern Band of Cherokee Indians tribal alcoholic beverage control commission to issue: (i) permits in compliance with G.S. 18B-603(f), (ii) wine shipper permits, and (iii) commercial activity permits for commercial businesses that are located wholly on Indian Country lands. This section would also grant them sole enforcement authority for those permittees to the extent the regulated conduct occurs on Indian Country lands. Both the Eastern Band of Cherokee Indians and the North Carolina Alcoholic Beverage Control Commission would be required to equally recognize any permit issued by the other entity.

Section 3.(b) would authorize the issuance of "Tourism ABC Establishment" permits for restaurants and hotels that meet that definition between Mileposts 460 and 469 of the Blue Ridge Parkway. The Eastern Band of Cherokee Indians tribal alcoholic beverage commission would be given exclusive authority to

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

issue "Tourism ABC Establishment" permits to those restaurants and hotels that are located wholly on Indian Country lands.

Section 4.(a) would allow a local ABC board to authorize the holder of a distillery permit, a distiller broker representative permit, or a distiller representative permit to conduct a consumer tasting event at any ABC store within the local board's system, subject to sixteen conditions, including the following:

- The permit holder must conduct the consumer tasting event and to be solely responsible for any violations of the ABC laws that occur in connection with the tasting event.
- Servers of spirituous liquors must be at least 21 years of age.
- Each consumer may sample no more than one one-quarter ounce tasting sample of any product available for sampling at the tasting event, and the total amount of tasting samples offered to and consumed by each consumer must not exceed one-half ounce in a calendar day.
- Tasting samples may not be offered to visibly intoxicated consumers.
- Tasting samples may not be served to any person under the legal age for consuming spirituous liquor.
- The permit holder may not charge a consumer for any tasting sample.

This section would also prohibit a permit holder from providing any consideration to the local ABC board or its members or employees for any purpose related to the consumer tasting event.

Sections 4.(b) and 4.(c) would make conforming changes.

Section 5.(a) would allow the holder of a distillery permit to sell, in closed containers, liquor that is manufactured at the distillery to visitors who tour the premises for off-premises consumption. The authorization applies only to distilleries that manufacture less than 100,000 proof gallons per year.

The sales would be allowed only in an area where the establishment of an ABC store has been approved and subject to the time and day restrictions in statute.

The liquor must be sold at the price set by the Commission, including all applicable taxes and bottle charges. The distillery permittee must remit all taxes and bottle charges to the Department of Revenue. There must also be a sticker affixed to the bottle bearing the words "North Carolina Distillery Tour Commemorative Spirit."

Consumers would be limited to purchasing no more than one of any North Carolina code item per calendar year. A distillery would be required to use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the purchaser's name, drivers license number, and date of birth for at least one year from the date of purchase. The distillery would not be permitted sell any North Carolina code item to a customer who has purchased the code item in the last year. The Commission would adopt rules to regulate sales made under this section.

Sections 5.(b) through 5.(f) would make a technical change and conforming changes in the excise tax statutes to acknowledge the addition of distillery permittees as collectors of the tax.

Section 6.(a) would amend G.S. 18B-1001 by removing incorrect citations to rules regulating the filling of a growler with malt beverages,[1] and would allow the holders of both off-premises and on-premises

[1] The current citations are to rules found in Chapter 2 (ABC Commission) of NCAC Title 4 (Department of Commerce). The ABC Commission has been moved from Commerce to the Department of Public Safety, but the North Carolina

unfortified wine permits to sell unfortified wine[2] for off-premises consumption if dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable container that is filled or refilled and sealed for consumption off-premises and that identifies the permittee and the date the container was filled or refilled. Cider is classified as an unfortified wine and may be sold by retailers holding unfortified wine permits issued by the ABC Commission. Under current law, permittees may sell unfortified wine in the manufacturer's original container for consumption off-premises.

Section 6.(b) would apply the ABC Commission's existing rules governing the retail sale of malt beverages in growlers to the retail sale of unfortified wine in growlers until the Commission adopts rules implementing this act.

Section 7 would provide that a brewery that enters into an "alternating proprietorship" agreement with another brewery has not changed ownership and does not lose its ABC permits.

An alternating proprietorship is an arrangement in which two or more people take turns using the physical premises of a brewery. Generally, the proprietor of an existing brewery, the "host brewery," agrees to rent space and equipment to a new "tenant brewer." The tenant qualifies as a brewer by filing the appropriate documents with TTB. The tenant brewer produces beer, maintains its own brewery records, labels the beer with its own name and address, obtains the necessary Certificates of Label Approval, and pays tax at the appropriate rate upon removal of its beer from the brewery. The tenant brewer has title to the beer at all stages of the brewing process.

Section 8 would allow the ABC Commission to issue a guest room cabinet permit to an 18-hole golf course that (i) holds a mixed beverages permit or that is located in a county where ABC stores have heretofore been established but in which the sale of mixed beverages has not been approved, (ii) has management contracts for the rental of living units, and (iii) is located in a county with a population over 20,000 people by the last federal census.

A guest room cabinet permit allows a permittee to sell malt beverages, unfortified wine, fortified wine, and spirituous liquor to its room guests from securely locked cabinets. Under current law, guest room cabinet permits may be issued to hotels in certain counties[3] that have a mixed beverages permit, or private clubs in certain counties that have a mixed beverages permit and management contracts for the rental of living units.

EFFECTIVE DATE: Except as otherwise provided, this act is effective when it becomes law.

Susan Sitze, counsel to House Alcoholic Beverages Control, substantially contributed to this summary.

Administrative Code does not yet reflect the transfer of the ABC Commission rules to NCAC Title 14B (Department of Public Safety).

[2] Unfortified wine is "any wine of sixteen percent (16%) or less alcohol by volume made by fermentation from grapes, fruits, berries, rice, or honey; or by the addition of pure cane, beet, or dextrose sugar; or by the addition of pure brandy from the same type of grape, fruit, berry, rice, or honey that is contained in the base wine and produced in accordance with the regulations of the United States." G.S. 18B-101(18).

[3] Guest room cabinet permits have been issued in Buncombe, Durham, Forsyth, Guilford, Mecklenburg, Moore, and Wake Counties.

HOUSE BILL 909
Committee Substitute Favorable 4/29/15

Short Title: Sale of Antique Spirituous Liquor. (Public)

Sponsors:

Referred to:

April 20, 2015

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE AND REGULATE THE SALE OF ANTIQUE SPIRITUOUS LIQUOR.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 18B-101 reads as rewritten:

"**§ 18B-101. Definitions.**

As used in this Chapter, unless the context requires otherwise:

...

(5) "ALE Branch" means the Alcohol Law Enforcement Branch of the Department of Public Safety.

(5a) "Antique spirituous liquor" means spirituous liquor that has not been in production or bottled in the last 20 years, is in the original manufacturer's unopened container, is not owned by a distillery, and is not otherwise available for purchase by an ABC Board except through the special order process pursuant to G.S. 18B-1001(20).

(5b) "Antique spirituous liquor seller" means a person who sells antique spirituous liquor to an ABC Board.

(5c) "Bailment surcharge" means the charge imposed on each case of liquor shipped from a Commission warehouse as provided in G.S. 18B-208. This bailment surcharge is in addition to the bailment charge imposed by G.S. 18B-804(b)(2).

...."

SECTION 2. G.S. 18B-1001 is amended by adding a new subsection to read:

"(20) Antique spirituous liquor permit. – A permit under this subdivision may be issued to a holder of a mixed beverages permit issued under subdivision (10) of this subsection. Notwithstanding any law to the contrary, the permit holder may sell at retail antique spirituous liquor for use in mixed beverages for consumption on premises. The acquisition of antique spirituous liquor on or after September 1, 2015, shall be in accordance with the process established by rule of the Commission for special orders of spirituous liquor that is not on the list approved by the Commission."

SECTION 3. G.S. 18B-902(d) is amended by adding a new subdivision to read:

"(43) Antique spirituous liquor permit – $100.00."

SECTION 4. G.S. 18B-1001(10) reads as rewritten:

"(10) Mixed Beverages Permit. – A mixed beverages permit authorizes the retail sale of mixed beverages for consumption on the premises. The permit also

authorizes a mixed beverages permittee (i) to obtain a purchase-transportation permit under G.S. 18B-403 and 18B-404, (ii) to obtain an antique spirituous liquor permit under subdivision (20) of this section, and (iii) to use for culinary purposes spirituous liquor lawfully purchased for use in mixed beverages. The permit may be issued for any of the following:

a. Restaurants;
b. Hotels;
c. Private clubs;
d. Convention centers;
e. Community theatres;
f. Nonprofit organizations; and
g. Political organizations."

SECTION 5. G.S. 18B-804 reads as rewritten:

"**§ 18B-804. Alcoholic beverage pricing.**

(a) Uniform Price of Spirituous Liquor. – The retail price of spirituous liquor sold in ABC stores shall be uniform throughout the State, unless otherwise provided by the ABC law.

(b) Sale Price of Spirituous Liquor. – The sale of spirituous ~~liquor~~liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:

(1) The distiller's or the antique spirituous liquor seller's price.
(2) The freight and bailment charges of the State warehouse as determined by the Commission.
(3) A markup for local boards as determined by the Commission.
(4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).
(5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).
(6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
(6a) The bailment surcharge.
(6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
(7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.
(8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.
(9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.

...."

SECTION 6. G.S. 105-113.80(c) reads as rewritten:

"(c) Liquor. – An excise tax of thirty percent (30%) is levied on spirituous liquor and antique spirituous liquor sold in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's or the antique spirituous liquor seller's price plus (i) the State ABC warehouse freight and bailment ~~charges,~~charges and (ii) a markup for local ABC boards."

SECTION 7. No later than September 1, 2015, the ABC Commission shall establish and adopt temporary rules to implement the provisions of this act.

SECTION 8. Sections 1 through 6 of this act become effective upon adoption of rules pursuant to Section 7 of this act. The remainder of this act is effective when it becomes law.

SENATE PAGES ATTENDING

COMMITTEE: Commerce **ROOM:** 1027

DATE: 5-19 **TIME:** 11AM

PLEASE PRINT <u>LEGIBLY</u>!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Korbin Cummings	Harrisburg	Ford
2. Jacob Noblett	Gastonia	Harrington
3. Brian Britt	Greensboro	Robinson
4. Abigail Efting	Wilmington	Lee
5. Malcolm Livingston	Raleigh	Duyn
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7.		
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 19, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

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Ha Nguyen	NCCOB
Nathan Batts	NCBA
Katie Bosken	NCCOB
Betsy McCorkle	NCSEA
Angie Maier	NCPC
Tommy Stiles	NCPC
David Farrell	VB
Paul Thurman	NCFB
Lisa Martin	Cap Adv.
Theresa K	
Doug Misken	PSG

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 19, 2015

Name of Committee — **Date**

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Cindy Ohms	CUCA
Austin Pruitt	Perkinson Law
Penny Hill	[illegible]
Lauren [illegible]	NCCN
Cassie Gavin	Sierra Club
Tim KENT	NC BEER & WINE
Will Parry-HAM	NCHFA
PRESTON HOWARD	NCMA
Henry Jones	Jordan Price
Carson Harkrader	Carolina Solar Energy, Durham
Lonna Harkrader	Carolina Solar Energy Durham

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 19, 2015

Name of Committee — **Date**

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Julie Perry	Public Staff - NCUC
Jeffrey Davis	" " Natural Gas Div
Brooks Rainey Pearson	SELC
Alex Miller	KLG
Thom Cooksey	CCR
Jon Maynard	GRM & Assoc

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 19, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

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K. Harkey	Duke
RICHARD HARKRADER	CAROLINA SOLAR ENERGY (H332)
Steve Wall	UNC
Dave Rogers	Environment North Carolina
Jake Card	NCCC
[illegible]	[illegible]
Susan Myrick	Civitas
Agnes Stevens	NC ABC Commission
John Metcalf	Policy Group
Steve Metcalf	Policy Group
Carr McLamb	TSS

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 19, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

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Sam Watson	NCUC
Dan Conrad	NCUC
BRUCE THOMPSON	PARKER POE
Chris McClure	Brooks Pierce
Jonathan Barbaker	Barbaker & Assoc
Elizabeth Rin	Brooks Pierce
Michael Hunser	TIICG
Michael Youth	NCSEA
Patrick Buffkin	NCAEC
Betsy Bailey	CHGC
DAN CRAWFORD	NCLCV

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 19, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Maggie Clark	ICSE
AJ Wolf	NCSEA
Kristen Laster	SSGNC
Becki Gray	GZF
Laurie Onorio	LCLC
Julie Robinson	NCSEA
Dianna Downey	PSNC
Joseph Kyzer	AFP
Russell Teck	NMercury
Lauren Coffey	DOA
Robert Kaylor	Law Offices of RWKaylor

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 19, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Peter Magner	NCLCV
Jane Porter	INDY Week
Matt Calder	NC CapConn
Robert Andrews	Sen. Lee GA
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	NMRS
Lori Ann Harris	LHHA
Chris Wall	PG

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 19, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Molly Diggins	Sierra Club
Debi Chiarot-Bryant	Sierra Club.
Rev. Mark Creech	CAL
Danielle Brinton	Senate Intern
Tom Cox	Tom Price
Connie Wilson	DISCUS
[illegible]	NSC1
Erik Pelletier	America Rising, LLC
TJ Bugbee	NP
[illegible]	NCFMP
[illegible]	[illegible]
Scott Lastra	SCEAC

Senate Committee on Commerce
Thursday, May 21, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on May 21, 2015 in Room 1027/1128 of the Legislative Building. Twenty seven members were present.

Senator Wesley Meredith, Chair, presided.

Hannah Styers from Franklinton, Spencer Amos from Morganton, Mattie Mitchell from Morganton, Katie Bonaminio from Mitchell, Sarah Cochrane from Winston-Salem and Kaleb Woods from Burlington served as pages.

Sen. Meredith chose to hear the bills out of order. The order of bills are reflected below.

SB 716 Mountain Energy Act of 2015. (Senator Apodaca)
Sen. Brown moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it carried. Sen. Apodaca was introduced to speak on the bill. Sen. Newton moved unfavorable to the bill – favorable to the PCS and it carried.

HB 909 Sale of Antique Spirituous Liquor. (Representatives Hager, J. Bell)
Sen. Newton moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Sen. Gunn was introduced to speak on the bill. Questions from the members were responded to by Sen. Gunn, and attorneys Chris Saunders and Susan Sitze from the Research Division. Members requested input from the North Carolina Alcoholic Beverage Control Commission (NCABCC). Jon Carr an attorney and K. Renee Cowick/Chief Counsel for the NCABCC responded to the members. Sen. Meredith allowed comments from the audience. The speakers are listed below and in the order that they spoke:

1) Jon P. Carr/Attorney at Law for the ABC Boards
2) Rev. Mark Creech/Christian Action
3) Patrick J. Ballantine/President Ballantine Company, INC.
4) Margo Knight Metzger/NC Craft Brewers Guild

Sen. Apodaca moved unfavorable to the bill – favorable to the PCS and it carried.

The meeting adjourned at 11:51 AM.

Senator Wesley Meredith, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Thursday, May 21, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 909	Sale of Antique Spirituous Liquor.	Representative Hager Representative J. Bell
SB 716	Study Energy Generation/Transmission.	Senator Apodaca

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Thursday, May 21, 2015

Senator Meredith,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE BILL

SB **716** Study Energy Generation/Transmission.

Draft Number:	S716-PCS45370-RI-15
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator Tom Apodaca will handle SB 716

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Thursday, May 21, 2015

Senator Meredith,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1, BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL

HB **909** **(CS#1)** Sale of Antique Spirituous Liquor.

Draft Number:	H909-PCS40462-TQxf-14
Sequential Referral:	Finance
Recommended Referral:	None
Long Title Amended:	Yes

TOTAL REPORTED: 1

Senator Richard Gunn will handle HB 909

CMR382-V-1

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S D

SENATE BILL 716
PROPOSED COMMITTEE SUBSTITUTE S716-CSRI-15 [v.1]

5/20/2015 5:37:02 PM

Short Title: Mountain Energy Act of 2015. (Public)

Sponsors:

Referred to:

May 20, 2015

A BILL TO BE ENTITLED

AN ACT TO: (1) DIRECT THE NORTH CAROLINA UTILITIES COMMISSION TO RENDER AN EXPEDITED DECISION, UNDER CERTAIN CONDITIONS, ON AN APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR AN APPLICANT TO CONSTRUCT A GENERATING FACILITY THAT USES NATURAL GAS AS THE PRIMARY FUEL AND (2) MODIFY CERTAIN REQUIREMENTS UNDER THE COAL ASH MANAGEMENT ACT OF 2014 FOR COAL ASH SURFACE IMPOUNDMENTS LOCATED ON SITES AT WHICH ALL COAL-FIRED GENERATING UNITS PRESENT ON THOSE SITES WILL PERMANENTLY CEASE OPERATIONS BY JANUARY 31, 2020.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding G.S. 62-110.1, the Commission shall provide an expedited decision on an application for a certificate to construct a generating facility that uses natural gas as the primary fuel if the application meets the requirements of this section. When the public utility applies for a certificate as provided in this section, it shall submit to the Commission an estimate of the costs of construction of the gas-fired generating unit in such detail as the Commission may require. G.S. 62-110.1(e) and G.S. 62-82(a) shall not apply to a certificate applied for under this section. The Commission shall render its decision on an application for a certificate, including any related transmission line located on the site of the new generation facility, within 45 days of the date the application is filed if all of the following apply:

(1) The application for a certificate is for a generating facility to be constructed at the site of the Asheville Steam Electric Generating Plant located in Buncombe County.

(2) The public utility will permanently cease operations of all coal-fired generating units at the site on or before the commercial operation of the generating unit that is the subject of the certificate application.

(3) The new natural gas-fired generating facility has no more than twice the generation capacity as the coal-fired generating units to be retired.

SECTION 2.(a) Section 3(b) of S.L. 2014-122 reads as rewritten:

"**SECTION 3.(b)** Notwithstanding G.S. 130A-309.211 or G.S. 130A-309.212, as enacted by Section 3(a) of this act, and except as otherwise preempted by the requirements of federal law, the following coal combustion residuals surface impoundments shall be deemed high-priority ~~and, as soon as practicable, but no later than August 1, 2019,~~ and shall be closed in conformance with Section 3(c) of this ~~act:~~act as follows:

(1) Coal combustion residuals surface impoundments located at the Dan River Steam Station, owned and operated by Duke Energy Progress, and located in Rockingham ~~County.~~County, as soon as practicable, but no later than August 1, 2019.

(2) Coal combustion residuals surface impoundments located at the Riverbend Steam Station, owned and operated by Duke Energy Carolinas, and located in Gaston ~~County.~~County, as soon as practicable, but no later than August 1, 2019.

(3) Coal combustion residuals surface impoundments located at the Asheville Steam Electric Generating Plant, owned and operated by Duke Energy Progress, and located in Buncombe ~~County.~~County, as soon as practicable, but no later than August 1, 2022.

(4) Coal combustion residuals surface impoundments located at the Sutton Plant, owned and operated by Duke Energy Progress, and located in New Hanover ~~County.~~County, as soon as practicable, but no later than August 1, 2019."

SECTION 2.(b) The requirements of subsections (c) through (f) of G.S. 130A-309.210 shall not apply to coal combustion residuals surface impoundments and electric generating facilities located at the Asheville Steam Electric Generating Plant located in Buncombe County.

SECTION 2.(c) This section becomes effective August 1, 2016, if, on or before that date, the North Carolina Utilities Commission has issued a certificate of public convenience and necessity to Duke Energy Progress for a new natural gas-fired generating facility, pursuant to Section 1 of this act, based upon written notice submitted to the Commission from Duke Energy Progress that it will permanently cease operations of all coal-fired generating units at the Asheville Steam Electric Generating Plant located in Buncombe County no later than January 31, 2020.

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

SENATE BILL 716:
Mountain Energy Act of 2015

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	May 21, 2015
Introduced by:	Sen. Apodaca	**Prepared by:**	Jennifer McGinnis
Analysis of:	PCS to First Edition		Heather Fennell
	S716-CSRI-15		Staff Attorneys

SUMMARY: ***Senate Bill 716 would: (1) direct the North Carolina Utilities Commission (Commission) to render an expedited decision, under certain conditions, on an application for a certificate of public convenience and necessity for an applicant to construct a generating facility that uses natural gas as the primary fuel, and (2) modify certain requirements under the Coal Ash Management Act of 2014 for coal combustion residuals surface impoundments and electric generating facilities located at the Asheville Steam Electric Generating Plant located in Buncombe County, if certain criteria concerning construction of a gas-fired generating facility and cessation of coal-fired facilities at the site are met.***

BILL ANALYSIS:

Section 1

Current law provides that prior to constructing a generating facility, a public utility must obtain a certificate of public convenience and necessity. As a condition of receiving a certificate, the utility must provide an estimate of the construction costs of the facility with the Commission. The Commission must hold a public hearing on the application for a certificate within three months of the filing of the application for a certificate. Prior to the public hearing, the utility must provide notice of the hearing for four weeks in a newspaper with circulation in the area where the facility is proposed to be constructed.

The Commission may not approve the certificate if the proposed facility will not be consistent with the long-range needs of generation capacity in the State. The Commission may modify or revoke the certificate if the long-range needs for generation capacity changes, or if the certificate is otherwise no longer in the public interest.

Section 1 of Senate Bill 716 would provide an expedited process for an application to obtain a certificate of public convenience and necessity for a gas-fired generating facility to be constructed at the site of the Asheville Steam Electric Generating Plant located in Buncombe County. The Commission must render a decision on the certificate within 45 days of the application. This application for a certificate is exempt from the notice and public hearing requirements generally applicable to applications for a certificate. The utility must still submit an estimate of the proposed costs of constructing the gas-fired generation facility. In order to qualify for the expedited certificate process, the utility must cease operation of the coal-fired facilities at the same site, and the new gas-fired facilities may not have more than twice the capacity of the coal-fired units to be retired.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

Section 2

Current law[1] designates coal combustion residuals surface impoundments (impoundments) located at the Asheville Steam Electric Generating Plant in Buncombe County, owned and operated by Duke Energy Progress, and impoundments located at three other facilities, as high-priority, and requires these impoundments to close no later than August 1, 2019, as follows:

- The impoundments must be dewatered.
- All coal combustion residuals (CCRs) must be removed from the impoundments and transferred for: (i) disposal in a combustion products landfill or coal combustion residuals landfill, industrial landfill, or municipal solid waste landfill; or (ii) use in a structural fill, or other beneficial use as allowed by law.
- Where groundwater quality is degraded as a result of the impoundment, corrective action is required to restore groundwater quality.

In addition, current law[2] imposes various restrictions on the generation, disposal, and use of CCRs, including:

- Prohibiting the discharge of stormwater into an impoundment: (i) at an electric generating facility where the coal-fired generating units are no longer producing CCRs on or after December 31, 2018; and (ii) at an electric generating facility where the coal-fired generating units are actively producing CCRs on or after December 31, 2019.
- Requiring all electric generating facilities owned by a public utility to convert to disposal of "dry" fly ash, or retire the facility on or before December 31, 2018.
- Requiring all electric generating facilities owned by a public utility to convert to disposal of "dry" bottom ash, or retire the facility on or before December 31, 2019.

Section 2 of Senate Bill 716 would: (i) change the date by which closure of the impoundments located at the Asheville Steam Electric Generating Plant is required from August 1, 2019 to August 1, 2022; and (ii) exempt impoundments and electric generating facilities located at the Asheville Steam Electric Generating Plant located in Buncombe County from the prohibitions related to stormwater discharge and requirements for conversion to "dry" fly and bottom ash as previously described.

EFFECTIVE DATE: Section 1 of the bill would be effective when it becomes law. Section 2 would become effective August 1, 2016, if, on or before that date, the Commission has issued a certificate of public convenience and necessity to Duke Energy Progress for a new natural gas-fired generating facility, pursuant to Section 1 of the bill, based upon written notice submitted to the Commission from Duke Energy Progress that it will permanently cease operations of all coal-fired generating units at the Asheville Steam Electric Generating Plant located in Buncombe County no later than January 31, 2020.

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[1] Section 3(b) of S.L. 2014-122/S729
[2] G.S. 130A-309.210

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

SENATE BILL 716

Short Title:	Study Energy Generation/Transmission.	(Public)
Sponsors:	Senator Apodaca (Primary Sponsor).	
Referred to:	Commerce.	

May 20, 2015

A BILL TO BE ENTITLED

AN ACT TO: (1) DIRECT THE NORTH CAROLINA UTILITIES COMMISSION TO RENDER AN EXPEDITED DECISION, UNDER CERTAIN CONDITIONS, ON AN APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR AN APPLICANT TO CONSTRUCT A GENERATING FACILITY THAT USES NATURAL GAS AS THE PRIMARY FUEL AND (2) MODIFY CERTAIN REQUIREMENTS UNDER THE COAL ASH MANAGEMENT ACT OF 2014 FOR COAL ASH SURFACE IMPOUNDMENTS LOCATED ON SITES AT WHICH ALL COAL-FIRED GENERATING UNITS PRESENT ON THOSE SITES WILL PERMANENTLY CEASE OPERATIONS BY JANUARY 31, 2020.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding G.S. 62-110.1, the Commission shall provide an expedited decision on an application for a certificate to construct a generating facility that uses natural gas as the primary fuel if the application meets the requirements of this section. When the public utility applies for a certificate as provided in this section, it shall submit to the Commission an estimate of the costs of construction of the gas-fired generating unit in such detail as the Commission may require. G.S. 62-110.1(e) and G.S. 62-82(a) shall not apply to a certificate applied for under this section. The Commission shall render its decision on an application for a certificate, including any related transmission line located on the site of the new generation facility, within 45 days of the date the application is filed if all of the following apply:

(1) The application for a certificate is for a generating facility to be constructed at the site of the Asheville Steam Electric Generating Plant located in Buncombe County.

(2) The public utility will permanently cease operations of all coal-fired generating units at the site on or before the commercial operation of the generating unit that is the subject of the certificate application.

(3) The new natural gas-fired generating facility has no more than twice the generation capacity as the coal-fired generating units to be retired.

SECTION 2.(a) Section 3(b) of S.L. 2014-122 reads as rewritten:

"**SECTION 3.(b)** Notwithstanding G.S. 130A-309.211 or G.S. 130A-309.212, as enacted by Section 3(a) of this act, and except as otherwise preempted by the requirements of federal law, the following coal combustion residuals surface impoundments shall be deemed high-priority ~~and, as soon as practicable, but no later than August 1, 2019,~~ and shall be closed in conformance with Section 3(c) of this ~~act:~~act as follows:

(1) Coal combustion residuals surface impoundments located at the Dan River Steam Station, owned and operated by Duke Energy Progress, and located in Rockingham ~~County.~~County, as soon as practicable, but no later than August 1, 2019.

(2) Coal combustion residuals surface impoundments located at the Riverbend Steam Station, owned and operated by Duke Energy Carolinas, and located in Gaston ~~County.~~County, as soon as practicable, but no later than August 1, 2019.

(3) Coal combustion residuals surface impoundments located at the Asheville Steam Electric Generating Plant, owned and operated by Duke Energy Progress, and located in Buncombe ~~County.~~County, as soon as practicable, but no later than August 1, 2022.

(4) Coal combustion residuals surface impoundments located at the Sutton Plant, owned and operated by Duke Energy Progress, and located in New Hanover ~~County.~~County, as soon as practicable, but no later than August 1, 2019."

SECTION 2.(b) The requirements of subsections (c) through (f) of G.S. 130A-309.210 shall not apply to coal combustion residuals surface impoundments and electric generating facilities located at the Asheville Steam Electric Generating Plant located in Buncombe County.

SECTION 2.(c) This section becomes effective August 1, 2016, if, on or before that date, the North Carolina Utilities Commission has issued a certificate of public convenience and necessity to Duke Energy Progress for a new natural gas-fired generating facility, pursuant to Section 1 of this act, based upon written notice submitted to the Commission from Duke Energy Progress that it will permanently cease operations of all coal-fired generating units at the Asheville Steam Electric Generating Plant located in Buncombe County no later than January 31, 2020.

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 909
Committee Substitute Favorable 4/29/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H909-CSTQ-14 [v.20]
5/20/2015 5:18:18 PM

Short Title: ABC Omnibus Legislation. (Public)

Sponsors:

Referred to:

April 20, 2015

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE ALCOHOLIC BEVERAGE CONTROL COMMISSION LAWS.

The General Assembly of North Carolina enacts:

AUTHORIZE AND REGULATE THE SALE OF ANTIQUE SPIRITUOUS LIQUOR

SECTION 1.(a) G.S. 18B-101 reads as rewritten:

"**§ 18B-101. Definitions.**

As used in this Chapter, unless the context requires otherwise:

...

(5) "ALE Branch" means the Alcohol Law Enforcement Branch of the Department of Public Safety.

(5a) "Antique spirituous liquor" means spirituous liquor that has not been in production or bottled in the last 20 years, is in the original manufacturer's unopened container, is not owned by a distillery, and is not otherwise available for purchase by an ABC Board except through the special order process pursuant to G.S. 18B-1001(20).

(5b) "Antique spirituous liquor seller" means a person who sells antique spirituous liquor to an ABC Board.

(5c) "Bailment surcharge" means the charge imposed on each case of liquor shipped from a Commission warehouse as provided in G.S. 18B-208. This bailment surcharge is in addition to the bailment charge imposed by G.S. 18B-804(b)(2).

...."

SECTION 1.(b) G.S. 18B-1001 is amended by adding a new subsection to read:

"(20) Antique spirituous liquor permit. – A permit under this subdivision may be issued to a holder of a mixed beverages permit issued under subdivision (10) of this subsection. Notwithstanding any law to the contrary, the permit holder may sell at retail antique spirituous liquor for use in mixed beverages for consumption on premises. The acquisition of antique spirituous liquor on or after September 1, 2015, shall be in accordance with the process established by rule of the Commission for special orders of spirituous liquor that is not on the list approved by the Commission."

SECTION 1.(c) G.S. 18B-902(d) is amended by adding a new subdivision to read:

"(43) Antique spirituous liquor permit – $100.00."

SECTION 1.(d) G.S. 18B-1001(10) reads as rewritten:

"(10) Mixed Beverages Permit. – A mixed beverages permit authorizes the retail sale of mixed beverages for consumption on the premises. The permit also authorizes a mixed beverages permittee (i) to obtain a purchase-transportation permit under G.S. 18B-403 and 18B-404, (ii) to obtain an antique spirituous liquor permit under subdivision (20) of this section, and (iii) to use for culinary purposes spirituous liquor lawfully purchased for use in mixed beverages. The permit may be issued for any of the following:

a. Restaurants;
b. Hotels;
c. Private clubs;
d. Convention centers;
e. Community theatres;
f. Nonprofit organizations; and
g. Political organizations."

SECTION 1.(e) G.S. 18B-804 reads as rewritten:

"**§ 18B-804. Alcoholic beverage pricing.**

(a) Uniform Price of Spirituous Liquor. – The retail price of spirituous liquor sold in ABC stores shall be uniform throughout the State, unless otherwise provided by the ABC law.

(b) Sale Price of Spirituous Liquor. – The sale of spirituous ~~liquor~~liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:

(1) The distiller's or the antique spirituous liquor seller's price.
(2) The freight and bailment charges of the State warehouse as determined by the Commission.
(3) A markup for local boards as determined by the Commission.
(4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).
(5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).
(6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
(6a) The bailment surcharge.
(6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
(7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.
(8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.
(9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.

...."

SECTION 1.(f) G.S. 105-113.80(c) reads as rewritten:

"(c) Liquor. – An excise tax of thirty percent (30%) is levied on spirituous liquor and antique spirituous liquor sold in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's or the antique spirituous liquor seller's price plus

(i) the State ABC warehouse freight and bailment ~~charges,~~charges and (ii) a markup for local ABC boards."

SECTION 1.(g) No later than September 1, 2015, the ABC Commission shall establish and adopt temporary rules to implement the provisions of this act.

SECTION 1.(h) Subsections (a) through (f) of this section become effective upon adoption of rules pursuant to subsection (g) of this section. The remainder of this section is effective when it becomes law.

PROHIBIT THE SALE, POSSESSION, OR CONSUMPTION OF POWDERED ALCOHOL.

SECTION 2.(a) G.S. 18B-101 reads as rewritten:

"**§ 18B-101. Definitions.**

As used in this Chapter, unless the context requires otherwise:

...

(12a) "Premises" means all areas, whether inside or outside the licensed premises, where the permittee has control of the property through a lease, deed, or other legal process.

(12b) "Powdered alcohol" means any powder or crystalline substance capable of being converted into a liquid alcoholic beverage fit for human consumption.

(13) "Sale" means any transfer, trade, exchange, or barter, in any manner or by any means, for consideration.

...."

SECTION 2.(b) G.S. 18B-102 is amended by adding a new subsection to read:

"(a1) Powdered Alcohol Prohibition. – It shall be unlawful for any person to manufacture, sell, transport, import, deliver, furnish, purchase, consume, or possess powdered alcohol."

AUTHORIZE THE EASTERN BAND OF CHEROKEE INDIANS TRIBAL ALCOHOLIC BEVERAGE CONTROL COMMISSION TO ISSUE WINE SHIPPER PERMITS AND COMMERCIAL ABC PERMITS AND CLARIFY THAT THE EASTERN BAND OF CHEROKEE INDIANS TRIBAL ALCOHOLIC BEVERAGE CONTROL COMMISSION MAINTAINS EXCLUSIVE AUTHORITY TO ISSUE CERTAIN PERMITS.

SECTION 3.(a) G.S. 18B-112 reads as rewritten:

"**§ 18B-112. Tribal alcoholic beverage control.**

...

(b) Compliance Required. – The Eastern Band of Cherokee Indians shall comply with the following provisions of this Chapter to the extent they apply to or can be made applicable to the tribe:

(1) The following provisions of Article 1. – General Provisions.

a. G.S. 18B-101(4), (7), (7c), (9), (10), (11), (12), (12a), (13), (14)(14a), (14b), and (15).

b. G.S. 18B-102.1.

c. G.S. 18B-104.

d. G.S. 18B-105, except that this section shall not apply to any establishment where gaming is permitted under a State compact and pursuant to federal law.

e. G.S. 18B-109(b).

f. G.S. 18B-110.

g. G.S. 18B-111.

h. G.S. 18B-112.

(2) Article 1A. – Compensation for Injury Caused by Sales to Underage Persons, to the extent it applies to retail establishments or the tribal alcoholic beverage control commission if it operates ABC stores, or any other permitted establishment, at retail pursuant to the provisions of this section.
(3) Article 3. – Sale, Possession, and Consumption, except for G.S. 18B-308 and G.S. 18B-309.
(4) Article 4. – Transportation.
(5) Article 5. – Enforcement, except for G.S. 18B-500 and G.S. 18B-501.
(6) Article 6. – Elections, compliance with only G.S. 18B-603(f) and (g) are required.
(7) Article 9. – Issuance of Permits, except for G.S. 18B-902(g) and (h) and G.S. 18B-906.
~~(7)~~(8) Article 10. – Retail ~~Activity, except for G.S. 18B-1001.1, 18B-1001.2, and 18B-1001.3.~~Activity.
(9) Article 11. – Commercial Activity, as clarified by the following:
a. The tribal alcoholic beverage control commission may issue commercial activity permits to any qualifying applicant that establishes a commercial business wholly on Indian Country lands and shall have sole enforcement authority over any permittee receiving a permit from the tribal alcoholic beverage control commission only to the extent the regulated conduct occurs on Indian Country lands.
b. The Eastern Band of Cherokee Indians shall recognize any permit issued by the North Carolina Alcoholic Beverage Control Commission allowing commercial activity in the same manner as if such permit was issued by the tribal alcoholic beverage control commission. The North Carolina Alcoholic Beverage Control Commission shall recognize any commercial activity permit issued by the tribal alcoholic beverage commission in the same manner as if the permit were issued by the North Carolina Alcoholic Beverage Control Commission.
c. The North Carolina Alcoholic Beverage Control Commission shall retain exclusive enforcement authority over all permits it issues to commercial activity permittees for violations of its rules or this Chapter.

Any provision of Articles 12 and 13 of this Chapter which has not been made applicable to the Eastern Band of Cherokee Indians by this section shall act as a bar to engaging in any activity authorized by that Article or section.

...

(d) Establishment of a Tribal Commission. – In accordance with the provisions of 18 U.S.C. § 1161, the Eastern Band of Cherokee Indians is authorized to establish a tribal alcoholic beverage control commission to regulate the purchase, possession, consumption, sale, and delivery of alcoholic beverages ~~at retail~~ on any land designated as Indian Country pursuant to 18 U.S.C. § 1151 under the jurisdiction of the Eastern Band of Cherokee Indians. The tribal commission shall have exclusive authority to issue ~~retail~~ABC permits to retail and commercial establishments located wholly on Indian Country lands under the jurisdiction of the Eastern Band of Cherokee Indians and to regulate the purchase, possession, consumption, sale, and delivery of alcoholic beverages at ~~retail~~permitted outlets and premises. Permits issued by the tribal commission pursuant to this section shall be deemed issued by the State for the purposes of sales and delivery of beer and wine by wholesalers to the retail outlets located on Indian Country lands. The fees generated by the tribal alcoholic beverage control commission for the

issuance of retail permits may be retained by the Eastern Band of Cherokee Indians to offset costs of operating the tribal alcoholic beverage control commission.

...."

SECTION 3.(b) G.S. 18B-101(14a) reads as rewritten:

"(14a) "Tourism ABC establishment" means a restaurant or hotel that meets both of the following requirements:

a. Is located on property, a property line of which is located within 1.5 miles of the end of an entrance or exit ramp of a junction on a national scenic parkway designed to attract local, State, national, and international tourists between the State line and Milepost ~~460.~~469, provided that the Eastern Band of Cherokee Indians tribal alcoholic beverage control commission established under G.S. 18B-112 shall have exclusive authority to issue permits pursuant to this subdivision between Milepost 460 and the southern terminus of the national scenic byway at Milepost 469 for any restaurant or hotel that is located wholly on Indian Country lands.

b. Is located in a county in which the on-premises or off-premises sale of malt beverages or unfortified wine is authorized in at least one city."

ALLOW DISTILLERY PERMIT HOLDERS TO SELL SPIRITUOUS LIQUOR DISTILLED ON PREMISES TO VISITORS OF THE DISTILLERY FOR CONSUMPTION OFF THE PREMISES

SECTION 4.(a) G.S. 18B-1105(a) reads as rewritten:

"(a) Authorized Acts. – The holder of a distillery permit ~~may:~~may do any of the following:

(1) Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous ~~liquor;~~liquor.

(2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the State, and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or ~~nations;~~nations.

(3) Transport into or out of the distillery the maximum amount of liquor allowed under federal law, if the transportation is related to the distilling process.

(5) Sell spirituous liquor distilled at the distillery in closed containers to visitors who tour the distillery for consumption off the premises if the distillery manufactures less than 100,000 proof gallons per year. Sales under this subdivision are allowed only in a county where the establishment of a county or municipal ABC store has been approved pursuant to G.S. 18B-602(g) and are subject to the time and day restrictions in G.S. 18B-802. Spirituous liquor sold under this subdivision shall (i) be sold at the price set by the Commission for the corresponding North Carolina code item, including all applicable excise taxes, bottle charges, and sales taxes; and (ii) have affixed to its bottle a sticker that bears the words "North Carolina Distillery Tour Commemorative Spirit" in addition to any other labeling requirements set by law. Consumers purchasing spirituous liquor under this subdivision are limited to purchasing, per calendar year, no more than one of any North Carolina code item listed for sale in the State. The distillery shall use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the purchaser's name, drivers license number, and date of birth for at least one year from the

date of purchase. The distillery shall not sell any North Carolina code item to a customer who has purchased the item in the last year. The distillery permittee shall remit all excise taxes, bottle charges, and sales taxes derived from sales under this subdivision to the Department of Revenue in accordance with Article 2C of Chapter 105 of the General Statutes. The Commission shall adopt rules regulating the retail sale of spirituous liquor under this subdivision."

SECTION 4.(b) G.S. 105-113.68 is amended by adding a new subdivision to read:

"(4a) Distillery permittee. – A distillery that holds a distillery permit issued by the ABC Commission under G.S. 18B-1105."

SECTION 4.(c) G.S. 105-113.80(c) reads as rewritten:

"(c) Liquor. – An excise tax of thirty percent (30%) is levied on liquor sold in ABC ~~stores.~~ and in permitted distilleries. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's price plus (i) the State ABC warehouse freight and bailment charges, and (ii) a markup for local ABC boards."

SECTION 4.(d) G.S. 105-113.81(e) reads as rewritten:

"(e) Tasting. – Resident ~~breweries and wineries~~ breweries, wineries, and distilleries are not required to remit excise taxes on malt ~~beverages and wine~~ beverages, wine, or spirituous liquor given free of charge to customers, visitors, and employees on the manufacturer's licensed premises for consumption on those premises."

SECTION 4.(e) G.S. 105-113.83(a) reads as rewritten:

"(a) Liquor. – The excise tax on liquor levied under G.S. 105-113.80(c) is payable monthly by the local ABC board and by a distillery permittee to the Secretary. The tax shall be paid on or before the 15th day of the month following the month in which the tax was collected."

ALLOW CERTAIN ABC PERMITTEES TO SELL CIDER IN CERTAIN CONTAINERS FOR CONSUMPTION OFF THE PERMITTED PREMISES AND MAKE TECHNICAL CHANGES TO THE SALE OF MALT BEVERAGES IN GROWLERS

SECTION 5.(a) G.S. 18B-1001 reads as rewritten:

"**§ 18B-1001. Kinds of ABC permits; places eligible.**

When the issuance of the permit is lawful in the jurisdiction in which the premises are located, the Commission may issue the following kinds of permits:

(1) On-Premises Malt Beverage Permit. – An on-premises malt beverage permit authorizes (i) the retail sale of malt beverages for consumption on the premises, (ii) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, and (iii) the retail sale of malt beverages in a cleaned, sanitized, resealable container ~~as defined in 4 NCAC 2T.0308(a)~~ that is filled or refilled and sealed for consumption off the ~~premises, complies with 4 NCAC 2T.0303, 4 NCAC 2T.0305, and 4 NCAC 2T.0308(d)-(e),~~ premises and ~~the container~~ that identifies the permittee and the date the container was filled or refilled. It also authorizes the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:

a. Restaurants;
b. Hotels;
c. Eating establishments;
d. Food businesses;
e. Retail businesses;

f. Private clubs;
g. Convention centers;
h. Community theatres;
i. Breweries as authorized by G.S. 18B-1104(7) and (8).

(2) Off-Premises Malt Beverage Permit. – An off-premises malt beverage permit authorizes (i) the retail sale of malt beverages in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages in a cleaned, sanitized, resealable container ~~as defined in 4 NCAC 2T.0308(a)~~ that is filled or refilled and sealed for consumption off the ~~premises, complies with 4 NCAC 2T.0303, 4 NCAC 2T.0305, and 4 NCAC 2T.0308(d)-(e),~~premises and ~~the container~~that identifies the permittee and the date the container was filled or refilled, and (iii) the holder of the permit to ship malt beverages in closed containers to individual purchasers inside and outside the State. The permit may be issued for any of the following:
a. Restaurants.
b. Hotels.
c. Eating establishments.
d. Food businesses.
e. Retail businesses.
f. The holder of a brewing, distillation, and fermentation course authorization under G.S. 18B-1114.6. A school obtaining a permit under this subdivision is authorized to sell malt beverages manufactured during its brewing, distillation, and fermentation program at one noncampus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee.

(3) On-Premises Unfortified Wine Permit. – An on-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine for consumption on the premises, either alone or mixed with other beverages, ~~and~~ (ii) the retail sale of unfortified wine in the manufacturer's original container for consumption off the ~~premises.~~premises, and (iii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another on-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by on-premises unfortified wine permittees, purchases of wine by a retail permittee from another retail permittee for the purpose of resale, and sale of wine by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of wine may be transferred only if both the transferor and transferee are located within the territory designated between the winery and the wholesaler on file with the Commission. Prior to or contemporaneous with any such transfer, the transferor shall notify each wholesaler who distributes the transferred product of the transfer. The notice shall be in writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items transferred. The holder of the permit is authorized to ship unfortified wine in

closed containers to individual purchasers inside and outside the State. Orders received by a winery by telephone, Internet, mail, facsimile, or other off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision. The permit may be issued for any of the following:

a. Restaurants;
b. Hotels;
c. Eating establishments;
d. Private clubs;
e. Convention centers;
f. Cooking schools;
g. Community theatres;
h. Wineries;
i. Wine producers.

(4) Off-Premises Unfortified Wine Permit. – An off-premises unfortified wine permit authorizes (i) the retail sale of unfortified wine in the manufacturer's original container for consumption off the ~~premises and~~ premises, (ii) the retail sale of unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable container that is filled or refilled and sealed for consumption off the premises and that identifies the permittee and the date the container was filled or refilled, and (iii) ~~it authorizes~~ the holder of the permit to ship unfortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses. The permit also authorizes the permittee to transfer unfortified wine, not more than four times per calendar year, to another off-premises unfortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-premises unfortified wine permittees, purchases of wine by a retail permittee from another retail permittee for the purpose of resale, and sale of wine by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of wine may be transferred only if both the transferor and transferee are located within the territory designated between the winery and the wholesaler on file with the Commission. Prior to or contemporaneous with any such transfer, the transferor shall notify each wholesaler who distributes the transferred product of the transfer. The notice shall be in writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items transferred. The permit may also be issued to the holder of a viticulture/enology course authorization under G.S. 18B-1114.4. A school obtaining a permit under this subdivision is authorized to sell wines manufactured during its viticulture/enology program at one non-campus location in a county where the permittee holds and offers classes on a regular full-time basis in a facility owned by the permittee. The permit may also be issued for a winery or a wine producer for sale of its own unfortified wine during hours when the winery or wine producer's premises is open to the public, subject to any local ordinance adopted pursuant to G.S. 18B-1004(d) concerning hours for the retail sale of unfortified wine. A winery obtaining a permit under this subdivision is authorized to sell wine manufactured by the winery at one additional location in the county under the same conditions specified in G.S. 18B-1101(5) for the sale of wine at the winery; provided,

however, that no other alcohol sales shall be authorized at the additional location. Orders received by a winery by telephone, Internet, mail, facsimile, or other off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision.

...

(16) Wine Shop Permit. – A wine shop permit authorizes (i) the retail sale of malt beverages, unfortified wine, and fortified wine in the manufacturer's original container for consumption off the premises, (ii) the retail sale of malt beverages or unfortified wine dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas in a cleaned, sanitized, resealable container ~~as defined in 4 NCAC 2T.0308(a)~~ that is filled or refilled and sealed for consumption off the ~~premises, complies with 4 NCAC 2T.0303, 4 NCAC 2T.0305, and 4 NCAC 2T.0308(d) (e),~~premises and ~~the container~~ that identifies the permittee and the date the container was filled or refilled, and (iii) wine tastings on the premises conducted and supervised by the permittee in accordance with subdivision (15) of this section. It also authorizes the holder of the permit to ship malt beverages, unfortified wine, and fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for retail businesses whose primary purpose is selling malt beverages and wine for consumption off the premises and regularly and customarily educating consumers through tastings, classes, and seminars about the selection, serving, and storing of wine. The holder of the permit is authorized to sell unfortified wine for consumption on the premises, provided that the sale of wine for consumption on the premises does not exceed forty percent (40%) of the establishment's total sales for any 30-day period. The holder of a wine-tasting permit not engaged in the preparation or sale of food on the premises is not subject to Part 6 of Article 8 of Chapter 130A of the General Statutes.

...."

SECTION 5.(b) The North Carolina Alcoholic Beverage Control Commission rules regulating the retail sale of malt beverages in growlers shall apply to the retail sale of unfortified wine in growlers until such time as the Commission shall adopt administrative rules implementing this act.

ALLOW ALTERNATING PROPRIETORSHIPS FOR BREWERIES

SECTION 6. G.S. 18B-903 is amended by adding a new subsection to read:

"(c1) Construction of Change in Ownership. - Nothing in subsection (c) of this section shall be construed to limit alternating brewery proprietorships in which the holder of a brewery permit leases or otherwise makes available its facility to another holder of a brewery permit. In this arrangement, the tenant brewery shall maintain title to the malt beverages at all states of the brewing process and shall be responsible for all aspects associated with manufacturing the product, including maintaining appropriate records, obtaining label approval in its own name, and remitting the appropriate taxes. Alternating brewery proprietorships are authorized between affiliated breweries, but shall not be used as a means to distribute production quantities between affiliated breweries to obtain a malt beverage wholesaler permit pursuant to G.S. 18B-1104(8) where either brewery would not otherwise qualify for a permit, and the Commission shall have no authority to grant an exemption to this requirement pursuant to G.S. 18B-1116(b)."

ALLOW THE HOLDER OF A BREWERY PERMIT TO SELL MALT BEVERAGES TO A NONRESIDENT WHOLESALER IF THE MALT BEVERAGES ARE SHIPPED FROM THE BREWERY TO LICENSED WHOLESALERS, AND CLARIFY THE LAW GOVERNING CHANGES IN OWNERSHIP AND CONTRACT BREWING

SECTION 7. G.S. 18B-1104 reads as rewritten:

"**§ 18B-1104. Authorization of brewery permit.**

The holder of a brewery permit may:

(1) Manufacture malt beverages.

(2) Purchase malt, hops and other ingredients used in the manufacture of malt beverages.

(3) Sell, deliver and ship malt beverages in closed containers to wholesalers licensed under this Chapter as authorized by the ABC laws, except that malt beverages may be sold to exporters and nonresident wholesalers only when the purchase is not for resale in this State. However, nothing in this subdivision shall prohibit the holder of a brewery permit from selling malt beverages to a nonresident wholesaler, nonresident malt beverage vendor, bottler, or other similar party for resale in this State if the malt beverages are shipped from the brewery to wholesalers licensed under this Chapter.

(4) Receive malt beverages manufactured by the permittee in some other state for transshipment to dealers in other states.

(5) Furnish or sell marketable malt beverage products, or packages which do not conform to the manufacturer's marketing standards, if State taxes have been or will be paid, to its employees for the use of the employees or their families and guests in this State.

(6) Give its products to its employees and guests for consumption on its premises.

(6a) Receive, in closed containers, and sell at the brewery, malt beverages produced inside or outside North Carolina under contract with a contract brewery. The contract brewery that manufactures the malt beverages shall be responsible for all aspects associated with manufacturing the product, including maintaining appropriate records, obtaining label approval in its own name, and remitting the appropriate taxes. The contract malt beverages may be sold also at affiliated retail outlets of the brewery physically located on or adjacent to the brewery. Any malt beverages received from a contract brewery under this subdivision shall be made available for sale by the brewery to wholesalers for distribution to retailers, without discrimination, in the same manner as if the malt beverages were being imported by the brewery. Contract brewing is authorized between affiliated breweries, but shall not be used as a means to distribute production quantities between affiliated breweries to obtain a malt beverage wholesaler permit pursuant to G.S. 18B-1104(8) where either brewery would not otherwise qualify for a permit, and the Commission shall have no authority to grant an exemption to this requirement pursuant to G.S. 18B-1116(b)."

(7) In an area where the sale of any type of alcoholic beverage is authorized by law, sell the brewery's malt beverages or malt beverages manufactured by the permittee in some other state that have been approved by the Commission for sale in North Carolina only at the brewery upon receiving a permit under G.S. 18B-1001(1).

(8) Obtain a malt beverage wholesaler permit to sell, deliver, and ship at wholesale only malt beverages manufactured by the brewery. The

authorization of this subdivision applies to a brewery that sells, to consumers at the brewery, to wholesalers, to retailers, and to exporters, fewer than 25,000 barrels, as defined in G.S. 81A-9, of malt beverages produced by it per year. A brewery not exceeding the sales quantity limitations in this subdivision may also sell the malt beverages manufactured by the brewery at not more than three other locations in the State, where the sale is legal, upon obtaining the appropriate permits under G.S. 18B-1001. A brewery operating any additional retail location pursuant to this subdivision shall also offer for sale at that location a reasonable selection of competitive malt beverage products.

A sale or gift under subdivision (5) or (6) shall not be considered a retail or wholesale sale under the ABC laws."

AUTHORIZE THE ABC COMMISSION TO ISSUE GUEST ROOM CABINET PERMITS TO CERTAIN 18-HOLE GOLF COURSES

SECTION 8. G.S. 18B-1001(13) reads as rewritten:

"(13) Guest Room Cabinet Permit. – A guest room cabinet permit authorizes a ~~hotel having a mixed beverages permit or a private club having a mixed beverages permit and management contracts for the rental of living units~~guest room cabinet permittee to sell to its room guests, from securely locked cabinets, malt beverages, unfortified wine, fortified wine, and spirituous liquor. A permittee shall designate and maintain at least ten percent (10%) of the permittee's guest rooms as rooms that do not have a guest room cabinet. A permittee may dispense alcoholic beverages from a guest room cabinet only in accordance with written policies and procedures filed with and approved by the Commission. A permittee shall provide a reasonable number of vending machines, coolers, or similar machines on premises for the sale of soft drinks to hotel guests.

A guest room cabinet permit may be issued ~~for~~to any of the following:

a. A hotel (i) holding a mixed beverages permit and (ii) located in a county subject to G.S. 18B-600(f).

b. A hotel (i) holding a mixed beverages permit and (ii) located in a county that has a population in excess of 150,000 by the last federal census.

c. A ~~qualifying~~ private club (i) holding a mixed beverages permit, (ii) having management contracts for the rental of living units, and (iii) located in a county defined in G.S. 18B-101(13a)b.2.

d. An 18-hole golf course (i) holding a mixed beverages permit or located in a county where ABC stores have heretofore been established but in which the sale of mixed beverages has not been approved, (ii) having management contracts for the rental of living units, and (iii) located in a county that has a population in excess of 20,000 people by the last federal census."

EFFECTIVE DATE

SECTION 9. Except as otherwise provided, this act is effective when it becomes law.

HOUSE BILL 909:
ABC Omnibus Legislation

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	May 21, 2015
Introduced by:	Reps. Hager, J. Bell	**Prepared by:**	Chris Saunders
Analysis of:	PCS to Second Edition H909-CSTQ-14 [v.20]		Staff Attorney

SUMMARY: The Proposed Committee Substitute (PCS) for House Bill 909 would make various changes to the Alcoholic Beverage Control (ABC) Commission laws.

CURRENT LAW AND BILL ANALYSIS:

Section 1.(a) would define "antique spirituous liquor" as spirituous liquor that has not been in production or bottled in the last 20 years, is in the original manufacturer's unopened container, is not owned by a distillery, and is not otherwise available for purchase by an ABC Board except through the special order process pursuant to G.S. 18B-1001(20).

Sections 1.(b), 1.(c), and 1.(d) would create an antique spirituous liquor permit, with a $100 fee, which could be issued to a mixed beverage permittee and would authorize the sale of antique spirituous liquors at retail for use in mixed beverages for consumption on premises. Permittees would be authorized to purchase antique spirituous liquor through the ABC Commission special order process.

Sections 1.(e) and 1(.(f) would amend the alcoholic beverage pricing statute and the alcohol taxing statute to include language for pricing and taxing antique spirituous liquor.

Section 1.(g) would direct the ABC Commission to adopt temporary rules to implement the provisions of this act by September 1, 2015.

Section 2.(a) would amend G.S. 18B-101 to define "powdered alcohol" as any powder or crystalline substance capable of being converted into a liquid alcoholic beverage fit for human consumption.

Section 2.(b) would amend G.S. 18B-102 to make it unlawful for any person to manufacture, sell, transport, import, deliver, furnish, purchase, consume, or possess powdered alcohol.

Section 3.(a) would authorize the Eastern Band of Cherokee Indians tribal alcoholic beverage control commission to issue: (i) permits in compliance with G.S. 18B-603(f), (ii) wine shipper permits, and (iii) commercial activity permits for commercial businesses that are located wholly on Indian Country lands. This section would also grant them sole enforcement authority for those permittees to the extent the regulated conduct occurs on Indian Country lands. Both the Eastern Band of Cherokee Indians and the North Carolina Alcoholic Beverage Control Commission would be required to equally recognize any permit issued by the other entity.

Section 3.(b) would authorize the issuance of "Tourism ABC Establishment" permits for restaurants and hotels that meet that definition between Mileposts 460 and 469 of the Blue Ridge Parkway. The Eastern Band of Cherokee Indians tribal alcoholic beverage commission would be given exclusive authority to

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

issue "Tourism ABC Establishment" permits to those restaurants and hotels that are located wholly on Indian Country lands.

Section 4.(a) would allow the holder of a distillery permit to sell, in closed containers, liquor that is manufactured at the distillery to visitors who tour the premises for off-premises consumption. The authorization applies only to distilleries that manufacture less than 100,000 proof gallons per year.

The sales would be allowed only in a county where the establishment of a county or municipal ABC store has been approved by election, and would be subject to the time and day restrictions in statute.

The liquor must be sold at the price set by the Commission, including all applicable taxes and bottle charges. The distillery permittee must remit all taxes and bottle charges to the Department of Revenue. There must also be a sticker affixed to the bottle bearing the words "North Carolina Distillery Tour Commemorative Spirit."

Consumers would be limited to purchasing no more than one of any North Carolina code item per calendar year. A distillery would be required to use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the purchaser's name, drivers license number, and date of birth for at least one year from the date of purchase. The distillery would not be permitted sell any North Carolina code item to a customer who has purchased the code item in the last year. The Commission would adopt rules to regulate sales made under this section.

Sections 4.(b) through 4.(e) would make a technical change and conforming changes in the excise tax statutes to acknowledge the addition of distillery permittees as collectors of the tax.

Section 5.(a) would amend G.S. 18B-1001 by removing incorrect citations to rules regulating the filling of a growler with malt beverages,[1] and would allow the holders of both off-premises and on-premises unfortified wine permits to sell unfortified wine[2] for off-premises consumption if dispensed from a tap connected to a pressurized container utilizing carbon dioxide or similar gas into a cleaned, sanitized, resealable container that is filled or refilled and sealed for consumption off-premises and that identifies the permittee and the date the container was filled or refilled. Cider is classified as an unfortified wine and may be sold by retailers holding unfortified wine permits issued by the ABC Commission. Under current law, permittees may sell unfortified wine in the manufacturer's original container for consumption off-premises.

Section 5.(b) would apply the ABC Commission's existing rules governing the retail sale of malt beverages in growlers to the retail sale of unfortified wine in growlers until the Commission adopts rules implementing this act.

Section 6 would provide that a brewery that enters into an "alternating proprietorship" arrangement with another brewery has not changed ownership and therefore does not lose its ABC permits. In this arrangement, the tenant brewery maintains title to the malt beverages at all states of the brewing process and is responsible for all aspects associated with manufacturing the product. Alternating proprietorships would be authorized between affiliated breweries, provided the contract brewing arrangement is not used to distribute production quantities between affiliated breweries to obtain a malt beverage

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[1] The current citations are to rules found in Chapter 2 (ABC Commission) of NCAC Title 4 (Department of Commerce). The ABC Commission has been moved from Commerce to the Department of Public Safety, but the North Carolina Administrative Code does not yet reflect the transfer of the ABC Commission rules to NCAC Title 14B (Department of Public Safety).

[2] Unfortified wine is "any wine of sixteen percent (16%) or less alcohol by volume made by fermentation from grapes, fruits, berries, rice, or honey; or by the addition of pure cane, beet, or dextrose sugar; or by the addition of pure brandy from the same type of grape, fruit, berry, rice, or honey that is contained in the base wine and produced in accordance with the regulations of the United States." G.S. 18B-101(18).

wholesaler permit where either brewery would not otherwise qualify for the permit (i.e., because the brewery exceeds the 25,000 barrel cap).

An alternating proprietorship is an arrangement in which two or more people take turns using the physical premises of a brewery. Generally, the proprietor of an existing brewery, the "host brewery," agrees to rent space and equipment to a new "tenant brewer." The tenant qualifies as a brewer by filing the appropriate documents with federal Alcohol and Tobacco Tax and Trade Bureau. The tenant brewer produces beer, maintains its own brewery records, labels the beer with its own name and address, obtains the necessary Certificates of Label Approval, and pays tax at the appropriate rate upon removal of its beer from the brewery. The tenant brewer has title to the beer at all stages of the brewing process.

Section 7 would provide that the holder of a brewery permit may sell malt beverages to a nonresident wholesaler, nonresident malt beverage vendor, bottler, or other similar party for resale in this State if the malt beverages are shipped from the brewery to wholesalers licensed under Chapter 18B.

This section would allow the holder of a brewery permit to receive, in closed containers, and sell at the brewery, malt beverages produced inside or outside North Carolina under contract with a contract brewery. The contract brewery that manufactures the malt beverages would be responsible for all aspects of manufacturing the product. The contract malt beverages would also be allowed to be sold affiliated retail outlets of the brewery physically located on or adjacent to the brewery. Any malt beverages received from a contract brewery must be made available for sale by the brewery to wholesalers for distribution to retailers, without discrimination, in the same manner as if the malt beverages were being imported by the brewery. Contract brewing would be authorized between affiliated breweries, provided the contract brewing arrangement is not used to distribute production quantities between affiliated breweries to obtain a malt beverage wholesaler permit where either brewery would not otherwise qualify for the permit (i.e., because the brewery exceeds the 25,000 barrel cap).

A contract brewing arrangement is a business relationship in which one person, such as a wholesale or retail dealer or a brewer, pays a brewing company, the "contract brewer," to produce beer for him or her. The contract brewer is entirely responsible for producing the beer, keeping appropriate brewery records, labeling the beer with its name and address, obtaining necessary Certificates of Label Approval, and paying tax at the appropriate rate upon removal of the beer from the brewery. The contract brewer retains title to the beer until the beer is paid for or removed from the brewery.

Section 8 would allow the ABC Commission to issue a guest room cabinet permit to an 18-hole golf course that (i) holds a mixed beverages permit or that is located in a county where ABC stores have heretofore been established but in which the sale of mixed beverages has not been approved, (ii) has management contracts for the rental of living units, and (iii) is located in a county with a population over 20,000 people by the last federal census.

A guest room cabinet permit allows a permittee to sell malt beverages, unfortified wine, fortified wine, and spirituous liquor to its room guests from securely locked cabinets. Under current law, guest room cabinet permits may be issued to hotels in certain counties[3] that have a mixed beverages permit, or private clubs in certain counties that have a mixed beverages permit and management contracts for the rental of living units.

EFFECTIVE DATE: Except as otherwise provided, this act is effective when it becomes law.

Susan Sitze, counsel to House Alcoholic Beverages Control, substantially contributed to this summary.

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[3] Guest room cabinet permits have been issued in Buncombe, Durham, Forsyth, Guilford, Mecklenburg, Moore, and Wake Counties.

HOUSE BILL 909
Committee Substitute Favorable 4/29/15

Short Title: Sale of Antique Spirituous Liquor. (Public)

Sponsors:

Referred to:

April 20, 2015

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE AND REGULATE THE SALE OF ANTIQUE SPIRITUOUS LIQUOR.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 18B-101 reads as rewritten:

"**§ 18B-101. Definitions.**

As used in this Chapter, unless the context requires otherwise:

...

(5) "ALE Branch" means the Alcohol Law Enforcement Branch of the Department of Public Safety.

(5a) "Antique spirituous liquor" means spirituous liquor that has not been in production or bottled in the last 20 years, is in the original manufacturer's unopened container, is not owned by a distillery, and is not otherwise available for purchase by an ABC Board except through the special order process pursuant to G.S. 18B-1001(20).

(5b) "Antique spirituous liquor seller" means a person who sells antique spirituous liquor to an ABC Board.

(5c) "Bailment surcharge" means the charge imposed on each case of liquor shipped from a Commission warehouse as provided in G.S. 18B-208. This bailment surcharge is in addition to the bailment charge imposed by G.S. 18B-804(b)(2).

...."

SECTION 2. G.S. 18B-1001 is amended by adding a new subsection to read:

"(20) Antique spirituous liquor permit. – A permit under this subdivision may be issued to a holder of a mixed beverages permit issued under subdivision (10) of this subsection. Notwithstanding any law to the contrary, the permit holder may sell at retail antique spirituous liquor for use in mixed beverages for consumption on premises. The acquisition of antique spirituous liquor on or after September 1, 2015, shall be in accordance with the process established by rule of the Commission for special orders of spirituous liquor that is not on the list approved by the Commission."

SECTION 3. G.S. 18B-902(d) is amended by adding a new subdivision to read:

"(43) Antique spirituous liquor permit – $100.00."

SECTION 4. G.S. 18B-1001(10) reads as rewritten:

"(10) Mixed Beverages Permit. – A mixed beverages permit authorizes the retail sale of mixed beverages for consumption on the premises. The permit also

authorizes a mixed beverages permittee (i) to obtain a purchase-transportation permit under G.S. 18B-403 and 18B-404, (ii) to obtain an antique spirituous liquor permit under subdivision (20) of this section, and (iii) to use for culinary purposes spirituous liquor lawfully purchased for use in mixed beverages. The permit may be issued for any of the following:

a. Restaurants;
b. Hotels;
c. Private clubs;
d. Convention centers;
e. Community theatres;
f. Nonprofit organizations; and
g. Political organizations."

SECTION 5. G.S. 18B-804 reads as rewritten:

"**§ 18B-804. Alcoholic beverage pricing.**

(a) Uniform Price of Spirituous Liquor. – The retail price of spirituous liquor sold in ABC stores shall be uniform throughout the State, unless otherwise provided by the ABC law.

(b) Sale Price of Spirituous Liquor. – The sale of spirituous ~~liquor~~liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:

(1) The distiller's or the antique spirituous liquor seller's price.
(2) The freight and bailment charges of the State warehouse as determined by the Commission.
(3) A markup for local boards as determined by the Commission.
(4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).
(5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).
(6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
(6a) The bailment surcharge.
(6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.
(7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.
(8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.
(9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.

...."

SECTION 6. G.S. 105-113.80(c) reads as rewritten:

"(c) Liquor. – An excise tax of thirty percent (30%) is levied on spirituous liquor and antique spirituous liquor sold in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's or the antique spirituous liquor seller's price plus (i) the State ABC warehouse freight and bailment ~~charges,~~charges and (ii) a markup for local ABC boards."

SECTION 7. No later than September 1, 2015, the ABC Commission shall establish and adopt temporary rules to implement the provisions of this act.

SECTION 8. Sections 1 through 6 of this act become effective upon adoption of rules pursuant to Section 7 of this act. The remainder of this act is effective when it becomes law.

SENATE PAGES ATTENDING

COMMITTEE: Commerce **ROOM:** 1027

DATE: 5-21 **TIME:** 11AM

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Hannah Styers	Franklinton	Barefoot
2. Spencer Amos	Morganton	Daniel
3. Mattie Mitchell	Morganton	Daniel
4. Katie Bonaminio	Mitchell	Hise
5. Sarah cochsane	Winston-Salem	Parmon
6. Kaleb Woods	Burlington	Woodard
7.		
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 21, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Kathy Hanlon	Duke
George Everett	Duke Energy
Bo Somers	Duke Energy
Kendal Bowman	Duke Energy
Donna Bellard	UNC Dept Gov.
Dustin Chance Bryant	Sierra Club
Molly Diggins	Sierra Club
Erik Fullerton	Americas Risky, LLC
John McMillan	NFOS
Samantha Cohen	Manning-Fulton
	BCI
Tom Beam	EDF, NCSEA

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 21, 2015

Name of Committee — **Date**

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NAME	FIRM OR AGENCY AND ADDRESS
Michael Hauser	THCG
Steve Metcalf	The Policy Group
Rep. Jimmy Dixon	NC General Assembly

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 21, 2015

Name of Committee — **Date**

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Patrick Buffkin	NCAEC
TJ Burbee	NP
Carr McLamb	TSS
Elizabeth Robinson	NCRMA
Andy Ellen	
Jim Harrell	
Allison Cupka	
Henry Jones	Jordan, Price
Steven Mange	NCRLA
John Hamlin	MF&S
Michelle Frazier	MF&S

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 21, 2015

Name of Committee — **Date**

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NAME	FIRM OR AGENCY AND ADDRESS
DANIEL BRUM	TROUTMAN SANDERS

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 21, 2015

Name of Committee — **Date**

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NAME	FIRM OR AGENCY AND ADDRESS
Doug Miskell	PSG
Tommy Scott	MVA
Paul Sherman	NCFB
Dana Sipes	SCA
Tracy Kimbrell	Parker Poe
[illegible]	NMRS
Lori Ann Harris	LAHA
Bruce Thompson	Parker Poe
Connie Wilson	DISCUS
Mike Mayer	CSC
Rev. Mark Creech	CAL

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 21, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Matthew McConnell	Carolina Hemp Co.
Tommy Kelly	Nelson Mullins
Robert Howard	Senate GA
Boykin Lucas	NCCM
Gerry Cohen	Nelson Mullins
Jeremy Norris	Broadslab Distillery
Matthew Cobb	Senate Intern
Sarah Bales	Biltmore Assoc.
Lexi Morgan	NCFMA
Steven Walker	NCHBA

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 21, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

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Dan Crawford	NCLCV
John Mitchell	Policy Group
Cady Thomas	Focus Carolina
Wendy Kelly	
Tim Kent	NC Beer & Wine
Cam Lasher	SSENC
K Renee Cowick	ABC Commission
Agnes Stevens	NC ABC Commission
Alex Miller	KLG
Margo Metzger	NC Craft Brewers Guild
Collee - Kochanke	KLG

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 21, 2015
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Jon Lee	ABC Boards
Kevin Murtagh	Research Div.
Vicki Bazer	self
Kara Weishaar	SA
R w/ Kayla	Kayla Lowe Firm
Tom Fetzer	FSP
Richard Stevens	SA
David Ferrell	JB
Bill Scoggin	TS
Phoebe Landon	Brooks Pierce
Val Procopio	LOLLC

Senate Committee on Commerce
Tuesday, June 9, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on June 9, 2015 in Room 1027/1128 of the Legislative Building. Twenty six members were present.

Senator Gunn, Co-Chair, presided.

Taylor Payne from Burlington, Cameron Rogers from Henderson, Rebecca Lepore from Fuquay-Varina, Lawrence Lepore from Fuquay-Varina, Blake Wiseman from Wake Forest, Andrew Grierson from Hope Mills, and Gray Keith from Wilmington served as pages.

HB 289 NC Money Transmitters Act.-AB (Representatives Ross, Jeter, Hardister)
Representative Steve Ross was introduced to speak on the bill. The majority of questions from the members were answered by Katherine M.R. Bosken, North Carolina Commissioner of Banks Supervision Attorney. Elizabeth F. Hammond, Chief Financial Officer from the Office of the Commissioner of Banks and I. Nelson Freeman, Legislative Liaison from the North Carolina Department of Revenue also answered questions. Sen. Brown moved for a favorable report and the motion carried. Sen. Gunn will manage the bill on the Senate Floor.

HB 511 Credit Unions/Statutory Changes. (Representatives Ross, J. Bell, Bradford, Glazier)
Representative Steve Ross was introduced to speak on the bill and answered questions from the members. Sen. Tillman moved for a favorable report and the motion carried. Sen. Gunn will manage the bill on the Senate Floor.

The meeting adjourned at 11:30 AM.

Select or Type Name of Presiding Chair
Presiding

Karen Johns, Committee Clerk

Senate Committee on Commerce
Tuesday, June 9, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 289	NC Money Transmitters Act.-AB	Representative Ross Representative Jeter Representative Hardister
HB 511	Credit Unions/Statutory Changes.	Representative Ross Representative J. Bell Representative Bradford Representative Glazier

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, June 09, 2015

Senator Gunn,
submits the following with recommendations as to passage:

FAVORABLE

HB **289** NC Money Transmitters Act.-AB

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

HB **511** Credit Unions/Statutory Changes.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 2

Senator Richard Gunn will handle HB 289
Senator Richard Gunn will handle HB 511

HOUSE BILL 289:
NC Money Transmitters Act.-AB

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	June 9, 2015
Introduced by:	Reps. Ross, Jeter, Hardister	**Prepared by:**	Trina Griffin Committee Counsel
Analysis of:	First Edition		

SUMMARY: House Bill 289 would enact a new Money Transmitters Act (MTA) as requested by the Office of the North Carolina Commissioner of Banks.

[As introduced, this bill was identical to S680, as introduced by Sen. Gunn, which is currently in Senate Finance.]

CURRENT LAW: The current Money Transmitters Act was enacted in 2001 and regulates non-bank companies that engage in the business of transmitting funds on behalf of others. This activity is regulated by both federal law and the laws in 48 states. Among the reasons for regulating this industry are to prevent money laundering and the financing of terrorism and to protect consumers from the risk that money transfer businesses will fail to deliver the funds as agreed. As of May 2015, there are approximately 96 money transmitter licensees in North Carolina. Examples of traditional money transmitters are Western Union and MoneyGram. Online payment processors, like PayPal and Amazon, are generally considered money transmitters as well.

BILL ANALYSIS: House Bill 289 would replace the current statutory article with a new one, incorporating much of the existing law, and would modernize and clarify various features as requested by the Office of the North Carolina Commissioner of Banks. The main changes are as follows:

- It would specifically address the transmission of virtual currency, such as Bitcoin. These payment systems are currently subject to the act, but industry has requested clarification of the law to take into account the changes that have occurred since the law was written.
- It would exclude certain business-to-business money transmission activity.
- It would revise the cost structure by replacing the examination fee and the annual renewal fee with an annual assessment based on North Carolina transmission volume.
- It would convert the annual license into a perpetual license.

A more detailed description of the bill is as follows:

Definitions—Several new terms are added to the list of defined terms including "branch office"; "depository institution"; "NMLS"; and "virtual currency". Several definitions are revised including "payment instrument" and "stored value".

License Requirement—Clarifies that licensure is only required for those who profit from the transmission of funds and excludes those that transmit funds without compensation or gain. Also clarifies existing requirement that out of state entities must be licensed if their services are available to North Carolina consumers.

Exemptions—Provides that individuals acting as the agent of the recipient of transmitted funds under a written contract are exempt from the MTA. Creates a new exemption from licensure for employers who

use money transmission services to pay wages. Provides for a method to seek exemption from the Office of the Commissioner of Banks.

License Application—Applications for licenses under the MTA would be through the Nationwide Multistate Licensing System (NMLS), which is used by over 20 other states.

Minimum Net Worth—Creates a uniform minimum net worth of $250,000 for all applicants and allows the Commissioner of Banks (Commissioner) to increase the amount of net worth required of an applicant or licensee if the Commissioner determines that the additional net worth is necessary based on consideration of specific factors.

Surety Bond—Restructures the surety bond requirement to provide an initial bond amount of $150,000 with the bond for subsequent years based on a tiered structure determined by volume of transmissions in the State with a maximum of $250,000. Current law requires a minimum of $150,000 with an additional $5,000 required per location in the State up to a maximum of $250,000.

Permissible Investments and Statutory Trusts—Makes conforming statutory reference changes, but does not make substantive changes to existing law.

Application Fees and Annual Assessment—Keeps existing application fee of $1,500 and replaces the examination fee and annual renewal fee with an annual assessment to be paid by the licensee to cover the cost of the regulation, based on the company's North Carolina transmission volume.

Issuance of License—Codifies an existing administrative rule that an application for a license will be considered abandoned if the applicant fails to provide all requested information within 30 days of submission or if the applicant fails to respond to subsequent requests for information necessary to evaluate the application. Annual licenses would become perpetual licenses which eliminates the current requirement that companies must renew their licenses every year and pay annual renewal fee.

Prohibited Practices—Creates a clear set of prohibited practices that address risks posed by money transmission such as failure to remit money received for transmission.

Maintenance of Records—Sets out the maintenance of records section of the current law and updates the language related to the maintenance of digital records to account for different methods of digitizing documents. Clarifies the duty of the licensee to notify the Commissioner of the change of location of stored records.

Reporting—Consolidates annual and quarterly reports into one statute and provides that the reporting is to be done through the NMLS. The Commissioner could accept other reporting through the NMLS to avoid duplicate reporting requirements where possible.

Notice of Material Event—Clarifies existing reporting requirements that are associated with material events which are referred to as "extraordinary reporting requirements" in the current law. One addition would be that within 15 days of a change or acquisition of control of a licensee, the licensee would provide notice of the event to the Commissioner.

Examination and Investigation Authority—Consolidates the existing authority of the Commissioner to examine and investigate both licensees and prospective licensees to ensure compliance.

Licensure Authority—Sets forth a 2-part test that allows the Commissioner through an order deny, suspend, revoke, or refuse to issue a license under certain listed circumstances and only if the order would be in the public interest.

Disciplinary Authority—Provides that all administrative actions and hearings under MTA are subject to the NC Administrative Procedures Act. Allows the Commissioner to issue a summary suspension of a license or cease and desist order if the Commissioner has reason to believe there has been a violation

of law that poses an imminent threat to the public. This would be different that current law which only allows the Commissioner to pursue an injunction in Wake County Superior Court. The maximum civil money penalty for each violation would increase to $5,000 from $1,000. The Commissioner would also continue to have the authority to negotiate and settle disputed matters short of litigation.

Criminal Penalties—Incorporates existing criminal penalties.

Confidentiality—Clarifies existing confidentiality requirements to extend to information obtained in the regulation of money transmitters.

Rules—Keeps existing authority of the State Banking Commission to adopt rules necessary to implement the MTA as well as the method for aggrieved parties to appeal a rule or order of the Commissioner to the State Banking Commission.

Service of Process—Keeps existing language to service of process on licensee and adds the service of process language from other statutes administered by the Commissioner.

Commissioner's Participation in Nationwide Registry—Authorizes the migration to the NMLS.

Severability—Allows for any invalid or unconstitutional provision to be removed without affecting the MTA as a whole.

Transition—Provides that any licensee who holds a license in good standing on or after November 1, 2014 can continue to engage in money transmitting subject to the requirements of the MTA.

EFFECTIVE DATE: The bill would become effective October 1, 2015.

Drupti Chauhan, counsel to House Banking, substantially contributed to this summary.

HOUSE BILL 289*

Short Title:	NC Money Transmitters Act.-AB	(Public)
Sponsors:	Representatives Ross, Jeter, and Hardister (Primary Sponsors). *For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*	
Referred to:	Banking, if favorable, Finance.	

March 19, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE NORTH CAROLINA MONEY TRANSMITTERS ACT AS REQUESTED BY THE OFFICE OF THE NORTH CAROLINA COMMISSIONER OF BANKS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 53 of the North Carolina General Statutes is amended by adding a new Article to read:

"Article 16B.

"Money Transmitters Act.

"**§ 53-208.41. Title.**

This act may be cited as the "North Carolina Money Transmitters Act."

"**§ 53-208.42. Definitions.**

For purposes of this Article, the following definitions apply:

(1) Applicant. – A person filing an application for a license under this Article.

(2) Authorized delegate. – An entity designated by the licensee under the provisions of this Article to engage in the business of money transmission on behalf of a licensee from a branch office in this State.

(3) Branch office. – Any physical retail location within this State operated by the licensee or the licensee's authorized delegate at which the licensee engages in the business of money transmission. For the purposes of this Article, this includes automated kiosks.

(4) Commissioner. – The Commissioner of Banks of the State of North Carolina.

(5) Control. – The power, directly or indirectly, to direct the management or policy of the licensee or person subject to this Article, whether through ownership of securities, by contract, or otherwise. Any person that (i) is a director, general partner, or executive officer; (ii) directly or indirectly has ownership of or the power to vote ten percent (10%) or more of a class of outstanding voting securities; (iii) in the case of a limited liability company, is a managing member; or (iv) in the case of a partnership, has the right to receive upon dissolution, or has contributed, ten percent (10%) or more of the capital, is presumed to control the licensee or person subject to this Article.

(6) Controlling person. – Any person in control of a licensee or person subject to this Article.

(7) Depository institution. – Any bank, savings association, mutual savings bank, savings bank, or other institution as defined in Section 3 of the Federal Deposit Insurance Act and any credit union whose share and deposit accounts are insured by the National Credit Union Administration under the Federal Credit Union Act.

(8) Engage in the business of. – For compensation or gain, or in expectation of compensation or gain, either directly or indirectly, to make available monetary transmission services to North Carolina consumers for personal, family, or household purposes.

(9) Executive officer. – The chief executive officer, chief operating officer, chief financial officer, chief compliance officer, chief technology officer, or any other individual the Commissioner identifies who exercises significant influence over, or participates in, major policy making decisions of the applicant or licensee without regard to title, salary, or compensation.

(10) Licensee. – A person licensed under this Article.

(11) Material litigation. – Any litigation that, according to generally accepted accounting principles, is deemed significant to an applicant's or licensee's financial health and would be required to be referenced in that entity's annual audited financial statements, report to shareholders, or similar documents.

(12) Money transmission. – To engage in the business of any of the following:

a. Sale or issuance of payment instruments or stored value primarily for personal, family, or household purposes; or

b. Receiving money or monetary value for transmission or holding funds incidental to transmission within the United States or to locations abroad by any and all means, including payment instrument, stored value, wire, facsimile, or electronic transfer, primarily for personal, family, or household purposes. This includes maintaining control of virtual currency on behalf of others.

(13) Monetary value. – A medium of exchange, whether or not redeemable in money.

(14) NMLS. – The Nationwide Mortgage Licensing System and Registry or its successors.

(15) Outstanding transmission obligation. –

a. Any payment instrument or stored value issued by the licensee which has been sold in the United States directly by the licensee, or any payment instrument or stored value issued by the licensee which has been sold by an authorized delegate of the licensee in the United States, but in either case has not yet been paid or refunded by the licensee.

b. Any money or monetary value received by the licensee for transmission that has not been remitted to the payee or refunded to the sender.

To the extent that the outstanding transmission obligation was received in virtual currency, for the purposes of compliance with this Article, the obligation shall be denominated in the amount or value to be transmitted to the payee.

(16) Payment instrument. – A check, draft, money order, traveler's check, or other instrument for the transmission or payment of money or monetary value, whether or not negotiable. The term does not include a credit card voucher,

letter of credit, or any other instrument that is redeemable by the issuer exclusively in goods or services.

(17) Permissible investments. – One or more of the following, but only to the extent that they are maintained in an account located in the United States:

a. Cash.

b. Certificates of deposit or other debt obligations of a depository institution, either domestic or foreign.

c. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, which are eligible for purchase by member banks of the Federal Reserve System.

d. Any investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates securities.

e. Investment securities that are obligations of the United States, its agencies, or instrumentalities or obligations that are guaranteed fully as to principal and interest of the United States or any obligations of any state, municipality, or any political subdivision thereof.

f. Shares in a money market mutual fund, interest-bearing bills or notes or bonds, debentures, or preferred stock traded on any national securities exchange or on a national over-the-counter market, or mutual funds primarily composed of such securities or a fund composed of one or more permissible investments as set forth herein.

g. Any demand borrowing agreement or agreements made to a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange.

h. Value of receivables due to the licensee that are no more than 90 days past due or otherwise doubtful of collection.

i. Virtual currency owned by the licensee, but only to the extent of outstanding transmission obligations received by the licensee in like-kind virtual currency.

j. Any other investments or security device approved by the Commissioner.

(18) Person. – Any individual, partnership, limited liability company, limited partnership, association, joint-stock association, trust, corporation, or other group engaged in joint business activities however organized.

(19) Stored value. – Monetary value representing a claim against the issuer that is stored on an electronic or digital medium and is evidenced by an electronic or digital record, and that is intended and accepted for use as a means of redemption for money or monetary value or payment for goods or services. The term does not include stored value that is redeemable by the issuer exclusively in goods or services; stored value that is redeemable exclusively in goods or services limited to transactions involving a defined merchant or location or set of locations, such as a specific retailer or retail chain, college campus, or subway system; or program points, miles, or other units issued in connection with a customer affinity or rewards program, even if there is a secondary market for the stored value.

(20) Virtual currency. – A digital representation of value that can be digitally traded and functions as a medium of exchange, a unit of account, or a store of value but only to the extent defined as stored value under G.S. 53-208.42(19), but does not have legal tender status as recognized by the United States Government.

"**§ 53-208.43. License requirement.**

(a) No person except those exempt pursuant to G.S. 53-208.44 shall engage in the business of money transmission in this State without a license as provided in this Article.

(b) A licensee may conduct its business in this State at one or more locations, directly or indirectly owned, or through one or more authorized delegates, or both, pursuant to the single license granted under this Article.

(c) For the purposes of this Article, a person is considered to be engaged in the business of money transmission in this State if that person solicits or advertises money transmission services from a Web site that North Carolina citizens may access in order to enter into those transactions by electronic means.

"**§ 53-208.44. Exemptions.**

(a) This Article shall not apply to any of the following:

(1) The United States or any department, agency, or instrumentality or by a contractor thereof.

(2) The United States Postal Service.

(3) The State or any political subdivisions or by a contractor thereof.

(4) Banks, credit unions, savings and loan associations, savings banks, or mutual banks organized under the laws of any state or the United States.

(5) A person registered as a securities broker-dealer under federal or state securities laws to the extent of its operation as a broker-dealer.

(6) The provision of electronic transfer of government benefits for any federal, state, or county governmental agency as defined in Regulation E, 12 C.F.R. § 1005 et seq., by a contractor for and on behalf of the United States or any department, agency, or instrumentality thereof, or any state or any political subdivisions thereof.

(7) A person that is engaged exclusively in any of the following:

a. Delivering wages or salaries on behalf of employers to employees;

b. Facilitating the payment of payroll taxes to State and federal agencies;

c. Making payments relating to employee benefit plans;

d. Making distribution of other authorized deductions from employees' wages or salaries; or

e. Transmitting other funds on behalf of an employer in connection with transactions related to employees.

(8) A person appointed by a payee to collect and process payments as the bona fide agent of the payee, provided the person can demonstrate to the Commissioner that:

a. There exists a written agreement between the payee and agent directing the agent to collect and process payments on the payee's behalf;

b. The payee holds the agent out to the public as accepting payments on the payee's behalf; and

c. Payment is treated as received by the payee upon receipt by the agent.

This exemption would extend to those otherwise engaged in money transmission as set forth in G.S. 53-208.42(12)b., including those transactions conducted in whole or in part in virtual currency.

(b) Any person who seeks to engage in the business of money transmission in this State subject to exemption under (a)(7) or (a)(8) of this section shall submit a written request for verification of exemption to the Commissioner. Such request shall be in a form acceptable to

the Commissioner and shall include a copy of any written agreement and related documentation that is the basis for the specified exemption.

(c) Licensees may authorize delegates to engage in money transmission on their behalf subject to this Article subject to an express written agreement, which shall provide the following:

(1) The licensee appoints the person as its delegate with authority to engage in money transmission on behalf of the licensee in this State.

(2) Neither a licensee nor an authorized delegate may authorize sub-delegates without the written consent of the Commissioner.

(3) Authorized delegates, in their capacity as agents of the licensee, are subject to the supervision and regulation by the Commissioner notwithstanding exemption from licensure.

(4) The licensee shall issue a certificate of authority for each branch office at which it conducts licensed activities in this State through an authorized delegate, which shall be posted in public view and read as follows: "Money transmission on behalf of (licensee) is conducted at this location pursuant to the North Carolina Money Transmitters Act, N.C.G.S. § 53-208.41 et seq."

Licensees conducting money transmission subject to this Article are required to maintain full charge, control, and supervision of any authorized delegate and are responsible for ensuring any activity undertaken by an authorized delegate on behalf of the licensee is in compliance with this Article.

(d) The Commissioner may, by rule or by order, exempt from all or part of this Article any person, transaction, or class of persons or transactions if the Commissioner finds such action to be in the public interest and that the regulation of such persons or transactions is not necessary for the purposes of this Article.

"**§ 53-208.45. License application.**

(a) Applications under this Article shall be filed through the NMLS in a form acceptable to the Commissioner. To be considered complete, all applications shall be verified by oath or affirmation of the applicant or a designee thereof and shall contain:

(1) The legal name, along with any assumed names or trade names, principal address, contact information, and social security number or taxpayer identification number of the applicant.

(2) The applicant's form and place of organization, if applicable.

(3) A certificate of good standing from the state in which the applicant was incorporated, if applicable.

(4) A certificate of authority from the North Carolina Secretary of State to conduct business in this State, if required by the North Carolina Business Corporations Act, Chapter 55 of the General Statutes, or other evidence of applicant's registration or qualification to do business in this State.

(5) A copy of the applicant's active money service business registration with the United States Department of Treasury Financial Crimes Enforcement Network.

(6) A detailed description of the organizational structure of the applicant, including the identity of parents or subsidiaries of the applicant, and the disclosure of whether any parent or subsidiary is publicly traded on any stock exchange.

(7) A detailed business plan, including a description of the activities conducted by the applicant, including a history of any existing operations and a description of the money transmission activities in which the applicant seeks to be engaged in the State.

(8) A copy of the applicant's policies and procedures, including the anti-money laundering compliance program.

(9) A detailed description of the applicant's internal business controls, including controls specific to information technology and data integrity.

(10) The history of the material civil litigation and a record of any criminal convictions for the applicant, controlling person, and key management personnel for a 10-year period prior to the date of the application, including authorization to perform a federal and State criminal background check.

(11) The name, business and residence address, and employment history for the past five years for any controlling person and key management personnel.

(12) A sample payment instrument, if applicable, which bears the name and address or telephone number of the issuer clearly printed on the payment instrument.

(13) If the applicant seeks to engage in money transmission in this State through authorized delegates:

a. A list identifying the proposed authorized delegates, including the name, mailing address, and other contact information of a representative of the authorized delegate and associated branch locations;

b. A sample authorized delegate contract.

(14) The name and address of the clearing bank or banks on which the applicant's payment instruments will be drawn or through which the payment instruments will be payable.

(15) A copy of the applicant's most recent audited financial statement, including the balance sheet, statement of income or loss, statement of changes in shareholder equity, if applicable, and statement of changes in financial position and the applicant's audited financial statements for the immediately preceding two-year period. However, if the applicant is a wholly owned subsidiary of another corporation, the applicant may submit either the parent corporation's consolidated audited financial statements for the current year and for the immediately preceding two-year period or the parent corporation's Form 10K reports filed with the United States Securities and Exchange Commission for the prior three years in lieu of the applicant's financial statements. If the applicant is a wholly owned subsidiary of a corporation having its principal place of business outside the United States, similar documentation filed with the parent corporation's non-United States regulator may be submitted to satisfy this provision.

(16) Copies of all filings, if any, made by the applicant with the United States Securities and Exchange Commission, or with a similar regulator in a country other than the United States, within the year preceding the date of filing of the application.

(a) Upon request by the Commissioner or the Commissioner's designee, the applicant shall furnish any additional information necessary to enable the Commissioner to evaluate the application as required by G.S. 53-208.50.

(b) The Commissioner is authorized, for good cause shown, to waive any requirements of this section with respect to any application or to permit any applicant to submit equivalent information in lieu of the information required by this section.

"**§ 53-208.46. Minimum net worth.**

(a) An applicant shall possess and a licensee shall maintain at all times a net worth of not less than two hundred fifty thousand dollars ($250,000) calculated in accordance with generally accepted accounting principles.

(b) The Commissioner may by order increase the amount of net worth required of an applicant or licensee if the Commissioner determines additional net worth is necessary to ensure safe and sound operation based on consideration of the following factors:

(1) The nature and volume of the projected or established business.
(2) The number of locations at or through which money transmission is or will be conducted.
(3) The amount, nature, quality, and liquidity of assets.
(4) The amount and nature of liabilities.
(5) The history of operations and prospects for earning and retaining income.
(6) The quality of operations and management.
(7) The nature and quality of controlling persons.
(8) The history of compliance with applicable State and federal law.
(9) Any other factors the Commissioner deems relevant.

"**§ 53-208.47. Surety bond.**

(a) Applicants shall be required to post a surety bond with the Commissioner at application and licensees shall maintain a surety bond in the amount of one hundred fifty thousand dollars ($150,000) to be subsequently adjusted as set forth in subsection (b) of this section.

(b) The surety bond amount required subsequent to initial licensure shall consist of a base amount of one hundred fifty thousand dollars ($150,000) for money transmission volumes in this State of no more than one million dollars ($1,000,000). However, if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of one million dollars ($1,000,000) but less than five million dollars ($5,000,000), then the licensee's bond amount shall be one hundred seventy five thousand dollars ($175,000); if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of five million dollars ($5,000,000) but less than ten million dollars ($10,000,000), then the licensee's bond amount shall be two hundred thousand dollars ($200,000); if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of ten million dollars ($10,000,000) but less than fifty million dollars ($50,000,000), then the licensee's bond amount shall be two hundred twenty-five thousand dollars ($225,000); and if a licensee has transmission volume in North Carolina in a 12- month period ending December 31 in excess of fifty million dollars ($50,000,000), then the licensee's bond amount shall be two hundred fifty thousand dollars ($250,000).

(c) Any increased surety bond required under subsection (b) shall be filed with the Commissioner on or before May 31 annually. Failure to obtain the additional surety bond required is grounds for summary suspension pursuant to G.S. 53-208.57(d)(2).

(d) The surety bond shall be in a form satisfactory to the Commissioner and shall run to the State for the benefit of any claimants against the licensee to secure the faithful performance of the obligations of the licensee with respect to the receipt, handling, transmission, and payment of money or monetary value in connection with the sale and issuance of payment instruments, stored value, or transmission of money. The Commissioner has the discretion to require the applicant obtain additional insurance coverage to address related cybersecurity risks inherent in the applicant's business model as it relates to virtual currency transmission and to the extent such risks are not within the scope of the required surety bond.

(e) The aggregate liability of the surety in no event shall exceed the principal sum of the bond. Claimants against the licensee may themselves bring suit directly on the security bond, or the Commissioner may bring suit on behalf of claimants, either in one action or in successive actions.

(f) In lieu of a surety bond, the licensee may deposit with the Commissioner, or with any bank in this State designated by the licensee and approved by the Commissioner, an

aggregate amount, based upon principal amount or market value, whichever is lower, of not less than the amount of the surety bond or portion thereof, the following:

(1) Unencumbered cash.
(2) Unencumbered interest-bearing bonds.
(3) Unencumbered notes.
(4) Unencumbered debentures.
(5) Unencumbered obligations of the United States or any agency or instrumentality thereof, or guaranteed by the United States.
(6) Unencumbered obligations of this State or of any political subdivision of the State, or guaranteed by this State.

The securities or cash shall be deposited as aforesaid and held to secure the same obligations as would the surety bond, but the depositor shall be entitled to receive all interest and dividends thereon, shall have the right, with the approval of the Commissioner, to substitute other securities for those deposited, and shall be required to do so on written order of the Commissioner made for good cause shown.

(g) The surety bond shall remain in effect until cancellation, which may occur only after 90 days' written notice to the Commissioner. Cancellation shall not affect any liability incurred or accrued during that period.

(h) The surety bond shall remain in place for no less than five years after the licensee ceases money transmission operations in the State. However, notwithstanding this provision, the Commissioner may permit the surety bond to be reduced or eliminated prior to that time to the extent that the amount of the licensee's outstanding payment instruments, stored value obligations, and money transmitted in this State is reduced.

(i) The surety bond proceeds and any cash or other collateral posted as security by a licensee shall be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments, stored value obligations, and money transmissions and to the State in the event of the bankruptcy of the licensee.

"**§ 53-208.48. Permissible investments and statutory trust.**

(a) Each licensee under this Article shall possess at all times unencumbered permissible investments having an aggregate market value, calculated in accordance with generally accepted accounting principles, of not less than the aggregate face amount of all outstanding transmission obligations. This requirement may be waived by the Commissioner if the dollar volume of a licensee's outstanding transmission obligations does not exceed the bond or other security devices posted by the licensee pursuant to G.S. 53-208.47.

(b) Permissible investments, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments and stored value obligations in the event of the bankruptcy of the licensee.

"**§ 53-208.49. Application fees and annual assessment.**

(a) Application Fees. Each application for initial licensure shall be accompanied by a nonrefundable filing fee of one thousand five hundred dollars ($1,500).

(b) Annual Assessment. For the purpose of meeting the cost of regulation under this Article, each licensee shall pay to the Commissioner an annual assessment as provided in this subsection. The annual assessment shall consist of a base amount of five thousand dollars ($5,000) for volumes of no more than one million dollars ($1,000,000) plus an additional sum, calculated on the transmission dollar volume reported by the licensee pursuant to G.S. 53-208.53 for the previous calendar year. The cumulative assessment shall be calculated as follows:

Transmission in U.S. Dollar Volume	Per U.S. Dollar
$1,000,001 to $5,000,000	$0.0008

$5,000,001 to $10,000,000	$0.0006
$10,000,001 to $50,000,000	$0.00004
More Than $50,000,000.00	$0.0000006

The Commissioner may collect the assessment provided for in this subsection annually or in periodic installments as approved by the State Banking Commission.

"**§ 53-208.50. Issuance of license.**

(a) Upon receipt of a complete license application, as set forth under G.S. 53-208.45, the Commissioner shall investigate the financial condition and responsibility, financial and business experience, the character and general fitness of the applicant, and any other matters deemed relevant by the Commissioner. The Commissioner may require additional information and may require the amendment of the application in the course of the investigation. An applicant's failure to furnish all required information within 30 days after filing the application or within 30 days of a request by the Commissioner for additional information may be considered an abandonment of the application. In the course of the investigation, the Commissioner may conduct an on-site examination of the applicant, the reasonable cost of which shall be borne by the applicant.

(b) The Commissioner may only approve an application for licensure when the Commissioner has determined that all of the following requirements have been satisfied or are reasonably likely to be satisfied within a reasonable time period as specified by the Commissioner in the order of approval:

(1) The applicant has satisfied the requirements imposed by this Article;

(2) The applicant's business will be conducted honestly, fairly, and in a manner commanding the confidence and trust of the community;

(3) The applicant has demonstrated net worth necessary to satisfy the requirements in accordance with G.S. 53-208.46;

(4) The applicant has obtained a surety bond in conformance with G.S. 53-208.47;

(5) That neither the applicant nor any controlling person are identified on the Specially Designated Nationals and Blocked Persons List prepared by the United States Department of the Treasury or the United States Department of State subject to Presidential Executive Order No. 13224, Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism;

(6) The controlling persons and key management personnel, as a group, have degrees of character, competence, and experience which command the confidence and trust of the community and justify the belief that the applicant will operate safely, soundly, and in compliance with the law;

(7) The anticipated volume and nature of business projected in the application are reasonable and indicate a reasonable likelihood of safe and sound operation.

(c) Licenses issued under this Article are perpetual and not assignable. Control of a licensee shall not be acquired through a stock purchase, merger, or other device without prior written consent of the Commissioner. The Commissioner shall not give written consent if the Commissioner finds that any of the grounds for denial, revocation, or suspension as set forth under G.S. 53-208.56 are applicable to the acquiring person.

"**§ 53-208.51. Prohibited practices.**

No person required to be licensed under this Article shall:

(1) Fail to remit all money or monetary value received for transmission pursuant to G.S. 53-208.42(12)b., or give instructions committing equivalent money

or monetary value to the person designated by the sender within 10 days after receipt by the licensee unless otherwise directed by the sender;

(2) Fail to immediately notify the Commissioner in writing if the licensee dishonors or fails to satisfy any money transmission transaction within the 10 days following receipt for any reason other than direction by the sender;

(3) Engage in the business of money transmission in the State under any name other than that which it is organized or otherwise authorized to do business in the State;

(4) Fail to comply with the Federal Bank Secrecy Act, 31 U.S.C. 5311 et seq., and 31 C.F.R. Part 1022, including maintenance of active registration with the United States Department of Treasury Financial Crimes Enforcement Network;

(5) Fail to comply with the Federal Electronic Funds Transfer Act, 12 U.S.C.1693 et seq., and Regulation E, 12 C.F.R. 1005 et seq.;

(6) Fail to safeguard identifying information obtained in the course of money transmission and otherwise comply with the requirements set forth under G.S. 75-60 et seq.;

(7) Fail to comply with applicable State and federal laws and regulations related to the business of money transmission;

(8) Use or cause to be published or disseminated any advertising communication which contains any false, misleading, or deceptive statement or representation; or

(9) Engage in unfair, deceptive, or fraudulent practices.

"**§ 53-208.52. Maintenance of records.**

(a) Each licensee shall maintain such books, accounts, and other records as the Commissioner may require for a period of no less than three years unless the Commissioner, by rule, prescribes otherwise for particular types of records. Such records shall be segregated from any other business in which the licensee is engaged and, at a minimum, include:

(1) A record or records of each payment instrument sold.

(2) A general ledger containing all assets, liability, capital, income, and expense accounts, which general ledger shall be posted at least monthly.

(3) Settlement sheets received from authorized delegates.

(4) Bank statements and bank reconciliation records.

(5) Records of outstanding transmissions, payment instruments, and stored value.

(6) Records of each payment instrument paid within the three-year period.

(7) A list of the names and addresses of all of the licensee's proposed authorized delegates, if any, and a copy of each written agreement in conformance with G.S. 53-208.44(c)(1).

(a) Maintenance of the documents required by this section in the form of any digital or electronic medium shall constitute compliance with this section provided records remain readily convertible into legible, tangible documents and shall be treated as originals for the purposes of any examination or investigation conducted pursuant to this Article.

(b) All records required to be maintained shall be secured against unauthorized access and damage and may be maintained at a location outside this State so long as they are made accessible to the Commissioner on seven days' written notice.

(c) All records required to be maintained under this Article shall be prepared in accordance with generally accepted accounting principles, where applicable.

(d) A licensee shall notify the Commissioner of any change in the location of its records within 10 days following such change.

"**§ 53-208.53. Reporting.**

(a) Annual Report. No later than 90 days after the end of the calendar year, licensees shall file an annual report in a form prescribed by the Commissioner through NMLS, which shall include:

(1) A copy of its most recent audited consolidated annual financial statement, including balance sheet, statement of income or loss, statement of changes in shareholder's equity, if applicable, and statement of changes in financial position, or, in the case of a licensee that is a wholly owned subsidiary of another corporation, the consolidated audited annual financial statement of the parent corporation may be filed in lieu of the licensee's audited financial statement;

(2) The total amount of outstanding transmission obligations;

(3) Any material changes to any of the information submitted by the licensee on its original application, which have not been previously reported to the Commissioner on any other report required to be filed under this Article;

(4) Copies of bank statements and other documentation necessary to document the existence and quality of the licensee's permissible investments; and

(5) A list of the branch offices at which business regulated by this Article is being conducted by either the licensee or its authorized delegates.

(b) Quarterly Reports. No later than 60 days after the calendar quarter has ended, licensees shall file a quarterly call report in a form prescribed by the Commissioner through NMLS, which shall at a minimum include:

(1) The number and dollar volume of money transmission transactions in the State by activity type; and

(2) The total amount of outstanding transmission obligations;

(c) Other Reports of Condition. A licensee shall submit to the Commissioner through the NMLS reports of condition and any other reports requested by the Commissioner in order to carry out the purposes of this Article.

(d) Failure to timely submit any reports required under this section is grounds for summary suspension pursuant to G.S. 53-208.57(d)(2).

"**§ 53-208.54. Notice of Material Event.**

(a) Within 15 days of a change or acquisition of control of a licensee, the licensee shall provide notice of the event to the Commissioner through NMLS in writing and in a form prescribed by the Commissioner. The notice shall be accompanied by any information, data, and records required by the Commissioner.

(b) Within 15 days of the occurrence of any one of the events listed below, a licensee shall file a written report with the Commissioner through NMLS describing the event and its expected impact on the licensee's activities in the State:

(1) The filing for bankruptcy or reorganization by the licensee.

(2) The institution of revocation or suspension proceedings against the licensee by any State or governmental authority with regard to the licensee's money transmission activities.

(3) Any felony indictment of the licensee or any controlling person or key management personnel related to money transmission activities.

(4) Any felony conviction of the licensee or any controlling person or key management personnel related to money transmission activities.

(c) If the information contained in any document filed with the Commissioner or the NMLS is or becomes inaccurate or incomplete in any material respect, the licensee or applicant shall within 30 days file a correcting amendment to the information contained in the document.

"**§ 53-208.55. Examination and investigation authority.**

(a) For purposes of initial licensure, suspension, conditioning, revocation, or termination, or general or specific inquiry, investigation, or examination to determine

compliance with this Article, the Commissioner may access, receive, and use any books, accounts, records, files, documents, information, or evidence including:

(1) Criminal, civil, and administrative history information;

(2) Personal history and experience information;

(3) Any other documents, information, or evidence the Commissioner deems relevant to the inquiry, investigation, or examination regardless of the location, possession, control, or custody of the documents, information, or evidence.

(b) For purposes of investigating violations or complaints arising under this Article, or for the purposes of examination, the Commissioner may review, investigate, or examine any licensee, individual, or person subject to this Article in order to carry out the purposes of this Article. The Commissioner may interview the controlling persons, employees, independent contractors, delegates, third-party vendors, and customers of the licensee concerning the licensee's business. The Commissioner may direct, subpoena, or order the person to produce books, accounts, records, files, and any other documents the Commissioner deems relevant to the inquiry. Any investigation or examination that, in the opinion of the Commissioner, requires extraordinary review, investigation, or special examination shall be subject to the actual costs of the additional expenses and the hourly rate for the staff's time, to be determined annually by the State Banking Commission.

(c) Each person subject to this Article shall make available to the Commissioner upon request the books and records relating to the operations of the licensee or person. No person subject to examination or investigation under this section may knowingly withhold, abstract, remove, mutilate, destroy, or secrete any books, records, or other information retained in any format. Each person subject to this Article shall also make available for interview by the Commissioner the controlling persons, employees, independent contractors, delegates, and third-party vendors of the person concerning money transmission subject to this Article.

(d) Each person subject to this Article shall make or compile such reports or prepare other information as may be directed or requested by the Commissioner in order to carry out the purposes of this section.

(e) In making any examination or investigation authorized by this Article, the Commissioner may control access to any documents and records of the person under examination or investigation. The Commissioner may take possession of the documents and records, or place a person in exclusive charge of the documents and records in the place where they are usually kept. During the period of control, no person shall remove or attempt to remove any of the documents and records except pursuant to a court order or with consent of the Commissioner. Unless the Commissioner has reasonable grounds to believe the documents or records have been or are at risk of destruction, the person shall retain access as necessary to conduct its ordinary business.

(f) In order to carry out the purposes of this section, the Commissioner may:

(1) Enter into agreements or relationships with other government officials or regulatory associations in order to improve efficiencies and reduce regulatory burden by sharing resources, standardized or uniform methods or procedures, and records and related information obtained under this section;

(2) Use, hire, contract, or employ analytical systems, methods, or software to examine or investigate any person subject to this Article;

(3) Accept and rely on examination or investigation reports made by other government officials, within or without this State;

(4) Accept audit reports made by an independent certified public accountant or other qualified third-party auditor for any person subject to this Article and may incorporate the audit report in the report of examination or investigation.

"**§ 53-208.56. Licensure authority.**

The Commissioner may by order, deny, suspend, revoke, or refuse to issue a license under this Article, or may restrict or limit the manner in which a licensee or applicant engages in the business of money transmission, if the Commissioner finds both of the following:

(1) That the order is in the public interest; and

(2) Any of the following circumstances apply:

a. Any fact or condition exists that, if it had existed at the time of application, would have been grounds for denial;

b. The licensee or applicant has filed any application, report, or other document with the Commissioner containing statements that, in light of the circumstances in which they were made, were false or misleading with respect to a material fact;

c. The licensee or applicant fails at any time to meet the requirements of G.S. 53-208.46, 53-208.47, or 53-208.48;

d. A controlling person or key management personnel of the licensee or applicant has been convicted of:

1. A misdemeanor in the last 10 years involving fraud, money laundering, theft or wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or conspiracy to commit any of these offenses or involving any financial service or financial service-related business; or

2. Any felony in the last seven years.

e. The licensee or applicant has violated or failed to comply with any provision of this Article, rule issued pursuant to this Article, or order of the Commissioner;

f. The licensee has conducted its business in an unsafe or unsound manner;

g. The licensee or applicant is insolvent, has suspended payment of its obligations, has made an assignment for the benefit of its creditors, or has admitted in writing its inability to pay its debts as they become due;

h. The licensee fails to respond to and cooperate fully with notices from the Commissioner or the Commissioner's designee related to the scheduling and conducting of an examination or investigation pursuant to § 53-208.55;

i. The licensee or applicant fails to respond to inquiries from the Commissioner or the Commissioner's designee regarding any complaints filed, which allege or involve violation of this Article;

j. The licensee fails to make any report required by this Article;

k. The licensee or applicant is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the money transmission business; or

l. The licensee or applicant is the subject of an order entered within the past five years by the authority of any state or federal agency with jurisdiction over the business of money transmission.

"**§ 53-208.57. Disciplinary authority.**

(a) Unless otherwise provided, all administrative actions and hearings conducted pursuant to this Article shall proceed in accordance with Article 3A of Chapter 150B of the General Statutes.

(b) Upon issuance of any summary order permitted under this Article the Commissioner shall promptly notify the person subject to the order that the order has been entered and the reasons for the order. Within 20 days of receiving notice of the order, the person subject to the order may request in writing a hearing before the Commissioner. Upon receipt of such a request, the Commissioner shall calendar a hearing within 15 days. If a licensee does not request a hearing, the order will remain in effect unless it is modified or vacated by the Commissioner.

(c) The Commissioner may by order:

(1) Impose a civil money penalty upon any person required to be licensed under this Article for any violation of or failure to comply with this Article or any order of the Commissioner in an amount specified by the Commissioner, not to exceed five thousand dollars ($5,000) for each violation or, in the case of a continuing violation, one thousand dollars ($1,000) for each day that the violation continues. Each violation of or failure to comply with this Article shall be a separate and distinct violation. All civil money penalties collected under this Article shall be paid to the county school fund.

(2) Require that any person required to be licensed under this Article to disgorge and pay to the sender any amounts that were not remitted or refunded in violation of G.S. 53-208.51(1).

(d) In addition to the summary suspension procedures authorized by G.S. 150B-3(c), if the Commissioner has reason to believe that a licensee or person subject to this Article may have violated or failed to comply with any provision of this Article and has reason to believe that such violation or failure to comply presents an imminent threat to the public, the Commissioner may:

(1) Summarily order the licensee or person subject to this Article to cease and desist from any harmful activities or violations of this Article;

(2) Summarily suspend the license of a licensee under this Article.

(e) When a licensee is subject to disciplinary action under this Article, the licensee, with the consent and approval of the Commissioner, may surrender the license and all the rights and privileges pertaining to it. A person who surrenders a license shall not be eligible for or submit any application for licensure under this Article during any period specified by the Commissioner.

(f) If it appears to the Commissioner that any person has committed or is about to commit a violation of any provision of this Article or of any rule or order of the Commission, the Commission may apply to Wake County Superior Court for an order enjoining the person from violating or continuing to violate this Article or any rule, regulation, or order and for injunctive or such other relief as the nature of the case may require.

(g) The requirements of this Article apply to any person who seeks to avoid its application by any device, subterfuge, or pretense whatsoever, including structuring a transaction in a manner to avoid classification of the transaction as money transmission.

(h) The Commissioner, in the exercise of reasonable judgment, may compromise, settle, and collect civil penalties with any person for violations of any provision of this Article, or of any rule, regulation, or order issued or promulgated to this Article.

"**§ 53-208.58. Criminal penalties.**

(a) Any person who knowingly and willfully violates any provision of this Article for which a penalty is not specifically provided is guilty of a Class 1 misdemeanor.

(b) Any person who knowingly and willfully makes a material, false statement in any document filed or required to be filed under this Article with the intent to deceive the recipient of the document is guilty of a Class 1 misdemeanor.

(c) Any person who knowingly and willfully engages in the business of money transmission without a license as provided herein shall be guilty of a Class 1 misdemeanor.

"**§ 53-208.59. Confidentiality.**

(a) Notwithstanding any other provision of law, all information or reports obtained by the Commissioner from an applicant, licensee, or authorized delegate, whether obtained through reports, applications, examination, audits, investigation, or otherwise, including (i) all information contained in or related to examination, investigation, operating, or condition reports prepared by, on behalf of, or for the use of the Commissioner; and (ii) financial statements, balance sheets, or authorized delegate information are subject to confidential treatment as set forth under G.S. 53C-2-7.

(b) The Commissioner is authorized to enter agreements or sharing arrangements with other governmental agencies or associations representing governmental agencies and may share otherwise confidential information pursuant to these written agreements, but only to the extent permitted by G.S. 53C-2-7(d). Information shared pursuant to the agreements authorized under this section shall retain any and all applicable privilege and related confidentiality protections provided by State or federal law.

(c) Nothing in this section shall prohibit the Commissioner from releasing to the public a list of persons licensed under this Article or aggregated financial data on those licensees.

"**§ 53-208.60. Rules.**

(a) The State Banking Commission may adopt rules necessary to implement this Article.

(b) Pursuant to G.S. 53C-2-6(b), any person aggrieved by any rule or order of the Commissioner under this Act may appeal to the State Banking Commission for review upon providing notice in writing within 20 days after the act complained of is adopted, issued, or done. Notwithstanding any other provision of law, any aggrieved party to a decision of the State Banking Commission shall be entitled to petition for judicial review pursuant to G.S. 53C-2-6(b).

"**§ 53-208.61. Service of process.**

(a) Any person subject to this Article is deemed to have:

(1) Consented to the jurisdiction of the courts of this State for all actions arising under this Article; and

(2) Appointed the Secretary of State as such person's agent for the purpose of accepting service of process in any action, suit, or proceeding that may arise under this Article.

(b) For the purposes of this Article, the Commissioner shall be deemed to have complied with the requirements of law concerning service of process upon mailing by certified mail any notice required or permitted to a person subject to this Article, postage prepaid and addressed to the last known address on file with the Commissioner.

"**§ 53-208.62. Commissioner's participation in nationwide registry.**

(a) The Commissioner may require all persons subject to this Article to be licensed through the NMLS, and upon issuing such requirement, the Commissioner shall establish a reasonable transition period. In order to carry out these requirements, the Commissioner is authorized to participate in the NMLS.

(b) The Commissioner is authorized to establish relationships or contracts with the NMLS or other entities designated by the NMLS to collect and maintain records and process transaction fees or other fees related to licensees or other person subject to this Article.

(c) For the purpose of participating in the NMLS, the Commissioner is authorized to waive or modify, in whole or in part, any or all of the requirements as reasonably necessary to participate in the NMLS.

"**§ 53-208.63. Severability.**

Should any provision, sentence, clause, section, or part of this Article for any reason be held unconstitutional, illegal, or invalid, such unconstitutionality, illegality, or invalidity shall

not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Article.

"**§ 53-208.64. Transition.**

Any person who holds in good standing a money transmitters license issued by the Commissioner on or after November 1, 2014, may continue to engage in such business subject to the requirements of this Article."

SECTION 2. Article 16A of Chapter 53 of the General Statutes is repealed.

SECTION 3. This act becomes effective October 1, 2015.

HOUSE BILL 511:
Credit Unions/Statutory Changes

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	June 9, 2015
Introduced by:	Reps. Ross, J. Bell, Bradford, Glazier	**Prepared by:**	Wendy Graf Ray Kristen Harris Committee Counsel
Analysis of:	First Edition		

SUMMARY: House Bill 511 would:

- ***Replace the terms "insured bank or savings and loan association in North Carolina" with "federally insured depository institution lawfully doing business in this State".***
- ***Provide an additional way that credit unions can invest their funds.***
- ***Provide that certain officials of credit unions, in addition to necessary expenses, may be reimbursed for "reasonable" expenses incidental to the performance of the business and that such reimbursement may include the payment of expenses for one guest.***

SECTIONS 1-3– ESCROW AND TRUST ACCOUNTS

CURRENT LAW:

Section 1: Deposits made in connection with the purchase or reservation of a condo unit must be deposited into a trust or escrow account in an insured bank or savings and loan association.

Section 2: Security deposits from tenants must be deposited into a trust account with a licensed and insured bank or savings institution located in the State.

Section 3: Advance payments other than security deposits for vacation rentals must be deposited into a trust account in an insured bank or savings and loan association in the State.

BILL ANALYSIS and BACKGROUND: Credit union and bank accounts are insured up to $250,000 by the full faith and credit of the United States through the National Credit Union Administration and the Federal Deposit Insurance Corporation. Prior to December 2014, funds in escrow accounts at credit unions were not considered insured unless both parties were members of the credit union. Federal law was changed in December 2014 in the Credit Union Share Insurance Fund Parity Act which extended insurance coverage to escrow accounts. **Sections 1-3** of House Bill 511 would make statutory changes so that credit unions are covered in the types of institutions that can offer trust and escrow accounts by using the term "federally insured depository institution".

SECTION 4 – INVESTMENT OF FUNDS

CURRENT LAW: State chartered credit unions may invest their capital, deposits, undivided profits, and reserve funds only in ways specified in G.S. 54-109.82 and G.S. 147.69.1 (investments allowed by the State Treasurer).

BILL ANALYSIS: Section 4 of the bill would allow the funds to also be invested in higher education bonds under G.S. 116D-2 if those bonds pledge the faith, credit and taxing power of the State for the

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

payment of the principal of and interest on bonds and notes. Credit unions are already listed as eligible investors under G.S. 116D-2.

SECTION 5 – COMPENSATION OF OFFICIALS

CURRENT LAW: Members of the board of directors or of the credit committee or supervisory committee cannot be compensated for this service but they may be provided reasonable life, health, accident, and similar insurance protection. Directors and committee members can be reimbursed for necessary expenses incidental to the performance of official business of the credit union.

BILL ANALYSIS: **Section 5** would clarify that reimbursement could occur for reasonable expenses incidental to the performance of official business and that reimbursement can include the payment of expenses for one guest.

EFFECTIVE DATE: The bill would become effective when it becomes law.

Staff Attorney Drupti Chauhan substantially contributed to this summary.

HOUSE BILL 511

Short Title:	Credit Unions/Statutory Changes.	(Public)
Sponsors:	Representatives Ross, J. Bell, Bradford, and Glazier (Primary Sponsors). *For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*	
Referred to:	Banking.	

April 2, 2015

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS STATUTORY CHANGES RELATED TO CREDIT UNIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 47C-4-110(a) reads as rewritten:

"**§ 47C-4-110. Escrow of deposits.**

(a) Any deposit made in connection with the purchase or reservation of a unit from a person required to deliver a public offering statement pursuant to G.S. 47C-4-102(c) shall be immediately deposited in a trust or escrow account in ~~an insured bank or savings and loan association in North Carolina~~ a federally insured depository institution lawfully doing business in this State and shall remain in such account for such period of time as a purchaser is entitled to cancel pursuant to G.S. 47C-4-108 or cancellation by the purchaser thereunder whichever occurs first. Payments held in such trust or escrow accounts shall be deemed to belong to the purchaser and not the seller."

SECTION 2. G.S. 42-50 reads as rewritten:

"**§ 42-50. Deposits from the tenant.**

Security deposits from the tenant in residential dwelling units shall be deposited in a trust account with a licensed and ~~insured bank or savings institution located in the State of North Carolina~~ federally insured depository institution lawfully doing business in this State or the landlord may, at his option, furnish a bond from an insurance company licensed to do business in North Carolina. The security deposits from the tenant may be held in a trust account outside of the State of North Carolina only if the landlord provides the tenant with an adequate bond in the amount of said deposits. The landlord or his agent shall notify the tenant within 30 days after the beginning of the lease term of the name and address of the bank or institution where his deposit is currently located or the name of the insurance company providing the bond."

SECTION 3. G.S. 42A-15 reads as rewritten:

"**§ 42A-15. Trust account uses.**

A landlord or real estate broker may require a tenant to pay all or part of any required rent, security deposit, or other fees permitted by law in advance of the commencement of a tenancy under this Chapter if these payments are expressly authorized in the vacation rental agreement. If the tenant is required to make any advance payments, other than a security deposit, whether the payment is denominated as rent or otherwise, the landlord or real estate broker shall deposit these payments in a trust account in ~~an insured bank or savings and loan association in North Carolina~~ a federally insured depository institution lawfully doing business in this State no later than three banking days after the receipt of these payments. These payments deposited in a trust

account shall not earn interest unless the landlord and tenant agree in the vacation rental agreement that the payments may be deposited in an interest-bearing account. The landlord and tenant shall also provide in the agreement to whom the accrued interest shall be disbursed."

SECTION 4. G.S. 54-109.82 reads as rewritten:

"**§ 54-109.82. Investment of funds.**

The capital, deposits, undivided profits and reserve fund of the corporation may be invested only in any of the following ways:

...

(13) In higher education bonds permissible under G.S. 116D-2, provided that such bonds pledge the faith, credit, and taxing power of the State for the payment of the principal of and interest on bonds and notes."

SECTION 5. G.S. 54-109.38 reads as rewritten:

"**§ 54-109.38. Compensation of officials.**

No member of the board of directors or of the credit committee or supervisory committee shall be compensated for his service in this position, but providing reasonable life, health, accident and similar insurance protection for a director or committee member shall not be considered compensation. Directors and committee members, while on official business of the credit union, may be reimbursed for necessary and reasonable expenses incidental to the performance of the business. Such reimbursement may include the payment of expenses for one guest."

SECTION 6. This act is effective when it becomes law.

Senate Pages Attending

COMMITTEE: Commerce **ROOM:** 1027

DATE: 6-9 **TIME:** 11 AM

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Taylor Payne	Burlington	Gunn
2. Cameron Rogers	Henderson	Bryant
3. Rebecca Lepore	Fuquay - Varina	Brock
4. Lawrence Lepore	Fuquay - Varina	Brock
5. Blake Wiseman	Wake Forest	Berger
6. Andrew Grierson	Hope Mills	Meredith
7. Gray Keith	Wilmington	Lee
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

NCGA

NORTH CAROLINA GENERAL ASSEMBLY

SENATE COMMERCE

COMMITTEE

June 9, 2015

11:00 am

Room 1027

SENATE SERGEANT-AT-ARMS

MARCUS KITTS

STEVE MCKAIG

DALE HUFF

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 9, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Ashley Lowe	NC DOC
Sue Ann Forrest	NCICU
Tom West	NCICU
Richard Stevens	SA
Isabel Villa-Sana	NCAR
Tracy Kimbrell	Parker Poe
Nelson Freeman	NCDOR
Sarah Bales	Bulwalker Assoc
Penny Smith	School Law
Courtney LaKamp	R. Cloud & Assoc
Mell Hofheimer	NCMMC
Elizabeth Robinson	NCRMA

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 9, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Rose Conner	NCCUD
Lauren Whaley	CCUL
Elizabeth Hammond	NCCOB
Katherine Bosken	NCCOB
Ray Grace	"
Molly Sheehan	NCCOB
Rowe Campbell	NCCOB
Thi Nguyen	NCCOB
Dirk Gorton	[illegible]
Erica Nelson	NCHA
Brian Mena Ld	WM

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 9, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Sammy Robinson	Tuck
Erin Jones	TWC
Phoebe Landon	Brooks Pierce
Lanier Hodgson	UNC Health Care
ALEX HARRIS	WAKEMED
Christina Craig	WakeMed
Amanda Honaker	TSS
Carr McLamb	TSS
Sam Morris	Governor's Office
John DelGiorno	Brubaker + Assoc.
David Heaton	NC Center for Nonprofits
Fred Boney	Home Assoc.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 9, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
David Crawford	H/H NC
[illegible]	Eckerd Carolina
Nathan Batts	NCBA
[illegible]	NCAOA
Gina A. Krasner	NC Office of Commissioner of Banks
Carmen Price	MVA
Henry Capps	ATT
Trey Raber	AT&T
Janice Moore	AT&T
Jerry Williams	Misc
[illegible]	NMTC's
Dan Hanson	Smith Anderson

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 9, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Evan Miller	NMRS
Will Culpepper	MVP
Courtney Johnson	NP
AJ Wolf	NCCFA
Brittan Allie	NCTCC
Natalie Hobson	NCHFA
Sarah Harding	CTZ
[illegible]	CSS
[illegible]	NWC
[illegible]	NCBA
[illegible]	FSP

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 9, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Kara Weishaar	SA
	MWC
Linda Millsaps	NCACC
Johanna Reese	NCACC
Joe Fleming	NCACC
Alan Briggs	NC Food Banks
Ryan Blackledge	CoreHealth

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 9, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Tom Cossitt	Cassidy/Government Relations

Senate Committee on Commerce
Wednesday, June 10, 2015 at 3:00 PM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 3:50 PM on June 10, 2015 in Room 1027/1128 of the Legislative Building. Twenty nine members were present.

Senator Wesley Meredith, Chair, presided.

Jack Galida from Cornelius, Lena Brewer from Charlotte, Brice Mayeux from Charlotte, Barbi Bunting from Newport, Victoria Parker from Winston-Salem, Joah Bickley from Lake Lure, Blake Wiseman from Wake Forest and Taylor Payne from Burlington served as pages.

HB 117 NC Competes Act. (Representatives S. Martin, Jeter, Collins, Steinburg)
This bill was for discussion only. Sen. Berger was introduced to give opening remarks regarding HB117. Following his remarks Sen. Gunn, Sen. Rabon, Sen. Rucho, Sen. Wells and Sen. Brown each explained a portion of the bill.

The meeting adjourned at 4:21 PM.

Senator Wesley Meredith, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Wednesday, June 10, 2015, 3:00 PM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 117	NC Competes Act.	Representative S. Martin Representative Jeter Representative Collins Representative Steinburg

FOR DISCUSSION ONLY

29 Members

350

Senate COMMERCE Agenda
Tuesday June 10, 2015

Bill #	Short Title	Sponsor	Materials	Staff	Comments
Local Bills					
Public Bills					
HB117	NC Competes Act	Martin, Jeter, Collins, Steinburg	PCS Brown	Cindy	newsletter Berger remarks • Gunn presents Fiscal section • Rabon presents changes - TAX code corporate tax changes • Rucho • Sen. Wells • Sen Brown

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H D

HOUSE BILL 117
Committee Substitute Favorable 3/3/15
Committee Substitute #2 Favorable 3/3/15
Fourth Edition Engrossed 3/5/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H117-PCS20365-RBxr-23

Short Title: NC Competes Act. (Public)

Sponsors:

Referred to:

February 27, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE NORTH CAROLINA COMPETES ACT.

The General Assembly of North Carolina enacts:

PART I. JDIG MODIFICATIONS

SECTION 1.1.(a) G.S. 143B-437.51 is amended by adding new subdivisions to read:

"**§ 143B-437.51. Definitions.**

The following definitions apply in this Part:

(1) Agreement. – A community economic development agreement under G.S. 143B-437.57.

(2) Base period. – The period of time set by the Committee during which new employees are to be hired for the positions on which the grant is based.

(3) Business. – A corporation, sole proprietorship, cooperative association, partnership, S corporation, limited liability company, nonprofit corporation, or other form of business organization, located either within or outside this State.

(4) Committee. – The Economic Investment Committee established pursuant to G.S. 143B-437.54.

(4a) Development tier. – The classification assigned to an area pursuant to G.S. 143B-437.08.

(5) Eligible position. – A position created by a business and filled by a new full-time employee in this State during the base period.

(6) Full-time employee. – A person who is employed for consideration for at least 35 hours a week, whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statutes, and who is determined by the Committee to be employed in a permanent position according to criteria it develops in consultation with the Attorney General. The term does not include any person who works as an independent contractor or on a consulting basis for the business.

(6a) High-yield project. – A project for which the agreement requires that a business invest at least seven hundred fifty million dollars ($750,000,000) in private funds and create at least 2,000 eligible positions.

(6b) through (6j) Reserved.

(6k) Major market community. – A county in which the average weekly wage for all insured private employers in the county is one of the three highest in the State.

(7) New employee. – A full-time employee who represents a net increase in the number of the business's employees statewide.

(8) Overdue tax debt. – Defined in G.S. 105-243.1.

(9) Related member. – Defined in G.S. 105-130.7A.

(10) Withholdings. – The amount withheld by a business from the wages of employees in eligible positions under Article 4A of Chapter 105 of the General Statutes."

SECTION 1.1.(b) G.S. 143B-437.52 reads as rewritten:

"**§ 143B-437.52. Job Development Investment Grant Program.**

(a) Program. – There is established the Job Development Investment Grant Program to be administered by the Economic Investment Committee. In order to foster job creation and investment in the economy of this State, the Committee may enter into agreements with businesses to provide grants in accordance with the provisions of this Part. The Committee, in consultation with the Attorney General, shall develop criteria to be used in determining whether the conditions of this section are satisfied and whether the project described in the application is otherwise consistent with the purposes of this Part. Before entering into an agreement, the Committee must find that all the following conditions are met:

(1) The project proposed by the business will create, during the term of the agreement, a net increase in employment in this State by the business.

(2) The project will benefit the people of this State by increasing opportunities for employment and by strengthening this State's economy by, for example, providing worker training opportunities, constructing and enhancing critical infrastructure, increasing development in strategically important industries, or increasing the State and local tax base.

(3) The project is consistent with economic development goals for the State and for the area where it will be located.

(4) A grant under this Part is necessary for the completion of the project in this State.

(5) The total benefits of the project to the State outweigh its costs and render the grant appropriate for the project.

(6) For a project located in a development tier three area, the affected local governments have participated in recruitment and offered incentives in a manner appropriate to the project.

(b) Priority. – In selecting between applicants, a project that is located in an Eco-Industrial Park certified under G.S. 143B-437.08 has priority over a comparable project that is not located in a certified Eco-Industrial Park.

(c) ~~Awards.~~ Award Limitations. – The following limitations apply to grants awarded under this Part:

(1) Maximum liability. – The maximum amount of total annual liability for grants awarded in any single calendar year under this Part, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is fifteen million dollars ~~($15,000,000).~~ ($15,000,000) for a year in which no grants are awarded for a high-yield project and is thirty million dollars ($30,000,000) for a year in which a grant is awarded for a high-yield project. No agreement may be entered into that, when considered together with other existing agreements governing grants awarded during a single calendar year, could cause the State's potential total annual liability for grants awarded in a

single calendar year to exceed ~~this~~ the applicable amount. The Department shall make every effort to ensure that the average percentage of withholdings of eligible positions for grants awarded under this Part does not exceed the average of the range provided in G.S. 143B-437.56(a).

(2) Semiannual commitment limitations. – Of the amount authorized in subdivision (1) of this subsection, no more than fifty percent (50%), excluding roll-over amounts, may be awarded in any single calendar semiannual period. A roll-over amount is any amount from a previous semiannual period in the same calendar year that was not awarded as a grant. The limitation of this subdivision does not apply to a grant awarded to a high-yield project.

(d) Measuring Employment. – For the purposes of subdivision (a)(1) of this section and G.S. 143B-437.51(5), 143B-437.51(7), and 143B-437.57(a)(11), the Committee may designate that the increase or maintenance of employment is measured at the level of a division or another operating unit of a business, rather than at the business level, if both of the following conditions are met:

(1) The Committee makes an explicit finding that the designation is necessary to secure the project in this State.

(2) The agreement contains terms to ensure that the business does not create eligible positions by transferring or shifting to the project existing positions from another project of the business or a related member of the business."

SECTION 1.1.(c) G.S. 143B-437.53 reads as rewritten:

"**§ 143B-437.53. Eligible projects.**

(a) Minimum ~~Number of~~ Standards for Eligible Positions. – A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions satisfying the wage standard as set out in the table below. If the project will be located in more than one ~~development tier area,~~ area designation, the location with the highest ~~development tier~~ area designation determines the minimum number of eligible positions that must be ~~created.~~created and the applicable wage standard. The wage standard is met if the business pays an average weekly wage for all eligible positions that is equal to or greater than the percentage provided below of the average wage for all insured private employers in the county. Before using standards greater than the applicable minimum standards established by this subsection for a project located in a development tier one or two area, the Committee must find that the deviation from the minimum standards disproportionately increases the beneficial economic impact of the project and shall include the information for each project on which the finding is based in the report required by G.S. 143B-437.55(c).

~~Development Tier~~ Area Designation	Number of Eligible Positions	Wage Standard
Development Tier One	~~10~~20	100%
Development Tier Two	~~20~~50	105%
Development Tier Three	~~20~~100	110%
Major Market Community	250	120%

…."

SECTION 1.1.(d) G.S. 143B-437.55(c) reads as rewritten:

"(c) Annual Reports. – The Committee shall publish a report on the Job Development Investment Grant Program on or before April 30 of each year. The Committee shall submit the report electronically to the House of Representatives Finance Committee, the Senate Finance Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division. The report shall include the following:

…

(11) A listing of all businesses making an application under this Part and an explanation of whether each business ultimately located the project in this State regardless of whether the business was awarded a grant for the project under this Part.

(11a) A listing, itemized by development tier, of the number of offers that have been calculated, estimated, or extended but were not accepted and the total award value of the offers.

...."

SECTION 1.1.(e) G.S. 143B-437.56 reads as rewritten:

"**§ 143B-437.56. Calculation of minimum and maximum grants; factors considered.**

(a) Subject to the ~~limitations~~ provisions of ~~subsection~~ subsections (a1) and (d) of this section, the amount of the grant awarded in each case shall be a percentage of the withholdings of eligible ~~positions. The percentage shall be no less than ten percent (10%) and no more than seventy-five percent (75%) of the withholdings of the eligible~~ positions for a period of years. The percentage shall be no more than eighty percent (80%) for a development tier one area, no more than seventy percent (70%) for a development tier two area, no more than sixty percent (60%) for a development tier three area, and no more than fifty percent (50%) for a major market community. If the project will be located in more than one area designation, the location with the highest area designation determines the maximum percentage to be used. The percentage used to determine the amount of the grant shall be based on criteria developed by the Committee, in consultation with the Attorney General, after considering at least the following:

(1) The number of eligible positions to be created.
(2) The expected duration of those positions.
(3) The type of contribution the business can make to the long-term growth of the State's economy.
(4) The amount of other financial assistance the project will receive from the State or local governments.
(5) The total dollar investment the business is making in the project.
(6) Whether the project utilizes existing infrastructure and resources in the community.
(7) Whether the project is located in a development zone.
(8) The number of eligible positions that would be filled by residents of a development zone.
(9) The extent to which the project will mitigate unemployment in the State and locality.

(a1) Notwithstanding the percentage specified by subsection (a) of this section, if the project is a high-yield project, the business has met the investment and job creation requirements, and, for three consecutive years, the business has met all terms of the agreement, the amount of the grant awarded shall be no more than one hundred percent (100%) of the withholdings of eligible positions for each consecutive year the business maintains the minimum job creation requirement and meets all terms of the agreement. A business receiving an enhanced percentage of the withholdings of eligible positions under this subsection that fails to maintain the minimum job creation requirement or meet all terms of the agreement will be disqualified from receiving the enhanced percentage and will have the applicable percentage set forth in subsection (a) of this section applied in the year in which the failure occurs and all remaining years of the grant term.

(b) The term of the grant shall not exceed ~~12 years starting with the first year a grant payment is made.~~ the duration listed in this subsection. The first grant payment must be made within six years after the date on which the grant was awarded. The number of years in the base period for which grant payments may be made shall not exceed five years.

(1) For high-yield projects in which the business receives the enhanced percentage pursuant to subsection (a1) of this section, 20 years starting with the first year a grant payment is made. If a business is disqualified from the enhanced percentage in one of the first 12 years, the term of the grant shall not exceed 12 years starting with the first year a grant payment is made. If a business is disqualified from receiving the enhanced percentage after the first 12 years, the term of the grant ends in the year the disqualification occurs.

(2) For all other projects, 12 years starting with the first year a grant payment is made.

(c) The grant may be based only on eligible positions created during the base period.

(d) For any eligible position that is located in a major market community, eighty-five percent (85%) of the annual grant approved for disbursement shall be payable to the business, and fifteen percent (15%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. For any eligible position that is located in a development tier three area, ~~seventy-five percent (75%)~~ ninety percent (90%) of the annual grant approved for disbursement shall be payable to the business, and ~~twenty-five percent (25%)~~ ten percent (10%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. For any eligible position that is located in a development tier two area, ~~eighty-five percent (85%)~~ ninety-five percent (95%) of the annual grant approved for disbursement shall be payable to the business, and ~~fifteen percent (15%)~~ five percent (5%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. A position is located in the development tier area that has been assigned to the county in which the project is located at the time the application is filed with the Committee. This subsection does not apply to a high-yield project in years in which the business receives the enhanced percentage pursuant to subsection (a1) of this section.

(e) A business that is receiving any other grant by operation of State law may not receive an amount as a grant pursuant to this Part that, when combined with any other grants, exceeds seventy-five percent (75%) of the withholdings of the business, unless the Committee makes an explicit finding that the additional grant is necessary to secure the project.

(f) The amount of a grant associated with any specific eligible position, including any amount transferred to the Utility Account pursuant to G.S. 143B-437.61, may not exceed six thousand five hundred dollars ($6,500) in any year."

SECTION 1.1.(f) G.S. 143B-437.57(a) reads as rewritten:

"(a) Terms. – Each community economic development agreement shall include at least the following:

…

(10) A provision that requires the business to maintain operations at the project location or another location approved by the Committee for at least one hundred fifty percent (150%) of the term of the grant and a provision to ~~permit~~ require the Committee to recapture ~~all or part~~ an appropriate portion of the grant ~~at its discretion~~ if the business does not remain at the site for the required term.

(11) A provision that requires the business to maintain employment levels in this State at the greater of the level of ~~the year immediately preceding the base period.~~employment on the date of the application or the level of employment on the date of the award.

…."

SECTION 1.2. G.S. 143B-437.62 reads as rewritten:

"**§ 143B-437.62. Expiration.**

The authority of the Committee to award new grants expires January 1, ~~2016.~~2018."

SECTION 1.3. Section 15.19(a1) of S.L. 2013-360 reads as rewritten:

"**SECTION 15.19.(a1)** Notwithstanding G.S. 143B-437.52(c), for the ~~2013-2015 fiscal biennium,~~ period from July 1, 2013, to December 31, 2015, the maximum total liability for grants awarded, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is ~~twenty-two million five hundred thousand dollars ($22,500,000) and, for the period from July 1, 2015, to December 31, 2015, the maximum total liability for grants awarded, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is seven million five hundred thousand dollars ($7,500,000).~~ thirty-five million dollars ($35,000,000) if no grant is awarded for a high-yield project and is fifty million dollars ($50,000,000) if a grant is awarded for a high-yield project. No agreement may be entered into that, when considered together with other existing agreements governing grants awarded during an applicable time period provided in this subsection, could cause the State's potential total annual liability for grants awarded in that time period to exceed the designated maximum amount."

SECTION 1.4. Subsection (d) of Section 1.1 and Section 1.3 of this act are effective when this act becomes law. The remainder of this Part becomes effective July 1, 2015, and applies to awards made under Part 2G of Article 10 of Chapter 143B of the General Statutes on or after that date.

PART II. ONE NC MODIFICATIONS

SECTION 2.1. G.S. 143B-437.72(c) reads as rewritten:

"(c) Local Government Grant Agreement. – An agreement between the State and one or more local governments shall contain the following provisions:

(1) A commitment on the part of the local government to match the funds allocated by the ~~State.~~ State, as provided in this subdivision. A local match may include cash, fee waivers, in-kind services, the donation of assets, the provision of infrastructure, or a combination of these.

a. For a local government in a development tier one area, as defined in G.S. 143B-437.08, the State shall provide no more than three dollars ($3.00) for every one dollar ($1.00) provided by the local government.

b. For a local government in a development tier two area, as defined in G.S. 143B-437.08, the State shall provide no more than two dollars ($2.00) for every one dollar ($1.00) provided by the local government.

c. For a local government in a development tier three area, as defined in G.S. 143B-437.08, the State shall provide no more than one dollar ($1.00) for every one dollar ($1.00) provided by the local government.

d. For a local government in a major market community, as defined in G.S. 143B-437.51, the State shall provide no more than one dollar ($1.00) for every two dollars ($2.00) provided by the major market community.

...."

SECTION 2.2. This Part is effective when this act becomes law.

PART III. CORPORATE INCOME TAX RATE REDUCTION AND TAX BASE EXPANSION

SECTION 3.1.(a) Effective for taxable years beginning on or after January 1, 2016, G.S. 105-130.3 reads as rewritten:

"**§ 105-130.3. Corporations.**

A tax is imposed on the State net income of every C Corporation doing business in this State at the rate of ~~five percent (5%).~~four percent (4%). An S Corporation is not subject to the tax levied in this section."

SECTION 3.1.(b) Effective for taxable years beginning on or after January 1, 2017, G.S. 105-130.3, as rewritten by subsection (a) of this section, reads as rewritten:

"**§ 105-130.3. Corporations.**

A tax is imposed on the State net income of every C Corporation doing business in this State at the rate of ~~four percent (4%).~~three percent (3%). An S Corporation is not subject to the tax levied in this section."

SECTION 3.1.(c) G.S. 105-130.3C is repealed.

SECTION 3.1.(d) Except as otherwise provided, this section is effective when this act becomes law.

SECTION 3.2.(a) G.S. 105-130.5 reads as rewritten:

"**§ 105-130.5. Adjustments to federal taxable income in determining State net income.**

...

(b) The following deductions from federal taxable income shall be made in determining State net income:

...

~~(6)~~ ~~Amortization in excess of depreciation allowed under the Code on the cost of any sewage or waste treatment plant, and facilities or equipment used for purposes of recycling or resource recovery of or from solid waste, or for purposes of reducing the volume of hazardous waste generated as provided in G.S. 105-130.10.~~

~~(7)~~ ~~Depreciation of emergency facilities acquired prior to January 1, 1955. Any corporation shall be permitted to depreciate any emergency facility, as such is defined in section 168 of the Code, over its useful life, provided such facility was acquired prior to January 1, 1955, and no amortization has been claimed on such facility for State income tax purposes.~~

...

(11) If a deduction for an ordinary and necessary business expense was required to be reduced or was not allowed under the Code because the corporation claimed a federal tax credit against its federal income tax liability for the income year in lieu of a deduction, the amount by which the deduction was reduced and the amount of the deduction that was disallowed.~~—This deduction is allowed only to the extent that a similar credit is not allowed by this Chapter for the amount.~~

~~(12)~~ ~~Reasonable expenses, in excess of deductions allowed under the Code, paid for reforestation and cultivation of commercially grown trees; provided, that this deduction shall be allowed only to those corporations in which the real owners of all the shares of such corporation are natural persons actively engaged in the commercial growing of trees, or the spouse, siblings, or parents of such persons. Provided, further, that in no case shall a corporation be allowed a deduction for the same reforestation or cultivation expenditure more than once.~~

~~(13)~~ ~~The eligible income of an international banking facility to the extent included in determining federal taxable income, determined as follows:~~

~~a. "International banking facility" shall have the same meaning as is set forth in the laws of the United States or regulations of the board of governors of the federal reserve system.~~

~~b. The eligible income of an international banking facility for the taxable year shall be an amount obtained by multiplying State taxable~~

income as determined under G.S. 105-130.3 (determined without regard to eligible income of an international banking facility and allocation and apportionment, if applicable) for such year by a fraction, the denominator of which shall be the gross receipts for such year derived by the bank from all sources, and the numerator of which shall be the adjusted gross receipts for such year derived by the international banking facility from:

1. Making, arranging for, placing or servicing loans to foreign persons substantially all the proceeds of which are for use outside the United States;
2. Making or placing deposits with foreign persons which are banks or foreign branches of banks (including foreign subsidiaries or foreign branches of the taxpayer) or with other international banking facilities; or
3. Entering into foreign exchange trading or hedging transactions related to any of the transactions described in this paragraph.

c. The adjusted gross receipts shall be determined by multiplying the gross receipts of the international banking facility by a fraction the numerator of which is the average amount for the taxable year of all assets of the international banking facility which are employed outside the United States and the denominator of which is the average amount for the taxable year of all assets of the international banking facility.

d. For the purposes of this subsection the term "foreign person" means:

1. An individual who is not a resident of the United States;
2. A foreign corporation, a foreign partnership or a foreign trust, as defined in section 7701 of the Code, other than a domestic branch thereof;
3. A foreign branch of a domestic corporation (including the taxpayer);
4. A foreign government or an international organization or an agency of either, or
5. An international banking facility.

For purposes of this paragraph, the terms "foreign" and "domestic" shall have the same meaning as set forth in section 7701 of the Code.

...

(15) The amount paid during the income year, pursuant to 7 U.S.C. § 1445-2, as marketing assessments on tobacco grown by the corporation in North Carolina.

...

(18) Interest, investment earnings, and gains of a trust, the settlors of which are two or more manufacturers that signed a settlement agreement with this State to settle existing and potential claims of the State against the manufacturers for damages attributable to a product of the manufacturers, if the trust meets all of the following conditions:

a. The purpose of the trust is to address adverse economic consequences resulting from a decline in demand of the manufactured product potentially expected to occur because of market restrictions and other provisions in the settlement agreement.

b. A court of this State approves and retains jurisdiction over the trust.
c. Certain portions of the distributions from the trust are made in accordance with certifications that meet the criteria in the agreement creating the trust and are provided by a nonprofit entity, the governing board of which includes State officials.

(19) To the extent included in federal taxable income, the amount paid to the taxpayer during the taxable year from the Hurricane Floyd Reserve Fund in the Office of State Budget and Management for hurricane relief or assistance, but not including payments for goods or services provided by the taxpayer.

...

(22) To the extent included in federal taxable income, the amount paid to the taxpayer during the taxable year from the Disaster Relief Reserve Fund in the Office of State Budget and Management for hurricane relief or assistance, but not including payments for goods or services provided by the taxpayer.

...

(c) The following other adjustments to federal taxable income shall be made in determining State net income:

...

(4) The taxpayer shall add to federal taxable income the amount of any recovery during the taxable year not included in federal taxable income, to the extent the taxpayer's deduction of the recovered amount in a prior taxable year reduced the taxpayer's tax imposed by this Part but, due to differences between the Code and this Part, did not reduce the amount of the taxpayer's tax imposed by the Code. The taxpayer may deduct from federal taxable income the amount of any recovery during the taxable year included in federal taxable income under section 111 of the Code, to the extent the taxpayer's deduction of the recovered amount in a prior taxable year reduced the taxpayer's tax imposed by the Code but, due to differences between the Code and this Part, did not reduce the amount of the taxpayer's tax imposed by this Part.

(5) A savings and loan association may deduct interest earned on deposits at the Federal Home Loan Bank of Atlanta, or its successor, to the extent included in federal taxable income.

...."

SECTION 3.2.(b) G.S. 105-130.6A(e), (f), (g), and (h) are repealed.

SECTION 3.2.(c) G.S. 105-130.5(a) is amended by adding a new subdivision to read:

"(a) The following additions to federal taxable income shall be made in determining State net income:

...

(25) The amount of net interest expense to a related member as determined under G.S. 105-130.7B."

SECTION 3.2.(d) G.S. 105-130.5(b) is amended by adding a new subdivision to read:

"(b) The following deductions from federal taxable income shall be made in determining State net income:

...

(28) The amount of qualified interest expense to a related member as determined under G.S. 105-130.7B."

SECTION 3.2.(e) Part 1 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-130.7B. Limitation on qualified interest for certain indebtedness.**

(a) Limitation. – In determining State net income, a deduction is allowed only for qualified interest paid or accrued by the taxpayer to a related member during a taxable year. This section does not limit the Secretary's authority to adjust a taxpayer's net income as it relates to payments to or charges by a parent, subsidiary, or affiliated corporation in excess of fair compensation in an intercompany transaction under G.S. 105-130.5(a)(9).

(b) Definitions. – The definitions in G.S. 105-130.7A apply in this section. In addition, the following definitions apply in this section:

(1) Adjusted taxable income. – State net income of the taxpayer determined without regard to this section and other adjustments as the Secretary may by rule provide.

(2) Net interest expense. – The excess of the interest paid or accrued by the taxpayer to a related member during the taxable year over the amount of interest from a related member includible in the gross income of the taxpayer for the taxable year.

(3) Qualified interest. – The amount of net interest paid or accrued to a related member in a taxable year not to exceed thirty percent (30%) of the taxpayer's adjusted taxable income. This limitation does not apply to interest paid or accrued to a related member if one or more of the following applies:

a. Tax is imposed by the State under this Article on the related member with respect to the interest.

b. The related member pays a net income tax or gross receipts tax to another state with respect to the interest income.

c. The related member is organized under the laws of a foreign country that has a comprehensive income tax treaty with the United States, and that country taxes the interest income at a rate equal to or greater than G.S. 105-130.3."

SECTION 3.2.(f) G.S. 105-130.7A(a) reads as rewritten:

"(a) Purpose. – Royalty payments received for the use of intangible property in this State are income derived from doing business in this State. This section provides taxpayers with an option concerning the method by which these royalties can be reported for taxation when the recipient and the payer are related members. As provided in this section, these royalty payments can be either (i) deducted by the payer and included in the income of the recipient, or (ii) added back to the income of the payer and excluded from the income of the recipient. Exercising the royalty reporting income option provided in this section does not prevent a taxpayer from having taxable nexus in this State as otherwise provided in this Article and does not permit the recipient of the income to exclude royalty payments from its calculation of sales as defined in G.S. 105-130.4."

SECTION 3.2.(g) Subsections (a) through (e) of this section are effective for taxable years beginning on or after January 1, 2016. The remainder of this section is effective when it becomes law.

SECTION 3.3.(a) G.S. 105-102.3 is repealed.

SECTION 3.3.(b) This section becomes effective July 1, 2016.

PART IV. PHASE-IN SINGLE SALES FACTOR APPORTIONMENT AND ADOPT MARKET-BASED SOURCING

SECTION 4.1.(a) Effective for taxable years beginning on or after January 1, 2016, G.S. 105-130.4(i) reads as rewritten:

"(i) ~~All~~Apportionable Income. – Except as otherwise provided in this section, all apportionable income of corporations ~~other than public utilities, excluded corporations, and qualified capital intensive corporations~~ shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus ~~twice~~ three times the sales factor, and the denominator of which is ~~four.~~ five. If the sales factor does not exist, the denominator of the fraction is the number of existing factors and if the sales factor exists but the payroll factor or the property factor does not exist, the denominator of the fraction is the number of existing factors plus ~~one.~~two."

SECTION 4.1.(b) Effective for taxable years beginning on or after January 1, 2017, G.S. 105-130.4(i), as amended by subsection (a) of this section, reads as rewritten:

"(i) Apportionable Income. – Except as otherwise provided in this section, all apportionable income of corporations shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus ~~three~~ four times the sales factor, and the denominator of which is ~~five.~~ six. If the sales factor does not exist, the denominator of the fraction is the number of existing factors and if the sales factor exists but the payroll factor or the property factor does not exist, the denominator of the fraction is the number of existing factors plus ~~two.~~three."

SECTION 4.1.(c) Effective for taxable years beginning on or after January 1, 2018, G.S. 105-130.4(i), as amended by subsection (b) of this section, reads as rewritten:

"(i) Apportionable Income. – Except as otherwise provided in this section, all apportionable income of corporations shall be apportioned to this State by multiplying the income by ~~a fraction, the numerator of which is the property factor plus the payroll factor plus four times the sales factor, and the denominator of which is six. If the sales factor does not exist, the denominator of the fraction is the number of existing factors and if the sales factor exists but the payroll factor or the property factor does not exist, the denominator of the fraction is the number of existing factors plus three.~~the sales factor as determined under subsection (l) of this section."

SECTION 4.1.(d) Effective for taxable years beginning on or after January 1, 2018, G.S. 105-130.4(a)(6), (a)(9), (j), (k), (s1), and (r) are repealed.

SECTION 4.1.(e) Except as otherwise provided, this section is effective when this act becomes law.

SECTION 4.2.(a) G.S. 105-130.4, as amended by Section 5.1(a) of this Part, reads as rewritten:

"**§ 105-130.4. Allocation and apportionment of income for corporations.**

(a) ~~As used in this section, unless the context otherwise requires:~~Definitions. – The following definitions apply in this section:

(1) ~~"Apportionable income" means all~~ Apportionable income. – All income that is apportionable under the United States ~~Constitution.~~Constitution, including income that arises from one or more of the following:

a. Transactions and activities in the regular course of the taxpayer's trade or business.

b. Tangible and intangible property if the acquisition, management, employment, development, or disposition of the property is or was related to the operation of the taxpayer's trade or business.

(2) *Business activity.* – Any activity by a corporation that would establish nexus pursuant to 15 U.S.C. § 381.

(3) Casual sale of property. – The sale of any property that was not purchased, produced, or acquired primarily for sale in the corporation's regular trade or business.

(4) "Commercial domicile" means the Commercial domicile. The principal place from which the trade or business of the taxpayer is directed or managed.

~~(3)~~(5) "Compensation" means wages,Compensation. Wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

~~(4)~~(6) "Excluded corporation" means any Excluded corporation. Any corporation engaged in business as a building or construction contractor, a securities dealer, or a loan company or a corporation that receives more than fifty percent (50%) of its ordinary gross income from intangible property.

(7) Net dividends. – Gross dividend income received less related expenses.

~~(5)~~(8) "Nonapportionable income" means all Nonapportionable income. All income other than apportionable income.

~~(6)~~(9) "Public utility" means any ~~corporation~~ Public utility. A corporation that owns or operates for public use any plant, equipment, property, franchise, or license for the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, oil, oil products, or natural gas and that is subject to control of ~~one or more of the following entities: the~~ North Carolina Utilities ~~Commission, the Federal Communications Commission, the Interstate Commerce Commission, the Federal Energy Regulatory Commission, or the Federal Aviation Agency; and that owns or operates for public use any plant, equipment, property, franchise, or license for the transmission of communications, the transportation of goods or persons, or the production, storage, transmission, sale, delivery or furnishing of electricity, water, steam, oil, oil products, or gas. The term also includes a motor carrier of property whose principal business activity is transporting property by motor vehicle for hire over the public highways of this State.~~Commission.

~~(7)~~(10) "Sales" means all Sales. All gross receipts of the corporation except for the following receipts:

a. Receipts from a casual sale of property.
b. Receipts allocated under subsections (c) through (h) of this section.
c. Receipts exempt from taxation.
d. The portion of receipts realized from the sale or maturity of securities or other obligations that represents a return of principal.
e. The portion of receipts from financial swaps and other similar financial derivatives that represents the notional principal amount that generates the cash flow traded in the swap agreement.
f. Receipts in the nature of dividends received that are not taxed under this Part.

(8) "Casual sale of property" means the ~~sale of any property which was not purchased, produced or acquired primarily for sale in the corporation's regular trade or business.~~

~~(9)~~(11) "State" means any State. A state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(b) Multistate Corporations. – A corporation having income from business activity which is taxable both within and without this State shall allocate and apportion its net income or net loss as provided in this section. For purposes of allocation and apportionment, a corporation is taxable in another state if ~~(i)~~ the one or more of the following applies:

(1) The corporation's business activity in that state subjects it to a net income tax or a tax measured by net income, or (ii) that income.

(2) That state has jurisdiction based on the corporation's business activity in that state to subject the corporation to a tax measured by net income regardless whether that state exercises its jurisdiction. For purposes of this section, "business activity" includes any activity by a corporation that would establish a taxable nexus pursuant to 15 United States Code section 381.

(c) Nonapportionable Income. – Rents and royalties from real or tangible personal property, gains and losses, interest, dividends, patent and copyright royalties and other kinds of income, to the extent that they constitute nonapportionable income, less related expenses shall be allocated as provided in subsections (d) through (h) of this section.

(d) Rents and Royalties. – Net rents and royalties are allocable to this State as follows:

(1) Net rents and royalties from real property located in this State are allocable to this State.

(2) Net rents and royalties from tangible personal property are allocable to this State:

a. If and to the extent that the property is utilized in this State, or

b. In their entirety if the corporation's commercial domicile is in this State and the corporation is not organized under the laws of, or is not taxable in, the state in which the property is utilized.

(3) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the income year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the income year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the corporation, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(e) Gains and Losses. – Gains and losses are allocable to this State as follows:

(1) Gains and losses from sales or other disposition of real property located in this State are allocable to this State.

(2) Gains and losses from sales or other disposition of tangible personal property are allocable to this State if

a. The property had a situs in this State at the time of the sale, or

b. The corporation's commercial domicile is in this State and the corporation is not taxable in the state in which the property has a situs.

(3) Gains and losses from sales or other disposition of intangible personal property are allocable to this State if the corporation's commercial domicile is in this State.

(f) Interest and Net Dividends. – Interest and net dividends are allocable to this State if the corporation's commercial domicile is in this State. For purposes of this section, the term "net dividends" means gross dividend income received less related expenses.

(g) Intangible Property. – Intangible property is allocable to this State as follows:

(1) Royalties or similar income received from the use of patents, copyrights, secret processes and other similar intangible property are allocable to this State:

a. If and to the extent that the patent, copyright, secret process or other similar intangible property is utilized in this State, or

b. If and to the extent that the patent, copyright, secret process or other similar intangible property is utilized in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this State.

(2) A patent, secret process or other similar intangible property is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, processing, or other use in the state or to the extent that a patented product is produced in the state. If the basis of receipts from such intangible property does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the intangible property is utilized in the state in which the taxpayer's commercial domicile is located.

(3) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

(h) Other Income. – The income less related expenses from any other activities producing nonapportionable income or investments not otherwise specified in this section is allocable to this State if the business situs of the activities or investments is located in this State.

(i) Apportionable Income. – Except as otherwise provided in this section, all apportionable income of corporations shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus three times the sales factor, and the denominator of which is five. If the sales factor does not exist, the denominator of the fraction is the number of existing factors and if the sales factor exists but the payroll factor or the property factor does not exist, the denominator of the fraction is the number of existing factors plus two.

...

(l) ~~(1)~~ Sales Factor. – The sales factor is a fraction, the numerator of which is the total sales of the corporation in this State during the income year, and the denominator of which is the total sales of the corporation everywhere during the income year. ~~Notwithstanding any other provision under this Part, the receipts from any casual sale of property shall be excluded from both the numerator and the denominator of the sales factor. Where a corporation is not taxable in another state on its apportionable income but is taxable in another state only because of nonapportionable income, all sales shall be treated as having been made in this State.~~ Receipts are in this State if the taxpayer's market for the sales is in this State. If the market for a sale cannot be determined, the state or states of assignment shall be reasonably approximated. If the taxpayer is not taxable in a state to which a receipt is assigned, or if the state of assignment cannot be determined or reasonably approximated, then the receipt shall be excluded from the denominator of the receipts factor.

The taxpayer's market for sales is in this State as provided below:

(1) In the case of sale, rental, lease, or license of real property, if and to the extent the property is located in this State.

(2) In the case of rental, lease, or license of tangible personal property, if and to the extent the property is located in this State.

(3) In the case of sale of a service, if and to the extent the service is delivered to a location in this State.

(4) In the case of intangible property that is rented, leased, or licensed, if and to the extent the property is used in this State. Intangible property utilized in marketing a good or service to a consumer is "used in this State" if that good or service is purchased by a consumer who is in this State.

(5) In the case of intangible property that is sold, if and to the extent the property is used in this State. A contract right, government license, or similar intangible property that authorizes the holder to conduct a business activity in a specific geographic area is "used in this State" if the geographic area includes all or part of this State.

Receipts from intangible property sales that are contingent on the productivity, use, or disposition of the intangible property shall be treated as receipts from the rental, lease, or licensing of the intangible property as provided under subdivision (4) of this subsection. All other receipts from a sale of intangible property shall be excluded from the numerator and denominator of the sales factor.

~~(2) Sales of tangible personal property are in this State if the property is received in this State by the purchaser. In the case of delivery of goods by common carrier or by other means of transportation, including transportation by the purchaser, the place at which the goods are ultimately received after all transportation has been completed shall be considered as the place at which the goods are received by the purchaser. Direct delivery into this State by the taxpayer to a person or firm designated by a purchaser from within or without the State shall constitute delivery to the purchaser in this State.~~

~~(3) Other sales are in this State if:~~

~~a. The receipts are from real or tangible personal property located in this State; or~~

~~b. The receipts are from intangible property and are received from sources within this State; or~~

~~c. The receipts are from services and the income-producing activities are in this State.~~

(m) Railroad Company. – All apportionable income of a railroad company shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the "railway operating revenue" from business done within this State and the denominator of which is the "total railway operating revenue" from all business done by the company as shown by its records kept in accordance with the standard classification of accounts prescribed by the Interstate Commerce Commission.

"Railway operating revenue" from business done within this State shall mean "railway operating revenue" from business wholly within this State, plus the equal mileage proportion within this State of each item of "railway operating revenue" received from the interstate business of the company. "Equal mileage proportion" shall mean the proportion which the distance of movement of property and passengers over lines in this State bears to the total distance of movement of property and passengers over lines of the company receiving such revenue. "Interstate business" shall mean "railway operating revenue" from the interstate transportation of persons or property into, out of, or through this State. ~~If~~

If the Secretary of Revenue finds, with respect to any particular company, that its accounting records are not kept so as to reflect with exact accuracy such division of revenue by State lines as to each transaction involving interstate revenue, the Secretary of Revenue may adopt such regulations, based upon averages, as will approximate with reasonable accuracy the proportion of interstate revenue actually earned upon lines in this State. Provided, that where a railroad is being operated by a partnership which is treated as a corporation for income tax purposes and pays a net income tax to this State, or if located in another state would be so treated and so pay as if located in this State, each partner's share of the net profits shall be considered as dividends paid by a corporation for purposes of this Part and shall be so treated for inclusion in gross income, deductibility, and separate allocation of dividend income.

(n) All apportionable income of a telephone company shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is gross operating revenue from local service in this State plus gross operating revenue from toll services performed wholly within this State plus the proportion of revenue from interstate toll services attributable to this State as shown by the records of the company plus the gross operating revenue in North Carolina from other service less the uncollectible revenue in this State, and the denominator of which is the total gross operating revenue from all business done by the company everywhere less total uncollectible revenue. Provided, that where a telephone company is required to keep its records in accordance with the standard classification of accounts prescribed by the Federal Communications Commission the amounts in such accounts shall be used in computing the apportionment fraction as provided in this subsection.

(o) Motor Carrier. – All apportionable income of a motor carrier of property or a motor carrier of people shall be apportioned by multiplying the income by a fraction, the numerator of which is the number of vehicle miles in this State and the denominator of which is the total number of vehicle miles of the company everywhere. The words "vehicle miles" shall mean miles traveled by vehicles owned or operated by the company based upon one of the following:

(1) miles traveled by vehicles Miles on a scheduled route.

(2) owned or operated by the company Miles hauling property for a charge charge.

(3) or traveling on a scheduled route.Miles carrying passengers for a fare.

(p) All apportionable income of a motor carrier of passengers shall be apportioned by multiplying the income by a fraction, the numerator of which is the number of vehicle miles in this State and the denominator of which is the total number of vehicle miles of the company everywhere. The words "vehicle miles" shall mean miles traveled by vehicles owned or operated by the company carrying passengers for a fare or traveling on a scheduled route.

(q) All apportionable income of a telegraph company shall be apportioned by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor and the denominator of which is three.

The property factor shall be as defined in subsection (j) of this section, the payroll factor shall be as defined in subsection (k) of this section, and the sales factor shall be as defined in subsection (l) of this section.

(r) Single Sales Factor. – All apportionable income of an excluded corporation and of all other public utilities shall be apportioned by multiplying the income by the sales factor as determined under subsection (l) of this section.

(s) Transportation Corporation. – All apportionable income of an air transportation corporation or a water transportation corporation shall be apportioned by a fraction, the numerator of which is the corporation's revenue ton miles in this State and the denominator of which is the corporation's revenue ton miles everywhere. The term "revenue ton mile" means one ton of passengers, freight, mail, or other cargo carried one mile. In making this computation, a passenger is considered to weigh two hundred pounds.

...

(s2) Broadcaster. – All apportionable income of a broadcaster shall be apportioned as provided in this subsection. The apportionment factor is a fraction, the numerator of which is the sum of the broadcaster's gross receipts from sources within the State and the denominator of which is the sum of the broadcaster's gross receipts from transactions and activity in the regular course of its trade or business everywhere. Advertising gross receipts and license fees for audio or video programming in release shall be attributable to this State in accordance with the audience factor in this State. Gross receipts from subscriber fees, rents, sales ,or similar charges from audio or video programming in release shall be attributable to this State based on the amount of subscriber or other fees paid by customers in this State. A sale of audio or video programming on tangible media is sourced to this State as sales of tangible personal property.

The following definitions apply in this subsection:

(1) Audience factor. – The factor determined by the ratio provided in this subdivision. The factor shall be determined either by reference to the books and records of the taxpayer or by reference to published rating statistics, provided the method used by the taxpayer is consistently used from year to year for this purpose and fairly represents the taxpayer's activity in this State. The ratio is as follows:

a. Television station. – The ratio that the viewing audience located in this State for a television station bears to the total viewing audience for a television station.

b. Radio station. – The ratio that the listening audience in this State for a radio station bears to the total listening audience for a radio station.

c. Cable or satellite program and channel broadcasts. – The ratio that the subscribers for a cable or satellite system located in this State bears to the total subscribers of a cable or satellite system. If the number of subscribers cannot be accurately determined from the books and records maintained by the taxpayer, the ratio shall be determined on the basis of the applicable year's subscription statistics located in published surveys, provided the source selected is consistently used from year to year for this purpose.

(2) Broadcast. – The transmission of audio or video programming, directly or indirectly, to viewers and listeners by any other method of communication or combination of methods.

(3) Broadcaster. – A person that provides audio or video programming to customers in this State by digital or analog means in exchange for one or more of the following: advertising receipts, subscriber fees, license, rent, or similar fees. The term includes a television or radio station licensed by the Federal Communications Commission, including network-owned or affiliated stations, a television or radio broadcast network, a cable program network, a distributor of audio or video programming, a cable system operator, and satellite system operator.

(4) Release or in release. – The placing of film or radio programming into service. A film or radio program is placed into service when it is first broadcast to the primary audience for entertainment, educational, commercial, artistic, or other purpose. Each episode of a television or radio series is placed in service when it is first broadcast. A program is not placed in service merely because it is completed and therefore in a condition or state of readiness and availability for broadcast or merely because it is previewed to prospective sponsors or purchasers.

(5) Rent. – License fees or other payments or consideration provided in exchange for the broadcast or other use of television or radio programming.

(6) Subscriber. – The individual residence or other outlet that is the ultimate recipient of the transmission from a cable television system.

...."

SECTION 4.2.(b) This section is effective for taxable years beginning on or after January 1, 2016.

PART V. FRANCHISE TAX RATE REDUCTION AND TAX BASE SIMPLIFICATION

SECTION 5.1.(a) G.S. 105-114(b) reads as rewritten:

"(b) Definitions. – The following definitions apply in this Article:

...

(5) Total assets. – The sum of all cash, investments, furniture, fixtures, equipment, receivables, intangibles, and any other items of value owned by a person or a business entity."

SECTION 5.1.(b) G.S. 105-120.2 reads as rewritten:

"**§ 105-120.2. Franchise or privilege tax on holding companies.**

(a) Every corporation, domestic and foreign, incorporated or, by an act, domesticated under the laws of this State or doing business in this State that, at the close of its taxable year, is a holding company as defined in subsection (c) of this section, shall, pursuant to the provisions of G.S. 105-122, do all of the following:

(1) File a return.

(2) Determine the total amount of its ~~issued and outstanding capital stock, surplus and undivided profits.~~net worth.

(3) Apportion ~~such outstanding capital stock, surplus and undivided profits~~ its net worth to this State.

(b) ~~(1)~~ Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, the greater of the following:

(1) ~~a~~ A franchise or privilege tax at the rate of ~~one dollar and fifty cents ($1.50)~~ one dollar ($1.00) per one thousand dollars ($1,000) of the amount determined under subsection (a) of this section, but in no case shall the tax be more than ~~seventy-five thousand dollars ($75,000) nor less than thirty-five dollars ($35.00).~~one hundred fifty thousand dollars ($150,000) nor less than two hundred dollars ($200.00).

(2) ~~Notwithstanding the provisions of subdivision (1) of this subsection, if~~ If the tax ~~produced pursuant to application of~~ calculated under this ~~paragraph (2)~~ subdivision exceeds the tax ~~produced pursuant to application of~~ calculated under subdivision ~~(1),~~ (1) of this subsection, then the tax is levied at the rate of ~~one dollar and fifty cents ($1.50)~~ one dollar ($1.00) per one thousand dollars ($1,000) on the greater of the following:

a. Fifty-five percent (55%) of the appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State of each such corporation plus the total appraised value of intangible property returned for taxation of intangible personal property as computed under G.S. 105-122(d).

b. The total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d).

...."

SECTION 5.1.(c) G.S. 105-122 reads as rewritten:

"**§ 105-122. Franchise or privilege tax on domestic and foreign corporations.**

(a) Tax Imposed. – An annual franchise or privilege tax is imposed on a corporation doing business in this State. The tax is determined on the basis of the books and records of the corporation as of the close of its income year. A corporation subject to the tax must file a return under affirmation with the Secretary at the place and in the manner prescribed by the Secretary. The return must be signed by the president, vice-president, treasurer, or chief financial officer of the corporation. The return is due on or before the fifteenth day of the fourth month following the end of the corporation's income year.

(b) Determination of ~~Capital Base.~~ Net Worth. – A corporation taxed under this section shall determine the total amount of its ~~issued and outstanding capital stock, surplus, and undivided profits. No reservation or allocation from surplus or undivided profits is allowed except as provided below:~~net worth. The net worth of a corporation is its total assets without regard to the deduction for accumulated depreciation, depletion, or amortization less its total liabilities, computed in accordance with generally accepted accounting principles as of the end

of the corporation's taxable year. If the corporation does not maintain its books and records in accordance with generally accepted accounting principles, then its net worth is computed in accordance with the accounting method used by the entity for federal tax purposes so long as the method fairly reflects the corporation's net worth for purposes of the tax levied by this section. A corporation's net worth is subject to the following adjustments:

(1) ~~Definite and accrued legal liabilities.~~A deduction for accumulated depreciation, depletion, and amortization is determined in accordance with the method used for federal tax purposes.

~~(1a) Billings in excess of costs that are considered a deferred liability under the percentage of completion method of revenue recognition.~~

(2) ~~Taxes accrued, dividends declared, and reserves for depreciation of tangible assets and for amortization of intangible assets as permitted for income tax purposes.~~An addition for indebtedness the corporation owes to a parent, a subsidiary, an affiliate, or a noncorporate entity in which the corporation or an affiliated group of corporations owns directly or indirectly more than fifty percent (50%) of the capital interests of the noncorporate entity. The amount added back to the corporation's net worth may be further adjusted if part of the capital of the creditor is capital borrowed from a source other than a parent, a subsidiary, or an affiliate. The debtor corporation may deduct a proportionate part of the indebtedness based on the ratio of the borrowed capital of the creditor to the total assets of the creditor. For purposes of this subdivision, borrowed capital does not include indebtedness incurred by a bank arising out of the receipt of a deposit and evidenced by a certificate of deposit, a passbook, a cashier's check, a certified check, or other similar document.

(2a) If the creditor corporation is taxable under this Article, the creditor corporation may deduct the amount of indebtedness owed to it by a parent, subsidiary, or affiliated corporation to the extent that such indebtedness has been added by the debtor corporation.

(3) ~~When including deferred tax liabilities, a corporation may reduce the amount included in its base by netting against that amount deferred tax assets. The reduction may not decrease deferred tax liabilities below zero (0).~~A corporation may deduct the cost of treasury stock.

~~(4) Reserves for the cost of any air-cleaning device or sewage or waste treatment plant, including waste lagoons, and pollution abatement equipment purchased or constructed and installed which reduces the amount of air or water pollution resulting from the emission of air contaminants or the discharge of sewage and industrial wastes or other polluting materials or substances into the outdoor atmosphere or streams, lakes, or rivers, upon condition that the corporation claiming such deductible liability shall furnish to the Secretary a certificate from the Department of Environment and Natural Resources or from a local air pollution control program for air-cleaning devices located in an area where the Environmental Management Commission has certified a local air pollution control program pursuant to G.S. 143-215.112 certifying that the Environmental Management Commission or local air pollution control program has found as a fact that the air-cleaning device, waste treatment plant or pollution abatement equipment purchased or constructed and installed as above described has actually been constructed and installed and that such plant or equipment complies with the requirements of the Environmental Management Commission or local air pollution control program with respect to such~~

devices, plants or equipment, that such device, plant or equipment is being effectively operated in accordance with the terms and conditions set forth in the permit, certificate of approval, or other document of approval issued by the Environmental Management Commission or local air pollution control program and that the primary purpose thereof is to reduce air or water pollution resulting from the emission of air contaminants or the discharge of sewage and waste and not merely incidental to other purposes and functions.

(5) Reserves for the cost of purchasing and installing equipment or constructing facilities for the purpose of recycling or resource recovering of or from solid waste or for the purpose of reducing the volume of hazardous waste generated shall be treated as deductible for the purposes of this section upon condition that the corporation claiming such deductible liability shall furnish to the Secretary a certificate from the Department of Environment and Natural Resources certifying that the Department of Environment and Natural Resources has found as a fact that the equipment or facility has actually been purchased, installed or constructed, that it is in conformance with all rules and regulations of the Department of Environment and Natural Resources, and the recycling or resource recovering is the primary purpose of the facility or equipment.

(6) Reserves for the cost of constructing facilities of any private or public utility built for the purpose of providing sewer service to residential and outlying areas shall be treated as deductible for the purposes of this section; the deductible liability allowed by this section shall apply only with respect to such pollution abatement plants or equipment constructed or installed on or after January 1, 1955.

(7) The cost of treasury stock.

(8) In the case of an international banking facility, the capital base shall be reduced by the excess of the amount as of the end of the taxable year of all assets of an international banking facility which are employed outside the United States over liabilities of the international banking facility owed to foreign persons. For purposes of such reduction, foreign persons shall have the same meaning as defined in ~~G.S.~~ 105-130.5(b)(13)d.

Every corporation doing business in this State which is a parent, subsidiary, or affiliate of another corporation shall add to its capital stock, surplus, and undivided profits all indebtedness owed to a parent, subsidiary, or affiliated corporation as a part of its capital used in its business and as a part of the base for franchise tax under this section. If any part of the capital of the creditor corporation is capital borrowed from a source other than a parent, subsidiary, or affiliate, the debtor corporation, which is required under this subsection to include in its tax base the amount of debt by reason of being a parent, subsidiary, or affiliate of the creditor corporation, may deduct from the debt included a proportionate part determined on the basis of the ratio of the borrowed capital of the creditor corporation to the total assets of the creditor corporation. If the creditor corporation is also taxable under the provisions of this section, the creditor corporation is allowed to deduct from the total of its capital, surplus, and undivided profits the amount of any debt owed to it by a parent, subsidiary or affiliated corporation to the extent that the debt has been included in the tax base of the parent, subsidiary, or affiliated debtor corporation reporting for taxation under the provisions of this section.

(b1) Definitions. – The following definitions apply in subsection (b) of this section:

(1) Affiliate. – ~~The same meaning as specified in G.S. 105-130.2.~~ A corporation is an affiliate of another corporation when both are directly or indirectly controlled by the same parent corporation or by the same or associated financial interests by stock ownership, interlocking directors, or by any other

means whatsoever, whether the control is direct or through one or more subsidiary, affiliated, or controlled corporations.

(2) Affiliated group. – The same meaning as defined in G.S. 105-114.1.

(3) Capital interest. – The right under an entity's governing law to receive a percentage of the entity's assets upon dissolution after payments to creditors.

(4) Governing law. – The law under which the noncorporate entity is organized.

~~(2)~~(5) Indebtedness. – All loans, credits, goods, supplies, or other capital of whatsoever nature furnished by a parent, a subsidiary, ~~or affiliated corporation,~~ an affiliate, or a noncorporate entity in which the corporation or an affiliated group of corporations owns directly or indirectly more than fifty percent (50%) of the capital interests of the noncorporate entity, other than indebtedness endorsed, guaranteed, or otherwise supported by one of these corporations.

(6) Noncorporate entity. – A person that is neither a human being nor a corporation.

~~(3)~~(7) Parent. – ~~The same meaning as specified in G.S. 105-130.2.~~A corporation is a parent of another corporation when, directly or indirectly, it controls the other corporation by stock ownership, interlocking directors, or by any other means whatsoever exercised by the same or associated financial interests, whether the control is direct or through one or more subsidiary, affiliated, or controlled corporations.

~~(4)~~(8) Subsidiary. – ~~The same meaning as specified in G.S. 105-130.2.~~A corporation is a subsidiary of another corporation when, directly or indirectly, it is subject to control by the other corporation by stock ownership, interlocking directors, or by any other means whatsoever exercised by the same or associated financial interest, whether the control is direct or through one or more subsidiary, affiliated, or controlled corporations.

(c1) Apportionment. – A corporation that is doing business in this State and in one or more other states must apportion its ~~capital stock, surplus, and undivided profits~~ net worth to this State. A corporation must use the apportionment method set out in subdivision (1) of this subsection unless the Department has authorized it to use a different method under subdivision (2) of this subsection. The portion of a corporation's ~~capital stock, surplus, and undivided profits~~ net worth determined by applying the appropriate apportionment method is considered the amount of ~~capital stock, surplus, and undivided profits~~ net worth the corporation uses in its business in this State.

(1) Statutory. – A corporation that is subject to income tax under Article 4 of this Chapter must apportion its ~~capital stock, surplus, and undivided profits~~ net worth by using the fraction it applies in apportioning its income under that Article. A corporation that is not subject to income tax under Article 4 of this Chapter must apportion its ~~capital stock, surplus, and undivided profits~~ net worth by using the fraction it would be required to apply in apportioning its income if it were subject to that Article. The apportionment method set out in this subdivision is considered the statutory method of apportionment and is presumed to be the best method of determining the amount of a corporation's ~~capital stock, surplus, and undivided profits~~ net worth attributable to the corporation's business in this State.

(2) Alternative. – A corporation that believes the statutory apportionment method set out in subdivision (1) of this subsection subjects a greater portion of its ~~capital stock, surplus, and undivided profits~~ net worth to tax under this section than is attributable to its business in this State may make a written

request to the Secretary for permission to use an alternative method. The request must set out the reasons for the corporation's belief and propose an alternative method. The corporation has the burden of establishing by clear, cogent, and convincing proof that the statutory apportionment method subjects a greater portion of the corporation's capital stock, surplus, and undivided profits net worth to tax under this section than is attributable to its business in this State and that the proposed alternative method is a better method of determining the amount of the corporation's capital stock, surplus, and undivided profits net worth attributable to the corporation's business in this State.

The Secretary must issue a written decision on a corporation's request for an alternative apportionment method. If the decision grants the request, it must describe the alternative method the corporation is authorized to use and state the tax years to which the alternative method applies. A decision may apply to no more than three tax years. A corporation may renew a request to use an alternative apportionment method by following the procedure in this subdivision. A decision of the Secretary on a request for an alternative apportionment method is final and is not subject to administrative or judicial review. A corporation authorized to use an alternative method may apportion its capital stock, surplus, and undivided profits net worth in accordance with the alternative method or the statutory method.

(3) Repealed by Session Laws 2011-330, s. 5, effective June 27, 2011.

(d) Tax Base and Tax Rate. After determining the proportion of its total capital stock, surplus and undivided profits net worth as set out in subsection (c1) of this section, which amount shall not be less than fifty-five percent (55%) of the appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State of each corporation nor less than its total actual investment in tangible property in this State, every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate of one dollar and fifty cents ($1.50) ($1.00) per one thousand dollars ($1,000) of the total amount of capital stock, surplus and undivided profitsnet worth as provided in this section. The tax imposed in this section shall not be less than thirty-five dollars ($35.00) two hundred dollars ($200.00) and is for the privilege of carrying on, doing business, and/or the continuance of articles of incorporation or domestication of each corporation in this State. Appraised value of tangible property including real estate is the ad valorem valuation for the calendar year next preceding the due date of the franchise tax return. The term "total actual investment in tangible property" as used in this section means the total original purchase price or consideration to the reporting taxpayer of its tangible properties, including real estate, in this State plus additions and improvements thereto less reserve for depreciation as permitted for income tax purposes, and also less any indebtedness incurred and existing by virtue of the purchase of any real estate and any permanent improvements made thereon. In computing "total actual investment in tangible personal property" a corporation may deduct reserves for the entire cost of any air-cleaning device or sewage or waste treatment plant, including waste lagoons, and pollution abatement equipment purchased or constructed and installed which reduces the amount of air or water pollution resulting from the emission of air contaminants or the discharge of sewage and industrial wastes or other polluting materials or substances into the outdoor atmosphere or into streams, lakes, or rivers, upon condition that the corporation claiming this deduction shall furnish to the Secretary a certificate from the Department of Environment and Natural Resources or from a local air pollution control program for air-cleaning devices located in an area where the Environmental Management Commission has certified a local air pollution control program pursuant to G.S. 143-215.112 certifying that said Department or local air

pollution control program has found as a fact that the air-cleaning device, waste treatment plant or pollution abatement equipment purchased or constructed and installed as above described has actually been constructed and installed and that the device, plant or equipment complies with the requirements of the Environmental Management Commission or local air pollution control program with respect to the devices, plants or equipment, that the device, plant or equipment is being effectively operated in accordance with the terms and conditions set forth in the permit, certificate of approval, or other document of approval issued by the Environmental Management Commission or local air pollution control program and that the primary purpose is to reduce air or water pollution resulting from the emission of air contaminants or the discharge of sewage and waste and not merely incidental to other purposes and functions. The cost of constructing facilities of any private or public utility built for the purpose of providing sewer service to residential and outlying areas is treated as deductible for the purposes of this section; the deductible liability allowed by this section applies only with respect to pollution abatement plants or equipment constructed or installed on or after January 1, 1955.purposes.

(d1) Credits. – A corporation is allowed a credit against the tax imposed by this section for a taxable year equal to one-half of the amount of tax payable during the taxable year under Article 5E of this Chapter. The credit allowed by this subsection may not exceed the amount of tax imposed by this section for the taxable year, reduced by the sum of all other credits allowed against that tax, except tax payments made by or on behalf of the taxpayer.

(e) Any corporation which changes its income year, and files a "short period" income tax return pursuant to G.S. 105-130.15 shall file a franchise tax return in accordance with the provisions of this section in the manner and as of the date specified in subsection (a) of this section. Such corporation shall be entitled to deduct from the total franchise tax computed (on an annual basis) on such return the amount of franchise tax previously paid which is applicable to the period subsequent to the beginning of the new income year.

(f) The return and tax required by this section are in addition to all other reports required or taxes levied and assessed in this State.

(g) Counties, cities and towns shall not levy a franchise tax on corporations taxed under this section."

SECTION 5.1.(d) This section is effective for taxable years beginning on or after January 1, 2017.

SECTION 5.2.(a) G.S. 105-114.1 reads as rewritten:

"**§ 105-114.1. Limited liability companies.**

...

(b) Controlled Companies. – If a corporation or an affiliated group of corporations owns more than fifty percent (50%) of the capital interests in a noncorporate limited liability company, the corporation or group of corporations must include in its three tax bases pursuant to G.S. 105-122 the same percentage of (i) the noncorporate limited liability company's ~~capital stock, surplus, and undivided profits; net worth;~~ (ii) fifty-five percent (55%) of the noncorporate limited liability company's appraised ad valorem tax value of property; and (iii) the noncorporate limited liability company's actual investment in tangible property in this State, as appropriate.

...

(d) No Double Inclusion. – If a corporation is required to include a percentage of a noncorporate limited liability company's assets in its tax bases under this Article pursuant to subsection (b) of this section, its investment in the noncorporate limited liability company is not included in its computation of ~~capital stock~~ net worth base under G.S. 105-122(b).

...."

SECTION 5.2.(b) G.S. 105-125(b) reads as rewritten:

"(b) Certain Investment Companies. – A corporation doing business in North Carolina that meets one or more of the following conditions may, in determining its ~~capital stock,~~

~~surplus, and undivided profits base~~ net worth base for franchise tax, deduct the aggregate market value of its investments in the stocks, bonds, debentures, or other securities or evidences of debt of other corporations, partnerships, individuals, municipalities, governmental agencies, or governments:

(1) A regulated investment company. – A regulated investment company is an entity that qualifies as a regulated investment company under section 851 of the Code.

(2) A REIT, unless the REIT is a captive REIT. – The terms "REIT" and "captive REIT" have the same meanings as defined in G.S. 105-130.12."

SECTION 5.2.(c) This section is effective for taxable years beginning on or after January 1, 2017.

PART VI. INDIVIDUAL INCOME TAX REDUCTIONS AND MODIFICATION OF THE ITEMIZED DEDUCTION

SECTION 6.1.(a) Effective for taxable years beginning on or after January 1, 2016, G.S. 105-153.5(a)(1) reads as rewritten:

"**§ 105-153.5. Modifications to adjusted gross income.**

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	~~$15,000~~$17,500
Head of Household	~~12,000~~14,000
Single	~~7,500~~8,750
Married, filing separately	~~7,500.~~8,750."

SECTION 6.1.(b) Effective for taxable years beginning on or after January 1, 2017, G.S. 105-153.5(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"**§ 105-153.5. Modifications to adjusted gross income.**

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	~~$17,500~~$17,750
Head of Household	~~14,000~~14,200
Single	~~8,750~~8,875
Married, filing separately	~~8,750.~~8,875."

SECTION 6.1.(c) Effective for taxable years beginning on or after January 1, 2018, G.S. 105-153.5(a)(1), as amended by subsection (b) of this section, reads as rewritten:

"**§ 105-153.5. Modifications to adjusted gross income.**

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	~~$17,750~~$18,000
Head of Household	~~14,200~~14,400
Single	~~8,875~~9,000
Married, filing separately	~~8,875.~~9,000."

SECTION 6.1.(d) Effective for taxable years beginning on or after January 1, 2019, G.S. 105-153.5(a)(1), as amended by subsection (c) of this section, reads as rewritten:

"**§ 105-153.5. Modifications to adjusted gross income.**

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	~~$18,000~~$18,250
Head of Household	~~14,400~~14,600
Single	~~9,000~~9,125
Married, filing separately	~~9,000.~~9,125."

SECTION 6.1.(e) Effective for taxable years beginning on or after January 1, 2020, G.S. 105-153.5(a)(1), as amended by subsection (d) of this section, reads as rewritten:

"**§ 105-153.5. Modifications to adjusted gross income.**

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	~~$18,250~~$18,500
Head of Household	~~14,600~~14,800
Single	~~9,125~~9,250
Married, filing separately	~~9,125.~~9,250."

SECTION 6.2.(a) G.S. 105-153.7(a) reads as rewritten:

"**§ 105-153.7. Individual income tax imposed.**

(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and seventy-five hundredths percent (5.75%)~~ five and five-tenths percent (5.5%) of the taxpayer's North Carolina taxable income."

SECTION 6.2.(b) This section is effective for taxable years beginning on or after January 1, 2016.

SECTION 6.3.(a) G.S. 105-153.5(a)(2) reads as rewritten:

"**§ 105-153.5. Modifications to adjusted gross income.**

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

...

(2) Itemized deduction amount. – An amount equal to the ~~sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code:~~itemized deduction amount claimed under the Code other than any amount deducted under section 164 of the Code as State, local, or foreign income tax or as State or local general sales tax. The

a. ~~The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year.~~

b. ~~The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount claimed by the taxpayer as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. The~~

amount allowed under this ~~sub-subdivision~~ subdivision may not exceed twenty thousand dollars ($20,000). For spouses filing as married filing separately or married filing jointly, the total ~~mortgage interest and real estate taxes~~itemized deductions claimed by both spouses combined may not exceed twenty thousand dollars ($20,000). ~~For spouses filing as married filing separately with a joint obligation for mortgage interest and real estate taxes, the deduction for these items is allowable to the spouse who actually paid them. If~~ For spouses filing as married filing separately, if the amount of the ~~mortgage interest and real estate taxes paid~~ itemized deductions claimed by both spouses exceeds twenty thousand dollars ($20,000), these deductions must be prorated based on the percentage ~~paid~~ claimed by each ~~spouse. For joint obligations paid from joint accounts, the proration is based on the income reported by each spouse for that taxable year.~~spouse under the Code."

SECTION 6.3.(b) This section is effective for taxable years beginning on or after January 1, 2016.

SECTION 6.4.(a) G.S. 105-163.2 reads as rewritten:

"**§ 105-163.2. Employers must withhold taxes.**

...

(b) Withholding Tables. – The manner of withholding and the amount to be withheld shall be determined in accordance with tables and rules adopted by the Secretary. The withholding of wages pursuant to and in accordance with these tables shall be deemed as a matter of law to constitute compliance with the provisions of subsection (a) of this section, notwithstanding any other provisions of this Article. The Secretary shall promulgate tables for

computing amounts to be withheld with respect to different rates of wages for different payroll periods applicable to the various combinations of allowances to which an employee may be entitled and taking into account the appropriate standard deduction. The tables may provide for the same amount to be withheld within reasonable salary brackets or ranges so designed as to result in the withholding during a year of approximately the amount of an employee's indicated income tax liability for that year.

The withholding allowances provided by these tables and rules shall, as nearly as possible, approximate the amount of the employee's indicated income tax liability for that year based upon all of the following factors:

(1) An income tax rate equal to the rate set in G.S. 105-153.7 plus one-tenth of one percent (0.1%).

(2) ~~the~~ The additions the employee is required to make under Article 4 of this ~~Chapter and the deductions,~~ Chapter.

(3) The deductions and credits to which an employee is entitled under Article 4 of this Chapter.~~—The Secretary shall promulgate tables for computing amounts to be withheld with respect to different rates of wages for different payroll periods applicable to the various combinations of allowances to which an employee may be entitled and taking into account the appropriate standard deduction. The tables may provide for the same amount to be withheld within reasonable salary brackets or ranges so designed as to result in the withholding during a year of approximately the amount of an employee's indicated income tax liability for that year. The withholding of wages pursuant to and in accordance with these tables shall be deemed as a matter of law to constitute compliance with the provisions of subsection (a) of this section, notwithstanding any other provisions of this Article.~~

...

(e) Alternatives to Tables. – If the Secretary determines that use of the withholding tables would be impractical, would impose an unreasonable burden on an employer, or would produce substantially incorrect results, the Secretary may authorize or require an employer to use some other method of determining the amounts to be withheld under this Article. The alternative method authorized by the Secretary must reasonably approximate the predicted income tax liability of the affected ~~employees.~~ employees based upon the factors provided in subsection (b) of this section. In addition, with the agreement of the employer and employee, the Secretary may authorize an employer to use an alternative method that results in withholding of a greater amount than otherwise required under this section.

The Secretary's authorization of an alternative method is discretionary and may be cancelled at any time without advance notice if the Secretary finds that the method is being abused or is not resulting in the withholding of an amount reasonably approximating the predicted income tax liability of the affected employees. The Secretary shall give an employer written notice of any cancellation and the findings upon which the cancellation is based. The cancellation becomes effective upon the employer's receipt of this notice or on the third day after the notice was mailed to the employer, whichever occurs first. If the employer requests a hearing on the cancellation within 30 days after the cancellation, the Secretary shall grant a hearing. After a hearing, the Secretary's findings are conclusive."

SECTION 6.4.(b) This section is effective for taxable years beginning on or after January 1, 2016.

SECTION 6.5. Except as otherwise provided, this Part is effective when this act becomes law.

PART VII. ARTICLE 5F EXCISE TAX CHANGES

SECTION 7.(a) G.S. 105-187.51(b) reads as rewritten:

"**§ 105-187.51. Tax imposed on mill machinery.**

...

(b) Rate. – The tax is ~~one percent (1%) of~~ imposed on the ~~sales~~ purchase price of the machinery, part, or ~~accessory purchased.~~ accessory. The tax rate is equal to the general rate of tax under G.S. 105-164.4. The maximum tax is ~~eighty dollars ($80.00)~~ five hundred dollars ($500.00) per article. As used in this section, the term "accessories" does not include electricity."

SECTION 7.(b) G.S. 105-187.51B(b) reads as rewritten:

"**§ 105-187.51B. Tax imposed on certain recyclers, research and development companies, industrial machinery refurbishing companies, and companies located at ports facilities.**

...

(b) Rate. – The tax is ~~one percent (1%) of~~imposed on the ~~sales~~ purchase price of the equipment or other tangible personal property. The tax rate is equal to the general rate of tax under G.S. 105-164.4. The maximum tax is ~~eighty dollars ($80.00)~~ five hundred dollars ($500.00) per article."

SECTION 7.(c) G.S. 105-187.51D(b) reads as rewritten:

"**§ 105-187.51D. Tax imposed on machinery at large manufacturing and distribution facility.**

...

(b) Tax. – A privilege tax is imposed on a large manufacturing and distribution facility that purchases mill machinery, distribution machinery, or parts or accessories for mill machinery or distribution machinery for storage, use, or consumption in this State. The tax is ~~one percent (1%) of~~imposed on the ~~sales~~ purchase price of the machinery, part, or ~~accessory purchased.~~ accessory. The rate of tax is equal to the general rate of tax under G.S. 105-164.4. The maximum tax is ~~eighty dollars ($80.00)~~ five hundred dollars ($500.00) per article. As used in this section, the term "accessories" does not include electricity."

SECTION 7.(d) This section becomes effective October 1, 2015, and applies to purchases made on or after that date or contracts entered into on or after that date.

PART VIII. SALES TAX CHANGES

SECTION 8.1.(a) G.S. 105-164.3 reads as rewritten:

"**§ 105-164.3. Definitions.**

The following definitions apply in this Article:

...

(18a) Maintenance service. – To keep tangible personal property in working order, to avoid breakdown, and to prevent unnecessary repairs.

...

(33d) Repair service. – To restore or attempt to restore tangible personal property to proper working order or good condition. The term includes replacing or putting together what is torn or broken.

...."

SECTION 8.1.(b) G.S. 105-164.4(a) reads as rewritten:

"**§ 105-164.4. Tax imposed on retailers.**

(a) A privilege tax is imposed on a retailer engaged in business in the State at the percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as follows:

(1a) The general rate applies to the sales price of each ~~manufactured home~~ of the following items sold at retail, including all accessories attached to the ~~manufactured home~~ the item when it is delivered to the ~~purchaser~~ purchaser:

a. A manufactured home.
b. A modular home. The sale of a modular home to a modular homebuilder is considered a retail sale. A person who sells a modular home at retail is allowed a credit against the tax imposed by this subdivision for sales or use tax paid to another state on tangible personal property incorporated in the modular home. The retail sale of a modular home occurs when a modular home manufacturer sells a modular home to a modular homebuilder or directly to the end user of the modular home.
c. An aircraft, except that the maximum tax on an aircraft is five thousand dollars ($5,000) per article.
d. A boat, except that the maximum tax on a boat is one thousand five hundred dollars ($1,500) per article.

~~(1b) The rate of three percent (3%) applies to the sales price of each aircraft or boat sold at retail, including all accessories attached to the item when it is delivered to the purchaser. The maximum tax is one thousand five hundred dollars ($1,500) per article.~~

...

~~(8) The general rate applies to the sales price of each modular home sold at retail, including all accessories attached to the modular home when it is delivered to the purchaser. The sale of a modular home to a modular homebuilder is considered a retail sale. A person who sells a modular home at retail is allowed a credit against the tax imposed by this subdivision for sales or use tax paid to another state on tangible personal property incorporated in the modular home. The retail sale of a modular home occurs when a modular home manufacturer sells a modular home to a modular homebuilder or directly to the end user of the modular home.~~

...

(15) The general rate applies to the sales price of or the gross receipts derived from repair service and maintenance service.
(16) The general rate applies to the sales price of or the gross receipts derived from grooming, training, boarding, or providing other care for an animal.
(17) The general rate applies to the sales price of or the gross receipts derived from veterinary services.
(18) The general rate applies to the sales price of or the gross receipts derived from advertising services."

SECTION 8.1.(c) G.S. 105-164.13(49) is repealed.

SECTION 8.1.(d) G.S. 105-467(a) reads as rewritten:

"**§ 105-467. Scope of sales tax.**

(a) Sales Tax. – The sales tax that may be imposed under this Article is limited to a tax at the rate of one percent (1%) of the following:

(1) A retailer's net taxable sales and gross receipts that are subject to the general rate of sales tax imposed by the State under G.S. 105-164.4 except the tax does not apply to the sales price of ~~a manufactured home or a modular home.~~an item taxed under G.S. 105-164.4(a)(1a).

...."

SECTION 8.1.(e) G.S. 105-237.1(a)(6) reads as rewritten:

"**§ 105-237.1. Compromise of liability.**

(a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is collectible under G.S. 105-241.22 when the Secretary determines that the compromise is in the best interest of the State and makes one or more of the following findings:

...

(6) The taxpayer is a retailer or a person under Article 5 of this Chapter; the assessment is for sales or use tax the retailer failed to collect or the person failed to pay on an item taxable under G.S. 105-164.4(a)(10) ~~and (a)(11),~~ through (a)(18), and the retailer or person made a good-faith effort to comply with the sales and use tax laws. This subdivision expires for assessments issued after July 1, 2020."

SECTION 8.1.(f) The Secretary of Revenue is directed to repeal the following administrative rules: 17 NCAC 07B .1002, 17 NCAC 07B .1003, and 17 NCAC 07B .1901. A repair part historically purchased and taxed in accordance with these administrative rules should be purchased for the purpose of resale.

SECTION 8.1.(g) Subsections (a) through (d) and subsection (f) of this section become effective October 1, 2015, and apply to sales made on or after that date, services provided on or after that date, and contracts entered into on or after that date. The remainder of this section is effective when this act becomes law.

SECTION 8.2.(a) G.S. 105-164.4I(b) is amended by adding a new subdivision to read:

"(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or the gross receipts derived from a service contract applicable to any of the following items:

(1) An item exempt from tax under this Article, other than a motor vehicle exempt from tax under G.S. 105-164.13(32).

(2) A transmission, distribution, or other network asset contained on utility-owned land, right-of-way, or easement.

(3) An item purchased by a professional motorsports racing team for which the team may receive a sales tax refund under G.S. 105-164.14A(5).

(4) An item subject to tax under Article 5F of Chapter 105 of the General Statutes.

(5) A qualifying aircraft or qualifying jet engine if the service contract is sold by the manufacturer of the aircraft or jet engine or a related member of the manufacturer within 90 days of the date the aircraft or engine is purchased. A qualifying aircraft is an aircraft with a maximum take-off weight of more than 9,000 pounds but not in excess of 15,000 pounds. A qualifying jet engine is an engine certified pursuant to Part 33 of Title 14 of the Code of Federal Regulations."

SECTION 8.2.(b) This section becomes effective October 1, 2015, and applies to a service contract sold on or after that date.

SECTION 8.3.(a) Effective July 1, 2015, and applicable to refund applications submitted for purchases made on or after that date, G.S. 105-164.14(b) reads as rewritten:

"(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed ~~a semiannual~~ an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services for use in carrying on the work of the nonprofit entity. The aggregate amount of purchases for which an entity may receive a refund under this subsection for a 12-month period beginning July 1 and ending June 30 may not exceed six hundred sixty-six million six hundred sixty-six thousand six hundred sixty-seven dollars ($666,666,667). Sales and use tax liability indirectly incurred by a nonprofit entity through reimbursement to an authorized person of the entity for the purchase of tangible personal property and services for use in carrying on the work of the nonprofit entity is considered a direct purchase by the entity. Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is

considered a sales or use tax liability incurred on direct purchases by the nonprofit entity. The refund allowed under this subsection does not apply to purchases of electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund ~~for the first six months of a calendar year is due the following October 15; a request for a refund for the second six months of a calendar year is due the following April 15. The aggregate annual refund amount allowed an entity under this subsection for a fiscal year may not exceed thirty-one million seven hundred thousand dollars ($31,700,000).~~ for a 12-month period ending June 30 is due the following October 15.

The refunds allowed under this subsection do not apply to an entity that is owned and controlled by the United States or to an entity that is owned or controlled by the State and is not listed in this subsection. A hospital that is not listed in this subsection is allowed ~~a semiannual~~ an annual refund of sales and use taxes paid by it on over-the-counter drugs purchased for use in carrying out its work. The following nonprofit entities are allowed a refund under this subsection:

...."

SECTION 8.3.(b) Effective July 1, 2015, and applicable to refund applications submitted for purchases made on or after that date, G.S. 105-467(b) reads as rewritten:

"(b) Exemptions and Refunds. – The State exemptions and exclusions contained in G.S. 105-164.13 apply to the local sales and use tax authorized to be levied and imposed under this Article. The State refund provisions contained in G.S. 105-164.14 through G.S. 105-164.14B apply to the local sales and use tax authorized to be levied and imposed under this Article. A refund of an excessive or erroneous State sales tax collection allowed under G.S. 105-164.11 and a refund of State sales tax paid on a rescinded sale or cancelled service contract under G.S. 105-164.11A apply to the local sales and use tax authorized to be levied and imposed under this Article. The ~~aggregate annual local~~ amount of purchases for which an entity may receive a refund ~~amount of~~ local sales and use tax may not exceed the amount allowed an entity under ~~G.S. 105-164.14(b) for a fiscal year may not exceed thirteen million three hundred thousand dollars ($13,300,000).~~ G.S. 105-164.14(b). If the purchases for which a refund application is made exceed the amount of purchases for which an entity may receive a refund, and those purchases are made in more than one county, the purchases eligible for the refund in each county is proportionate to the amount of purchases sourced to that county relative to the total purchases made in all counties.

Except as provided in this subsection, a taxing county may not allow an exemption, exclusion, or refund that is not allowed under the State sales and use tax. A local school administrative unit and a joint agency created by interlocal agreement among local school administrative units pursuant to G.S. 160A-462 to jointly purchase food service-related materials, supplies, and equipment on their behalf is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services. Sales and use tax liability indirectly incurred by the entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the entity and is being erected, altered, or repaired for use by the entity is considered a sales or use tax liability incurred on direct purchases by the entity for the purpose of this subsection. The refund allowed under this subsection does not apply to purchases of electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund is due in the same time and manner as provided in G.S. 105-164.14(c). Refunds applied for more than three years after the due date are barred."

SECTION 8.3.(c) Effective July 1, 2016, and applicable to refund applications submitted for purchases made on or after that date, G.S. 105-164.14(b), as amended by subsection (a) of this section, reads as rewritten:

"(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services for use in carrying on the work of the nonprofit entity. The aggregate amount of purchases for which an entity may receive a refund under this subsection for a fiscal year may not exceed ~~six hundred sixty-six million six hundred sixty-six thousand six hundred sixty-seven dollars ($666,666,667)~~ one hundred fifty million dollars ($150,000,000) in a fiscal year. Sales and use tax liability indirectly incurred by a nonprofit entity through reimbursement to an authorized person of the entity for the purchase of tangible personal property and services for use in carrying on the work of the nonprofit entity is considered a direct purchase by the entity. Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct purchases by the nonprofit entity. The refund allowed under this subsection does not apply to purchases of electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund for the preceding fiscal year is due the following October 15.

The refunds allowed under this subsection do not apply to an entity that is owned and controlled by the United States or to an entity that is owned or controlled by the State and is not listed in this subsection. A hospital that is not listed in this subsection is allowed an annual refund of sales and use taxes paid by it on over-the-counter drugs purchased for use in carrying out its work. The following nonprofit entities are allowed a refund under this subsection:

...."

SECTION 8.3.(d) Effective July 1, 2017, and applicable to refund applications submitted for purchases made on or after that date, G.S. 105-164.14(b), as amended by subsection (c) of this section, reads as rewritten:

"(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services for use in carrying on the work of the nonprofit entity. The aggregate amount of purchases for which an entity may receive a refund under this subsection for a fiscal year may not exceed ~~one hundred fifty million dollars ($150,000,000)~~ one hundred twenty million dollars ($120,000,000) in a fiscal year. Sales and use tax liability indirectly incurred by a nonprofit entity through reimbursement to an authorized person of the entity for the purchase of tangible personal property and services for use in carrying on the work of the nonprofit entity is considered a direct purchase by the entity. Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct purchases by the nonprofit entity. The refund allowed under this subsection does not apply to purchases of electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund for the preceding fiscal year is due the following October 15.

The refunds allowed under this subsection do not apply to an entity that is owned and controlled by the United States or to an entity that is owned or controlled by the State and is not

listed in this subsection. A hospital that is not listed in this subsection is allowed an annual refund of sales and use taxes paid by it on over-the-counter drugs purchased for use in carrying out its work. The following nonprofit entities are allowed a refund under this subsection:

...."

SECTION 8.3.(e) Effective July 1, 2018, and applicable to refund applications submitted for purchases made on or after that date, G.S. 105-164.14(b), as amended by subsection (d) of this section, reads as rewritten:

"(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services for use in carrying on the work of the nonprofit entity. The aggregate amount of purchases for which an entity may receive a refund under this subsection for a fiscal year may not exceed ~~one hundred twenty million dollars ($120,000,000)~~ ninety million dollars ($90,000,000) in a fiscal year. Sales and use tax liability indirectly incurred by a nonprofit entity through reimbursement to an authorized person of the entity for the purchase of tangible personal property and services for use in carrying on the work of the nonprofit entity is considered a direct purchase by the entity. Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct purchases by the nonprofit entity. The refund allowed under this subsection does not apply to purchases of electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund for the preceding fiscal year is due the following October 15.

The refunds allowed under this subsection do not apply to an entity that is owned and controlled by the United States or to an entity that is owned or controlled by the State and is not listed in this subsection. A hospital that is not listed in this subsection is allowed an annual refund of sales and use taxes paid by it on over-the-counter drugs purchased for use in carrying out its work. The following nonprofit entities are allowed a refund under this subsection:

...."

SECTION 8.3.(f) Effective July 1, 2019, and applicable to refund applications submitted for purchases made on or after that date, G.S. 105-164.14(b), as amended by subsection (e) of this section, reads as rewritten:

"(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services for use in carrying on the work of the nonprofit entity. The aggregate amount of purchases for which an entity may receive a refund under this subsection for a fiscal year may not exceed ~~ninety million dollars ($90,000,000)~~ sixty million dollars ($60,000,000) in a fiscal year. Sales and use tax liability indirectly incurred by a nonprofit entity through reimbursement to an authorized person of the entity for the purchase of tangible personal property and services for use in carrying on the work of the nonprofit entity is considered a direct purchase by the entity. Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct purchases by the nonprofit entity. The refund allowed under this subsection does not apply to purchases of electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund must be in writing and must include any information

and documentation required by the Secretary. A request for a refund for the preceding fiscal year is due the following October 15.

The refunds allowed under this subsection do not apply to an entity that is owned and controlled by the United States or to an entity that is owned or controlled by the State and is not listed in this subsection. A hospital that is not listed in this subsection is allowed an annual refund of sales and use taxes paid by it on over-the-counter drugs purchased for use in carrying out its work. The following nonprofit entities are allowed a refund under this subsection:

...."

SECTION 8.3.(g) Effective July 1, 2020, and applicable to refund applications submitted for purchases made on or after that date, G.S. 105-164.14(b), as amended by subsection (f) of this section, reads as rewritten:

"(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services for use in carrying on the work of the nonprofit entity. The aggregate amount of purchases for which an entity may receive a refund under this subsection for a fiscal year may not exceed ~~sixty million dollars ($60,000,000)~~ fifteen million dollars ($15,000,000) in a fiscal year. Sales and use tax liability indirectly incurred by a nonprofit entity through reimbursement to an authorized person of the entity for the purchase of tangible personal property and services for use in carrying on the work of the nonprofit entity is considered a direct purchase by the entity. Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct purchases by the nonprofit entity. The refund allowed under this subsection does not apply to purchases of electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund for the preceding fiscal year is due the following October 15.

The refunds allowed under this subsection do not apply to an entity that is owned and controlled by the United States or to an entity that is owned or controlled by the State and is not listed in this subsection. A hospital that is not listed in this subsection is allowed an annual refund of sales and use taxes paid by it on over-the-counter drugs purchased for use in carrying out its work. The following nonprofit entities are allowed a refund under this subsection:

...."

SECTION 8.4. Except as otherwise provided, this Part is effective when this act becomes law.

PART IX. FAIR DISTRIBUTION OF SALES TAX REVENUE TO LOCAL GOVERNMENTS

SECTION 9.1.(a) Sec. 9 of Chapter 1096 of the 1967 Session Laws, as amended, reads as rewritten:

"Sec. 9. Distribution. The Secretary of Revenue must ~~divide~~ allocate the net proceeds of the tax collected under this division on items other than food in accordance with G.S. 105-472 in the First One-Cent (1¢) Local Government Sales and Use Tax Act, Article 39 of Chapter 105 of the General Statutes. The Secretary must divide the amount allocated to Mecklenburg County and its municipalities in accordance with the ad valorem distribution method described in G.S. 105-472(b)(2).The Secretary of Revenue must distribute the taxes levied by Mecklenburg County on food to Mecklenburg County and the municipalities within Mecklenburg County in accordance with G.S. 105-469(a). This amount shall be divided between the county and its

municipalities in accordance with the ad valorem distribution method described in G.S. 105-472(b)(2).

The Secretary of Revenue must reduce the amount distributable to Mecklenburg County under this section by the amount set in G.S. 105-522. This reduction does not affect the amount allocated to municipalities under this section."

SECTION 9.1.(b) G.S. 105-469(a) reads as rewritten:

"(a) The Secretary shall collect and administer a tax levied by a county pursuant to this Article. As directed by G.S. 105-164.13B, taxes levied by a county on food are administered as if they were levied by the State under Article 5 of this Chapter. The Secretary must, on a monthly basis, distribute local taxes levied on food to the taxing counties in accordance with G.S. 105-472. The Secretary must include the amount allocated under this subsection in the local distribution as follows:

(1) ~~The Secretary must allocate one-half of the net proceeds on a per capita basis according to the most recent annual population estimates certified to the Secretary by the State Budget Officer. The Secretary must then adjust the amount allocated to each county as provided in G.S. 105-486(b).~~ The Secretary must include one-half of the amount allocated under this ~~subdivision~~ subsection in the distribution made under ~~Article 40 of this Chapter and must include the remaining one-half in the distribution made under Article 42 of this Chapter.~~Article 39 of this Chapter and under Chapter 1096 of the 1967 Session Laws.

(2) ~~The Secretary must allocate the remaining net proceeds proportionately to each taxing county based upon the amount of sales tax on food collected in the taxing county in the 1997-1998 fiscal year under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws relative to the total amount of sales tax on food collected in all taxing counties in the 1997-1998 fiscal year under Article 39 of this Chapter and under Chapter 1096 of the 1967 Session Laws.~~ The Secretary must include one-quarter of the amount allocated under this ~~subdivision~~ subsection in the distribution made under ~~Article 39~~ Article 40 of this Chapter.

(3) The Secretary must include one-quarter of the amount allocated under this subsection in the distribution made under Article 42 of this Chapter."

SECTION 9.1.(c) G.S. 105-472(a) reads as rewritten:

"(a) County Allocation. – The Secretary shall, on a monthly basis, allocate the net proceeds of the tax collected under this Article to each taxing county ~~for which the Secretary collects the tax the net proceeds of the tax collected in that county under this Article.~~ as provided in this subsection. For the purpose of this section, "net proceeds" means the gross proceeds of the tax collected in each county under this Article less taxes refunded, the cost to the State of collecting and administering the tax in the county as determined by the Secretary, and other deductions that may be charged to the county. For the percentage allocation made on a point of collection basis, the Secretary must allocate the net proceeds of the tax collected under this Article in that county. If the Secretary collects local sales or use taxes in a month and the taxes cannot be identified as being attributable to a particular taxing county, the Secretary shall allocate the taxes among the taxing counties in proportion to the amount of taxes collected in each county under this Article during that month and shall include them in the monthly distribution. Amounts collected by electronic funds transfer payments are included in the distribution for the month in which the return that applies to the payment is received. For the percentage allocation made on a per capita basis, the Secretary must allocate the net proceeds of the tax collected under this Article to the taxing counties according to the most recent annual population estimates certified to the Secretary by the State Budget Office.

The net proceeds are allocated as follows:

Distribution for Net Proceeds Collected in Fiscal Year	Per Capita	Point of Collection
2016-2017	40%	60%
2017-2018	55%	45%
2018-2019	70%	30%
2019-2020 and thereafter	80%	20%."

SECTION 9.1.(d) G.S. 105-486 reads as rewritten:

"**§ 105-486. Distribution of additional taxes.**

(a) County Allocation. – The Secretary shall, on a monthly basis, allocate the net proceeds of the additional one-half percent (1/2%) sales and use taxes levied under this Article to the taxing counties ~~on a per capita basis according to the most recent annual population estimates certified to the Secretary by the State Budget Officer~~ in accordance with G.S. 105-472.

~~(b) Adjustment. The Secretary shall then adjust the amount allocated to each county under subsection (a) by multiplying the amount by the appropriate adjustment factor set out in the table below. If, after applying the adjustment factors, the resulting total of the amounts allocated is greater or lesser than the net proceeds to be distributed, the amount allocated to each county shall be proportionally adjusted to eliminate the excess or shortage.~~

~~County~~	~~Adjustment Factor~~
~~Dare~~	~~1.49~~
~~Brunswick~~	~~1.17~~
~~Orange~~	~~1.15~~
~~Carteret and Durham~~	~~1.14~~
~~Avery~~	~~1.12~~
~~Moore~~	~~1.11~~
~~Transylvania~~	~~1.10~~
~~Chowan, McDowell, and Richmond~~	~~1.09~~
~~Pitt and New Hanover~~	~~1.07~~
~~Beaufort, Perquimans, Buncombe, and Watauga~~	~~1.06~~
~~Cabarrus, Jackson, and Surry~~	~~1.05~~
~~Alleghany, Bladen, Robeson, Washington, Craven, Henderson, Onslow, and Vance~~	~~1.04~~
~~Gaston, Granville, and Martin~~	~~1.03~~
~~Alamance, Burke, Caldwell, Chatham, Duplin, Edgecombe, Haywood, Swain, and Wilkes~~	~~1.02~~
~~Hertford, Union, Stokes, Yancey, Halifax, Rockingham, and Cleveland~~	~~1.01~~
~~Alexander, Anson, Johnston, Northampton, Pasquotank, Person, Polk, and Yadkin~~	~~1.00~~
~~Catawba, Harnett, Iredell, Pamlico, Pender, Randolph, Stanly, and Tyrrell~~	~~0.99~~
~~Cherokee, Cumberland, Davidson, Graham, Hyde, Macon, Rutherford, Scotland, and Wilson~~	~~0.98~~
~~Ashe, Bertie, Franklin, Hoke, Lincoln, Montgomery, and Warren~~	~~0.97~~
~~Wayne, Clay, Madison, Sampson, Wake, Lee, and Forsyth~~	~~0.96~~
~~Caswell, Gates, Mitchell, and Greene~~	~~0.95~~
~~Currituck and Guilford~~	~~0.94~~
~~Davie and Nash~~	~~0.93~~
~~Rowan and Camden~~	~~0.92~~
Jones	~~0.90~~
Mecklenburg	~~0.89~~

Lenoir ~~0.88~~
Columbus ~~0.81~~

(c) Distribution Between Counties and Cities. – The amount allocated to each taxing county shall then be divided among the county and its municipalities in accordance with the method by which the one percent (1%) sales and use taxes levied in that county pursuant to Article 39 of this Chapter or Chapter 1096 of the 1967 Session Laws are distributed.

(d) Limitation. – No municipality may receive any funds under this section if it was incorporated with an effective date of on or after January 1, 2000, and is disqualified from receiving funds under G.S. 136-41.2. No municipality may receive any funds under this section, incorporated with an effective date on or after January 1, 2000, unless a majority of the mileage of its streets are open to the public. The previous sentence becomes effective with respect to distribution of funds on or after July 1, 1999."

SECTION 9.1.(e) G.S. 105-501(a) reads as rewritten:

"(a) Method. – The Secretary must, on a monthly basis, allocate ~~to each taxing county~~ the net proceeds of the additional one-half percent (1/2%) sales and use taxes collected ~~in that county~~ under this ~~Article. If the Secretary collects taxes under this Article in a month and the taxes cannot be identified as being attributable to a particular taxing county, the Secretary must allocate the net proceeds of these taxes among the taxing counties in proportion to the amount of taxes collected in each county under this Article in that month.~~ Article in accordance with G.S. 105-472. The Secretary must divide and distribute the funds allocated to a taxing county each month under this section between the county and the municipalities located in the county in accordance with the method by which the one percent (1%) sales and use taxes levied in that county pursuant to Article 39 of this Chapter or Chapter 1096 of the 1967 Session Laws are distributed. No municipality may receive any funds under this section if it was incorporated with an effective date of on or after January 1, 2000, and is disqualified from receiving funds under G.S. 136-41.2. No municipality may receive any funds under this section, incorporated with an effective date on or after January 1, 2000, unless a majority of the mileage of its streets are open to the public."

SECTION 9.1.(f) G.S. 105-522 reads as rewritten:

"**§ 105-522. City hold harmless for repealed local taxes.**

(a) Definitions. – The following definitions apply in this section:

(1) Amount of sales and use tax revenue allocated under G.S. 105-472 or Chapter 1096 of the 1967 Session Laws. An allocation to each taxing county of the net proceeds of the tax collected in that county under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws. This definition represents an allocation based on one hundred percent (100%) point of collection.

(2) Amount of sales and use tax revenue allocated under G.S. 105-486. – An allocation of the net proceeds of the tax collected under Article 40 of this Chapter to the taxing counties on a per capita basis. This definition represents an allocation based on one hundred percent (100%) per capita.

~~(1)~~(3) Eligible municipality. – A municipality that was incorporated on or before October 1, 2008, and receives a distribution of sales and use taxes under G.S. 105-472.

~~(2)~~(4) Hold harmless amount. – The sum of the following amounts allocated for distribution to a municipality for a month:

a. The amount of sales and use tax revenue allocated under G.S. 105-486. This calculation determines the effect of repealing a one-half percent (1/2%) sales and use tax distributed on a per capita basis.

b. An amount determined by subtracting twenty-five percent (25%) of the amount of sales and use tax revenue allocated under G.S. 105-472 or Chapter 1096 of the 1967 Session Laws from fifty percent (50%) of the amount of sales and use tax revenue allocated under G.S. 105-486. This calculation determines the effect of distributing a one-quarter percent (.25%) tax on the basis of point of origin instead of on a per capita basis.

(5) Net proceeds. – Same meaning as defined in G.S. 105-472.

(b) Requirement. – A county is required to hold the eligible municipalities in the county harmless from the repeal of the local sales and use taxes formerly imposed under this Article. The Secretary must add an eligible municipality's hold harmless amount to the amount distributed to the municipality under this Subchapter. To obtain the revenue for the hold harmless distribution, the Secretary must reduce each county's monthly allocation under G.S. 105-472(b) or under Chapter 1096 of the 1967 Session Laws by the hold harmless amounts for the municipalities in that county."

SECTION 9.1.(g) G.S. 105-523 is repealed.

SECTION 9.1.(h) Except as otherwise provided, this section becomes effective July 1, 2016, and applies to sales tax revenues collected on or after that date and distributed to counties and cities on or after September 1, 2016.

PART X. LOCAL SALES TAX OPTIONS

SECTION 10.1. Subchapter VIII of Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 43A.

"County Sales and Use Tax for Public Education.

"**§ 105-513.1. Short title; purpose.**

This Article is the County Sales and Use Tax for Public Education and is intended to give the counties of this State an opportunity to obtain an additional source of revenue with which to finance their public education needs.

"**§ 105-513.2. Levy.**

(a) Rate. – The maximum rate of local sales and use tax that may be levied under this Article is one-half percent (1/2%).

(b) Authority. – A board of county commissioners may, by resolution and after 10 days' public notice, levy a local sales and use tax under this Article if all of the conditions listed in this subsection are met. The tax rate is the rate specified in the ballot plus any other State and local sales and use taxes levied pursuant to law. The conditions are:

(1) The tax is approved by the majority of those voting in a referendum held pursuant to this Article.

(2) No other ballot question concerning the levy of a local sales and use tax authorized under Article 43 or Article 46 of this Chapter may be presented in the same referendum.

(3) If levied, the tax would not result in a total local sales and use tax rate in the county in excess of two and one-half percent (2 1/2%).

(c) Referendum. – The board of commissioners of a county may direct the county board of elections to conduct an advisory referendum on the question of whether to levy a local sales and use tax in the county at a rate of one-quarter percent (1/4%). The election shall be held in accordance with the procedures of G.S. 163-287.

(d) Ballot Question. – The form of the question to be presented on a ballot for a special election concerning the levy of the tax authorized by this Article shall be:

"[ ] FOR [ ] AGAINST

Local sales and use tax at the rate of one-quarter percent (1/4%) in addition to the current local sales and use taxes, to be used only for public education."

(e) One-Half Cent (1/2%) Transit-Authorized Counties. – As of April 1, 2013, Durham County and Orange County have levied a local sales and use tax at the rate of two and three-quarters percent (2 3/4%). Notwithstanding subsection (a) of this section, the local sales and use tax rate in these counties may exceed two and one-half percent (2 1/2%) if all of the conditions listed in this subsection are met. In no event may the local sales and use tax rate in these counties exceed two and three-quarters percent (2 3/4%). The conditions are:

(1) The county levies a tax authorized under Part 4 of Article 43 of this Chapter.

(2) The county conducted one or more advisory referendums on or before January 1, 2014, in which a majority of the voters approved the levy of a local sales and use tax at the rate of one-quarter percent (1/4%) under this Article.

(f) Reinstatement of Cap. – If the levy of a tax under Article 43 or Article 46 of this Chapter is repealed and the repeal results in the local sales and use tax rate falling below two and three-quarters percent (2 3/4%) in a county named in subsection (e) of this section, the county may not enact a local sales and use tax under this Subchapter that results in a county local sales and use tax rate that exceeds two and one-half percent (2 1/2%).

"**§ 105-513.3. Administration.**

Except as provided in this Article, the adoption, levy, collection, administration, and repeal of these additional taxes must be in accordance with Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this Article, references to "this Article" mean Article 43A of Chapter 105 of the General Statutes. G.S. 105-468.1 is an administrative provision that applies to this Article. A tax levied under this Article does not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary shall not divide the amount allocated to a county between the county and the municipalities within the county.

"**§ 105-513.4. Use.**

A county may use the proceeds of a tax levied under this Article only for the following purposes:

(1) Public school capital outlay purposes, as defined in G.S. 115C-426(f), or to retire any indebtedness incurred by the county for these purposes.

(2) Salaries of classroom teachers, salaries of classroom teacher assistants, and supplements of classroom teacher salaries. For the purposes of this section, a classroom teacher is an employee of a local board of education employed as a teacher who spends at least seventy percent (70%) of his or her work time in classroom instruction, and a classroom teacher assistant is an employee of a local board of education employed as a teacher assistant who spends at least seventy percent (70%) of his or her work time assisting in a classroom.

(3) Financial support of community colleges, including funds to supplement State financial support of community colleges."

SECTION 10.2.(a) G.S. 115C-429(b) reads as rewritten:

"(b) The board of county commissioners shall complete its action on the school budget on or before July 1, or such later date as may be agreeable to the board of education. The commissioners shall determine the amount of county revenues to be appropriated in the county budget ordinance to the local school administrative unit for the budget year. The board of county commissioners may, in its discretion, allocate part or all of its appropriation by purpose, function, or project as defined in the uniform budget format. For allocations made by the board of county commissioners for the purpose of or for a function related to instructional services, the board of county commissioners may direct the amount of funds to be used for salaries of classroom teachers, salaries of classroom teacher assistants, and supplements of classroom

teacher salaries. For the purposes of this section, a classroom teacher is an employee of a local board of education employed as a teacher who spends at least seventy percent (70%) of his or her work time in classroom instruction, and a classroom teacher assistant is an employee of a local board of education employed as a teacher assistant who spends at least seventy percent (70%) of his or her work time assisting in a classroom."

SECTION 10.2.(b) G.S. 115C-433(b) reads as rewritten:

"(b) If the board of county commissioners allocates part or all of its appropriations pursuant to G.S. 115C-429(b), the board of education must obtain the approval of the board of county commissioners for an amendment to the budget that ~~(i) increases~~ does any of the following:

(1) Increases or decreases expenditures from the capital outlay fund for projects listed in G.S. 115C-426(f)(1) or ~~(2), or (ii) increases~~ (2).

(2) Increases or decreases the amount of county appropriation allocated to a purpose or function by twenty-five percent (25%) or more from the amount contained in the budget ordinance adopted by the board of county commissioners: ~~Provided,~~ provided, that at its discretion, the board may in its budget ordinance specify a lesser percentage, so long as such percentage is not less than ten ~~percent.~~percent (10%).

(3) Decreases the amount of funds allocated for salaries of classroom teachers, salaries of classroom teacher assistants, and supplements of classroom teacher salaries. For the purposes of this section, a classroom teacher is an employee of a local board of education employed as a teacher who spends at least seventy percent (70%) of his or her work time in classroom instruction, and a classroom teacher assistant is an employee of a local board of education employed as a teacher assistant who spends at least seventy percent (70%) of his or her work time assisting in a classroom."

SECTION 10.3.(a) G.S. 115D-55(a) reads as rewritten:

"(a) Approval of Budget by Local Tax-Levying Authority. – By a date fixed by the local tax-levying authority, the budget shall be submitted to the local tax-levying authority for approval of that portion within its authority as stated in G.S. 115D-54(b). On or before July 1, or such later date as may be agreeable to the board of trustees, but in no instance later than September 1, the local tax-levying authority shall determine the amount of county revenue to be appropriated to an institution for the budget year. The local tax-levying authority may allocate part or all of an appropriation by purpose, function, or project as defined in the budget manual as adopted by the State Board of Community Colleges. The local tax-levying authority may direct the use of funds appropriated to the institution derived from a tax levied under Article 43A of Chapter 105 of the General Statutes.

The local tax-levying authority shall have full authority to call for all books, records, audit reports, and other information bearing on the financial operation of the institution except records dealing with specific persons for which the persons' rights of privacy are protected by either federal or State law.

Nothing in this Article shall be construed to place a duty on the local tax-levying authority to fund a deficit incurred by an institution through failure of the institution to comply with the provisions of this Article or rules and regulations issued pursuant hereto."

SECTION 10.3.(b) G.S. 115D-58(b) reads as rewritten:

"(b) If the local tax-levying authority allocates part or all of an appropriation pursuant to G.S. 115D-55, the board of trustees must obtain approval of the local tax-levying authority for an amendment to the budget which ~~increases~~ does any of the following:

(1) Increases or decreases the amount of that appropriation allocated to a purpose, function, or project by twenty-five percent (25%) or more from the amount contained in the budget ordinance adopted by the local tax-levying

authority or such lesser percentage as specified by the local tax-levying authority in the original budget ordinance, so long as such percentage is not less than ten percent (10%).

(2) Decreases the amount of the appropriation directed by the tax-levying authority for a specific use from funds appropriated to the institution derived from a tax levied under Article 43A of Chapter 105 of the General Statutes."

SECTION 10.4.(a) Part 1 of Article 43 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-506.4. Tax rate.**

(a) Rate. – The rate of local sales and use tax in a county levying a tax under this Article must meet all of the following conditions:

(1) The maximum rate of tax that may be levied under this Article is one-half percent (1/2%).

(2) The total local sales and use tax rate in the county may not exceed two and one-half percent (2 1/2%).

(b) One-Half Cent (1/2%) Transit-Authorized Counties. – Notwithstanding subsection (a) of this section, the local sales and use tax rate of a county may exceed two and one-half percent (2 1/2%) if all of the conditions listed in this subsection are met. In no event may a county's local sales and use tax rate exceed two and three-quarters percent (2 3/4%). The conditions are:

(1) The county is Durham or Orange County.

(2) The county levies a tax authorized under Part 4 of this Article.

(3) The county conducted one or more advisory referendums on or before January 1, 2014, in which a majority of the voters approved the levy of a local sales and use tax at the rate of one-quarter percent (1/4%) under Article 46 of this Chapter.

(c) Reinstatement of Cap. – If the levy of a tax under this Article or Article 46 of this Chapter is repealed and the repeal results in the local sales and use tax rate falling below two and three-quarters percent (2 3/4%) in a county listed in subdivision (1) of subsection (b) of this section, the county may not enact a local sales and use tax under this Subchapter that results in a county local sales and use tax rate that exceeds two and one-half percent (2 1/2%)."

SECTION 10.4.(b) G.S. 105-509 reads as rewritten:

"**§ 105-509. Local election on adoption of sales and use tax – regional public transportation authority.**

(a) Special District. – A regional public transportation authority may create a special district that consists of the entire area of one or more counties within its territorial ~~jurisdiction and~~ jurisdiction. The transportation authority may levy on behalf of the special district the tax authorized in this ~~section.~~ section in a county that held a successful referendum under subsection (b) of this section. The proceeds of a tax levied under this section may be used only for the benefit of the special district and only for the purposes provided in this Article. If a referendum in a district fails in all the counties in the district, the transportation authority may abolish the special district.

(b) Resolution. – The board of trustees of the regional public transportation authority may, if all of the conditions listed in this subsection have been met, direct the respective county board or boards of elections to conduct an advisory referendum within the special district on the question of whether a local sales and use tax at the rate of one-half percent (1/2%) may be levied within the district in accordance with this Part. The tax may not be levied without voter approval. The election shall be held on a date jointly agreed upon by the authority, the county board or boards of commissioners, and the county board or boards of elections and shall be held on a date permitted by and in accordance with the procedures of G.S. 163-287. The conditions are as follows:

(1) The board of trustees has obtained approval to conduct a referendum on or before January 1, 2014, by a vote of the following:
a. A majority vote of each of the county boards of commissioners within the special district, if it is a multicounty special district.
b. A majority of the county board of commissioners within the special district, if it is a single-county special district.
(2) A public hearing is held on the question by the board or boards of commissioners at least 30 days before the date the election is to be held.

(c) Ballot Question. – The form of the question to be presented on a ballot for a special election concerning the levy of a tax authorized by this Article shall be:

"[ ] FOR [ ] AGAINST

One-half percent (1/2%) local sales and use taxes, in addition to the current local sales and use taxes, to be used only for public transportation systems."

(d) Expansion. – If a special district created under this Part does not include all the counties in the territorial jurisdiction of a transportation authority, it may be expanded to include an additional whole county or counties by joint action of the board of trustees of the transportation authority and the board of commissioners of the county or boards of commissioners of the counties to be ~~added, with the approval of the voters in the county or counties to be added. The~~ added if all of the conditions listed in this subsection are met. Except as otherwise provided, the procedure for expansion of a district is the same as for the initial creation of the district, but the referendum shall be held separately within each of the counties to be added. The conditions are:

(1) The county to be included in the special district levies a local sales and use tax authorized under Part 6 of this Article at the maximum rate of one-half percent (1/2%).
(2) The county remits, on a monthly basis, the proceeds of the tax levied under Part 6 of this Article to the regional public transportation authority."

SECTION 10.4.(c) Part 5 of Article 43 of Chapter 105 of the General Statutes is repealed.

SECTION 10.4.(d) Part 6 of Article 43 of Chapter 105 of the General Statutes reads as rewritten:

"Part 6. Other Counties.

"**§ 105-511. Applicability.**

This Part applies only in counties other than Durham, ~~Forsyth, Guilford,~~ Mecklenburg, ~~Orange, or Wake.~~or Orange.

"**§ 105-511.1. ~~Limitations.~~Authority.**

A board of county commissioners may, by resolution and after 10 days' public notice, levy a local sales and use tax under this Article if all of the conditions listed in this subsection are met. The tax rate is the rate specified in the ballot plus any other State and local sales and use taxes levied pursuant to law. The conditions are:

(1) The tax is approved by the majority of those voting in a referendum held pursuant to this Article.
(2) No other ballot question concerning the levy of a local sales and use tax authorized under Article 43A or Article 46 of this Chapter may be presented in the same referendum.
(3) If levied, the tax would not result in a total local sales and use tax rate in the county in excess of two and one-half percent (2 1/2%).
(4) ~~A county may not levy a tax under this Part unless the~~ The county or at least one unit of local government in the county operates a public transportation system. As used in this Part, operation of a public transportation system includes a contract or interlocal agreement for operation of the public

transportation system by another county or municipality, or by a transportation authority created under (i) a municipal charter; or (ii) Article 25, 26, or 27 of Chapter 160A of the General Statutes. As used in this Part, operation of a public transportation system also includes a contract with a private entity for operation of the public transportation system.

"§ 105-511.2. Local election on adoption of sales and use tax.

(a) ~~Resolution.~~ Referendum. – The board of commissioners of a county may direct the county board of elections to conduct an advisory referendum within the county on the question of whether a local sales and use tax at the rate of one-quarter percent (1/4%) may be levied in accordance with this ~~Part.~~ Part subject to the conditions in G.S. 105-511.1. The election shall be held on a date jointly agreed upon by the boards and shall be held on a date permitted by and in accordance with the procedures of G.S. 163-287. The board of commissioners shall hold a public hearing on the question at least 30 days before the date the election is to be held.

(b) Ballot Question. – The form of the question to be presented on a ballot for a special election concerning the levy of a tax authorized by this Article shall be:

"[ ] FOR [ ] AGAINST

One-quarter percent (1/4%) local sales and use taxes, in addition to the current local sales and use taxes, to be used only for public transportation systems."

"§ 105-511.3. Levy and collection of sales and use tax.

If ~~the majority of those voting in a referendum held pursuant to this Part vote for the levy of the tax,~~ all of the conditions in G.S. 105-511.1 have been met, the board of commissioners of the county may, by resolution, levy one-quarter percent (1/4%) local sales and use taxes in addition to any other State and local sales and use taxes levied pursuant to law. Except as provided in this Part, the adoption, levy, collection, administration, and repeal of these additional taxes shall be in accordance with Article 39 of this Chapter. In applying the provisions of Article 39 of this Chapter to this Part, references to "this Article" mean "Part 6 of Article 43 of Chapter 105 of the General Statutes.

"§ 105-511.4. Distribution and use of taxes.

(a) Distribution. – The Secretary shall, on a monthly basis, allocate to each taxing county the net proceeds of the tax levied under this Part by that county. If the Secretary collects taxes under this Part in a month and the taxes cannot be identified as being attributable to a particular taxing county, the Secretary shall allocate these taxes among the taxing counties, in proportion to the amount of taxes collected in each county under this Part in that month and shall include them in the monthly distribution.

The Secretary shall distribute the net proceeds of the tax levied by a county on a per capita basis among the county and the units of local government in the county that operate a public transportation system as follows:

(1) To the county based on the population of the county that is not in an incorporated area, and to the municipalities within the county based on the population of that municipality that is located within that county. To determine the population of each county and each municipality, the Secretary shall use the most recent annual estimate of population certified by the State Budget Officer.

(2) Notwithstanding subdivision (1) of this subsection, if a municipality to which funds are to be allocated neither operates nor contracts for the operation of a public transportation system, the population of that municipality shall be excluded from the calculations of subdivision (1) of this subsection.

(3) Notwithstanding subdivision (1) of this subsection, if a county to which funds are to be allocated neither operates nor contracts for the operation of a

public transportation system, the population of that county not in an incorporated area shall be excluded from the calculations of subdivision (1) of this subsection.

If a county or a municipality that does not receive an allocation of funds on account of subdivision (2) or (3) of this subsection begins to operate or contract for the operation of a public transportation system, that county or municipality shall begin receiving funds beginning the first day of July that is more than 30 days thereafter.

(b) Use. – A county or municipality may use funds received under this Part only for financing, constructing, operating, and maintaining public transportation systems. Every unit of government shall use funds to supplement and not to supplant or replace existing funds or other resources for public transportation systems.

(c) Applicability. – This section does not apply to a county that is remitting the proceeds of a tax levied under this Part to a regional public transportation authority under Part 4 of this Article."

SECTION 10.5.(a) Article 46 of Chapter 105 of the General Statutes reads as rewritten:

"Article 46.

"One-Quarter Cent (1/4¢) or One-Half Cent (1/2¢) County Sales and Use Tax.

"§ 105-535. Short title.

This Article is the One-Quarter Cent (1/4¢) or One-Half Cent (1/2¢) County Sales and Use Tax Act.

"§ 105-536. Limitations.

This Article applies only to counties that levy the first one-cent (1¢) sales and use tax under Article 39 of this Chapter or under Chapter 1096 of the 1967 Session Laws, the first one-half cent (1/2¢) local sales and use tax under Article 40 of this Chapter, and the second one-half cent (1/2¢) local sales and use tax under Article 42 of this Chapter.

"§ 105-537. Levy.

(a) ~~Authority. If the majority of those voting in a referendum held pursuant to this Article vote for the levy of the tax, the board of county commissioners may, by resolution and after 10 days' public notice, levy a local sales and use tax at a rate of one-quarter percent (0.25%).~~Rate. – The maximum rate of local sales and use tax that may be levied under this Article is one-half percent (1/2%).

(a1) Authority. – A board of county commissioners may, by resolution and after 10 days' public notice, levy a local sales and use tax under this Article if all of the conditions listed in this subsection are met. The tax rate is the rate specified in the ballot plus any other State and local sales and use taxes levied pursuant to law. The conditions are:

(1) The tax is approved by the majority of those voting in a referendum held pursuant to this Article.

(2) No other ballot question concerning the levy of a local sales and use tax authorized under Article 43 or Article 43A of this Chapter may be presented in the same referendum.

(3) If levied, the tax would not result in a total local sales and use tax rate in the county in excess of two and one-half percent (2 1/2%).

(b) ~~Vote.~~ Referendum. – The board of county commissioners may direct the county board of elections to conduct an advisory referendum on the question of whether to levy a local sales and use tax in the county ~~as provided in this Article.~~ at a rate of one-quarter percent (1/4%). The election shall be held in accordance with the procedures of G.S. 163-287.

(c) Ballot Question. – The form of the question to be presented on a ballot for a special election concerning the levy of the tax authorized by this Article shall be:

"[ ] FOR [ ] AGAINST

Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to all other State and local sales and use taxes."

...

(e) One-Half Percent (1/2%) Transit-Authorized Counties. – As of April 1, 2013, Durham County and Orange County have levied a local sales and use tax at the rate of two and three-quarters percent (2 3/4%). Notwithstanding subsection (a) of this section, the local sales and use tax rate in these counties may exceed two and one-half percent (2 1/2%) if all of the conditions listed in this subsection are met. In no event may the local sales and use tax rate in these counties exceed two and three-quarters percent (2 3/4%). The conditions are:

(1) The county levies a tax authorized under Part 4 of Article 43 of this Chapter.

(2) The county conducted one or more advisory referendums on or before January 1, 2014, in which a majority of the voters approved the levy of a local sales and use tax at the rate of one-quarter percent (1/4%) under this Article.

(f) Reinstatement of Cap. – If the levy of a tax under this Article or Article 43 of this Chapter is repealed and the repeal results in the local sales and use tax rate falling below two and three-quarters percent (2 3/4%) in a county named in subsection (e) of this section, the county may not enact a local sales and use tax under this Subchapter that results in a county local sales and use tax rate that exceeds two and one-half percent (2 1/2%).

"**§ 105-538. Administration of taxes.**

Except as provided in this Article, the adoption, levy, collection, administration, and repeal of these additional taxes must be in accordance with Article 39 of this Chapter. G.S. 105-468.1 is an administrative provision that applies to this Article. A tax levied under this Article does not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary shall not divide the amount allocated to a county between the county and the municipalities within the county."

SECTION 10.5.(b) G.S. 105-164.3(4a) reads as rewritten:

"(4a) Combined general rate. – The sum of all of the following:

a. The State's general rate of tax set in ~~G.S. 105-164.4(a) plus the~~ G.S. 105-164.4(a).

b. The sum of the rates of the local sales and use taxes authorized for every county in this State by ~~Subchapter VIII~~ Article 39 of this Chapter or Chapter 1096 of the 1967 Session Laws, Article 40 of this Chapter, and Article 42 of this ~~Chapter for every county in this State.~~Chapter.

c. One-half of the maximum rate of tax authorized by Article 46 of this Chapter."

SECTION 10.6. Subsection (b) of Section 10.4 of this Part is effective when it becomes law and applies to the expansion of a special district created under Part 4 of Article 43 of Chapter 105 of the General Statutes on or after that date. Except as otherwise provided, this Part is effective when this act becomes law.

PART XI. MISCELLANEOUS PROVISIONS AND EFFECTIVE DATE

SECTION 11.1. This act does not affect the rights or liabilities of a taxing county, a taxpayer, or another person arising under a statute repealed by this act before the effective date of its repeal, nor does it affect the right to any refund or credit of a tax that accrued under the repealed statute before the effective date of its repeal.

SECTION 11.2. The Secretary of Revenue may adopt rules needed to administer G.S. 105-130.4(s), as enacted by this act, in accordance with the expedited procedure for the adoption of rules in G.S. 105-262.1.

SECTION 11.3. The Utilities Commission shall adjust the rates for public utilities, excluding water public utilities with less than two hundred thousand dollars ($200,000) in annual operating revenues, for the tax changes listed in this section. Each utility shall calculate the cumulative net effect of the tax changes and file the calculations with proposed rate changes to reflect the net prospective tax changes in utility customer rates within 60 days of the enactment of this act. Any adjustments required to existing tax assets or liabilities reflected in the utility's books and records required by the tax changes listed in this section shall be deferred and reflected in customer rates in either the utility's next rate case or earlier if deemed appropriate by the Commission. The Commission shall adjust rates for the following changes:

(1) The corporate income tax rate reduction and tax base expansion in Part III of this act.

(2) The phase-in of single sales factor and the adoption of market-base sourcing in Part IV of this act.

(3) The franchise tax rate reduction and tax base simplification in Part V of this act.

SECTION 11.4. Except as otherwise provided, this act is effective when it becomes law.

HOUSE BILL 117
Committee Substitute Favorable 3/3/15
Committee Substitute #2 Favorable 3/3/15
Fourth Edition Engrossed 3/5/15

Short Title: NC Competes Act. (Public)

Sponsors:

Referred to:

February 27, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE NORTH CAROLINA COMPETES ACT.

The General Assembly of North Carolina enacts:

PART I. JDIG MODIFICATIONS

SECTION 1.(a) Section 15.19(a1) of S.L. 2013-360 reads as rewritten:

"**SECTION 15.19.(a1)** Notwithstanding G.S. 143B-437.52(c), for the ~~2013-2015 fiscal biennium,~~period from July 1, 2013, to December 31, 2015, the maximum total liability for grants awarded, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is ~~twenty-two million five hundred thousand dollars ($22,500,000) and, for the period from July 1, 2015, to December 31, 2015, the maximum total liability for grants awarded, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is seven million five hundred thousand dollars ($7,500,000).~~forty-five million dollars ($45,000,000). No agreement may be entered into that, when considered together with other existing agreements governing grants awarded during an applicable time period provided in this subsection, could cause the State's potential total annual liability for grants awarded in that time period to exceed the designated maximum amount."

SECTION 1.(b) The title of Part 2G of Article 10 of Chapter 143B of the General Statutes reads as rewritten:

"Part 2G. ~~Job Development Investment Grant Program.~~Job Growth Reimbursement Opportunities – People Program."

SECTION 1.(c) G.S. 143B-437.52(a) is amended by adding a new subdivision to read:

"(6) For a project located in a development tier three area, the affected local governments have participated in recruitment and offered incentives in a manner appropriate to the project."

SECTION 1.(d) G.S. 143B-437.52(b) is repealed.

SECTION 1.(e) G.S. 143B-437.53 reads as rewritten:

"**§ 143B-437.53. Eligible projects.**

(a) Minimum Number of Eligible Positions. – A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions as set out in the table below. If the project will be located in more than one development tier area, the location with the highest development tier area designation determines the minimum number of eligible positions that must be created.

Development Tier Area	Number of Eligible Positions
Tier One	10
Tier Two	20
Tier Three	~~20~~50

...

(c) Health Insurance. – A business is eligible for a grant under this Part only if the business provides health insurance for all of the applicable full-time employees of the project with respect to which the grant is made. For the purposes of this subsection, an applicable full-time employee is one who earns from the business less than one hundred fifty thousand dollars ($150,000) in taxable compensation on an annualized basis or three and one-half times the annualized average State wage for all insured private employers in the State employing between 250 and 1,000 employees, whichever is greater. For the purposes of this subsection, a business provides health insurance if it pays at least fifty percent (50%) of the premiums for health care ~~coverage that equals or exceeds the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125.~~coverage.

Each year that a business receives a grant under this Part, the business must provide with the submission required under G.S. 143B-437.58 a certification that the business continues to provide health insurance, as required by this subsection, for all applicable full-time employees of the project with respect to which the grant is made. If the business ceases to provide the required health insurance, the Committee shall amend or terminate the agreement as provided in G.S. 143B-437.59."

SECTION 1.(f) G.S. 143B-437.56(d) reads as rewritten:

"(d) For any eligible position that is located in a development tier three area, ~~seventy-five percent (75%)~~seventy percent (70%) of the annual grant approved for disbursement shall be payable to the business, and ~~twenty-five percent (25%)~~thirty percent (30%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. For any eligible position that is located in a development tier two area, eighty-five percent (85%) of the annual grant approved for disbursement shall be payable to the business, and fifteen percent (15%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. A position is located in the development tier area that has been assigned to the county in which the project is located at the time the application is filed with the Committee."

SECTION 1.(g) G.S. 143B-437.57(a) reads as rewritten:

"(a) Terms. – Each community economic development agreement shall include at least the following:

...

(10) A provision that requires the business to maintain operations at the project location or another location approved by the Committee for at least one hundred fifty percent (150%) of the term of the grant and a provision to ~~permit~~ require the Committee to recapture ~~all or part~~ an appropriate portion of the grant ~~at its discretion~~ if the business does not remain at the site for the required term.

(11) A provision that requires the business to maintain employment levels in this State at the greater of the level of ~~the year immediately preceding the base period.~~employment on the date of the application or the level of employment on the date of the award.

...."

SECTION 1.(h) G.S. 143B-437.62 reads as rewritten:

"**§ 143B-437.62. Expiration.**

The authority of the Committee to award new grants expires January 1, ~~2016.~~2020."

SECTION 1.(i) The Revisor of Statutes shall make the conforming statutory changes necessary to the General Statutes to reflect renaming of the Job Development Investment Grant Program to the Job Growth Reimbursement Opportunities – People Program, as provided in this section.

SECTION 1.(j) The Department of Commerce shall study the factors that have contributed to the termination of grants awarded pursuant to Part 2G of Article 10 of Chapter 143B of the General Statutes. In conducting the study required by this subsection, the Department shall examine the efforts of other states that have permitted similar economic development programs to incent businesses to create jobs for the purpose of determining best practices for remediating underperformance of participating businesses in order to lower the incidence of community economic development agreements under G.S. 143B-437.57 ending in termination. The Department shall submit the report to the House of Representatives Finance Committee, the Senate Finance Committee, the House Committee on Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division no later than March 1, 2016.

SECTION 1.(k) This Part is effective when it becomes law.

PART II. ONE NC MODIFICATIONS

SECTION 2.(a) The title of Part 2H of Article 10 of Chapter 143B of the General Statutes reads as rewritten:

"Part 2H. ~~One North Carolina Fund.~~Job Growth Reimbursement Opportunities – Capital Program."

SECTION 2.(b) The title of Part 2I of Article 10 of Chapter 143B of the General Statutes reads as rewritten:

"Part 2I. ~~One North Carolina~~Job Growth Reimbursement Opportunities – Capital Small Business Program."

SECTION 2.(c) The Revisor of Statutes shall make the conforming statutory changes necessary to the General Statutes to reflect renaming of the One North Carolina Fund to the Job Growth Reimbursement Opportunities – Capital Program and the renaming of the One North Carolina Small Business Program to the Job Growth Reimbursement Opportunities – Capital Small Business Program, as provided in this section.

SECTION 2.(d) This Part is effective when it becomes law.

PART III. SITE INFRASTRUCTURE DEVELOPMENT FUND

SECTION 3.(a) Of the funds appropriated to the Department of Commerce for the 2014-2015 fiscal year, twenty million dollars ($20,000,000) shall be transferred to the Site Infrastructure Development Fund for uses consistent with G.S. 143B-437.02. The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer the unencumbered cash balance of the Job Catalyst Fund (Budget Code 14600-1912) to the Site Infrastructure Development Fund (Budget Code 24600-2583).

SECTION 3.(b) The tagline of G.S. 143B-437.02 reads as rewritten:

"**§ 143B-437.02. Site ~~infrastructure development.~~Acceleration Fund.**"

SECTION 3.(c) G.S. 143B-437.02(e) reads as rewritten:

"(e) Health Insurance. – A business is eligible for consideration for site development under this section only if the business provides health insurance for all of the full-time employees of the project with respect to which the application is made. For the purposes of this subsection, a business provides health insurance if it pays at least fifty percent (50%) of the premiums for health care ~~coverage that equals or exceeds the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125.~~coverage.

Each year that a contract for site development under this section is in effect, the business must provide the Department of Commerce a certification that the business continues to provide health insurance for all full-time employees of the project governed by the contract. If the business ceases to provide health insurance to all full-time employees of the project, Department shall provide for reimbursement of an appropriate portion of the site development funds provided to the business."

SECTION 3.(d) The Revisor of Statutes shall make the conforming statutory changes necessary to the General Statutes to reflect renaming of the Site Infrastructure Development Fund to the Site Acceleration Fund, as provided in this section.

SECTION 3.(e) This Part is effective when it becomes law.

PART III-A. INDUSTRIAL DEVELOPMENT FUND UTILITY ACCOUNT MODIFICATION

SECTION 3A.(a) G.S. 143B-437.01(a) reads as rewritten:

"(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special account to be known as the Industrial Development Fund Utility Account ("Utility Account") to provide funds to assist the local government units of the most economically distressed counties in the State in retaining or creating ~~jobs.~~jobs, including expanding the existing job base. The Department of Commerce shall adopt rules providing for the administration of the program. Those rules shall include the following provisions, which shall apply to each grant from the account:

(1) The funds shall be used for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, electrical utility distribution lines or equipment, or transportation infrastructure for existing or new or proposed buildings. To be eligible for funding, the water, gas, telecommunications, high-speed broadband, electrical utility lines or facilities, or transportation infrastructure shall be located on the site of the building or, if not located on the site, shall be directly related to the operation of the job creation activity. To be eligible for funding, the sewer infrastructure shall be located on the site of the building or, if not located on the site, shall be directly related to the operation of the job creation activity, even if the sewer infrastructure is located in a county other than the county in which the building is located.

...

(2) The funds shall be used by the city and county governments for projects that are reasonably anticipated to result in the creation of new ~~jobs.~~jobs, including expanding the existing job base, or retention of existing jobs. There shall be no maximum funding amount per new job to be created or per project.

...."

SECTION 3A.(b) This Part is effective when it becomes law and applies to grants awarded on or after that date.

PART IV. SINGLE SALES FACTOR MODIFICATION

SECTION 4.(a) G.S. 105-130.4(s1) reads as rewritten:

"(s1) All apportionable income of a qualified capital intensive corporation shall be apportioned by multiplying the income by the sales factor as determined under subsection (l) of this section. A "qualified capital intensive corporation" is a corporation that satisfies all of the conditions of this subsection. A corporation that is subject to this subsection must list on its return the property, payroll, and sales factors ~~it used in determining whether it is a~~of the qualified capital intensive corporation. ~~If the corporation fails to invest one billion dollars~~

~~($1,000,000,000) in private funds within nine years as required by subdivision (2) of this subsection, the benefit of this subsection expires and the corporation must apportion income as it would otherwise be required to do under this section absent this subsection.~~ If a corporation fails to satisfy the conditions of this subsection, the corporation forfeits the benefit of this subsection and must apportion income as it would otherwise be required to do absent this subsection. A corporation that forfeits the benefit of this subsection is liable for all past taxes avoided as a result of the benefit plus interest at the rate established under G.S. 105-241.21, computed from the date additional taxes would have been due if the benefit had not been allowed. The past taxes and interest are due 30 days after the date the benefit is forfeited; a corporation that fails to pay the past taxes and interest by the due date is subject to the penalties provided in G.S. 105-236. Notwithstanding G.S. 105-241.8(b)(3), if a corporation forfeits the benefit of this subsection, the period for proposing an assessment of any tax due as a result of the forfeiture is three years after the date of the discovery of the forfeiture.

The conditions are:

~~(1) The corporation's property factor as a percentage of the sum of the factors in the formula set out in subsection (i) of this section, including the doubling of the sales factor, exceeds seventy-five percent (75%) or the corporation's average property factor for the preceding three years as a percentage of the average sum of the factors in the formula set out in subsection (i) of this section, including the doubling of the sales factors, for the preceding three years exceeds seventy-five percent (75%).~~

(2) The Secretary of Commerce makes a written determination that the corporation has invested or is expected to invest at least one billion dollars ($1,000,000,000) in private funds to construct a facility in this State within nine years after the time that construction begins. For the purposes of this subsection, costs of construction include costs of acquiring and improving land for the facility, costs for renovations or repairs to existing buildings, and costs of equipping or reequipping the facility.

(3) The corporation maintains the average number of employees it has at the facility during the first two years after the facility is placed in service for the remainder of time in which the corporation must complete the investment required under subdivision (2) of this subsection.

~~(4) The facility that satisfies the condition of subdivision (2) of this subsection is located in a county that was designated as a development tier one or two area at the time construction of the facility began.~~

(5) The corporation satisfies a wage standard at the facility that satisfies the condition of subdivision (2) of this subsection. For the purposes of this subdivision, the wage standard ~~that must be~~is satisfied ~~is the one established under G.S. 105-129.83(c).~~if the corporation pays an average weekly wage that is at least equal to the lesser of one hundred ten percent (110%) of the average wage for all insured private employers in the State and ninety percent (90%) of the average wage for all insured private employers in the county.

(6) The corporation provides health insurance for all of its full-time employees at the facility that satisfies the condition of subdivision (2) of this subsection. For the purposes of this subdivision, a company provides health insurance if it ~~satisfies the provisions of G.S. 105-129.83(d).~~pays at least fifty percent (50%) of the premiums for health care coverage."

SECTION 4.(b) Section 4 of S.L. 2009-54 is repealed.

SECTION 4.(c) Section 6 of S.L. 2009-54 reads as rewritten:

"**SECTION 6.** This act is effective for taxable years beginning on or after January 1, 2010. ~~If no corporation has qualified as a qualified capital intensive corporation under G.S. 105-130.4(s1) prior to January 1, 2019, then G.S. 105-130.4(s1) is repealed for taxable years beginning on or after January 1, 2019.~~"

SECTION 4.(d) Subsection (c) of this section is effective when it becomes law. The remainder of this Part is effective when it becomes law and applies to corporations receiving a written determination from the Secretary of Commerce on or after that date.

PART V. EXTEND SALES TAX REFUND FOR PASSENGER AIR CARRIERS

SECTION 5.(a) G.S. 105-164.14A(a)(1) reads as rewritten:

"(a) Refund. – The following taxpayers are allowed an annual refund of sales and use taxes paid under this Article:

(1) Passenger air carrier. – An interstate passenger air carrier is allowed a refund of the sales and use tax paid by it on fuel in excess of two million five hundred thousand dollars ($2,500,000). The amount of sales and use tax paid does not include a refund allowed to the interstate passenger air carrier under G.S. 105-164.14(a). This subdivision is repealed for purchases made on or after January 1, ~~2016.~~2020."

SECTION 5.(b) This Part is effective when it becomes law.

PART VI. DATACENTER INFRASTRUCTURE ACT

SECTION 6.(a) G.S. 105-164.3 reads as rewritten:

"**§ 105-164.3. Definitions.**

The following definitions apply in this Article:

...

(33) Qualifying datacenter. – A datacenter that satisfies each of the following conditions:

a. The datacenter meets the wage standard and health insurance requirements of G.S. 143B-437.08A.

b. The Secretary of Commerce has made a written determination that at least seventy-five million dollars ($75,000,000) in private funds has been or will be invested by one or more owners, users, or tenants of the datacenter within five years of the date the owner, user, or tenant of the datacenter makes its first real or tangible property investment in the datacenter on or after January 1, 2012. Investments in real or tangible property in the datacenter made prior to January 1, 2012, may not be included in the investment required by this subdivision.

(33a) Purchase price. – The term has the same meaning as the term "sales price" when applied to an item subject to use tax.

~~(33a)~~(33b) Real property contractor. – A person that contracts to perform construction, reconstruction, installation, repair, or any other service with respect to real property and to furnish tangible personal property to be installed or applied to real property in connection with the contract and the labor to install or apply the tangible personal property that becomes part of real property. The term includes a general contractor, a subcontractor, or a builder for purposes of G.S. 105-164.4H.

~~(33b)~~(33c) Related member. – Defined in G.S. 105-130.7A.

~~(33c)~~(33d) Remote sale. – A sale of tangible personal property or digital property ordered by mail, by telephone, via the Internet, or by another similar method, to a purchaser who is in this State at the time the order is remitted, from a retailer who receives the order in another state and delivers the property or

causes it to be delivered to a person in this State. It is presumed that a resident of this State who remits an order was in this State at the time the order was remitted.

...."

SECTION 6.(b) G.S. 105-164.13 is amended by adding a new subdivision to read:

"(55a) Sales of electricity for use at a qualifying datacenter and datacenter support equipment to be located and used at the qualifying datacenter. As used in this subdivision, "datacenter support equipment" is property that is capitalized for tax purposes under the Code and is used either:

a. For the provision of a service or function included in the business of an owner, user, or tenant of the datacenter.

b. For the generation, transformation, transmission, distribution, or management of electricity, including exterior substations, generators, transformers, unit substations, uninterruptible power supply systems, batteries, power distribution units, remote power panels, and other capital equipment used for these purposes.

c. For HVAC and mechanical systems, including chillers, cooling towers, air handlers, pumps, and other capital equipment used for these purposes.

d. For hardware and software for distributed and mainframe computers and servers, data storage devices, network connectivity equipment, and peripheral components and equipment.

e. To provide related computer engineering or computer science research.

If the level of investment required by G.S. 105-164.3(33) is not timely made, the exemption provided under this subdivision is forfeited. If the level of investment required by G.S. 105-164.3(33) is timely made but any specific datacenter support equipment is not located and used at the qualifying datacenter, the exemption provided for such datacenter support equipment under this subdivision is forfeited. If the level of investment required by G.S. 105-164.3(33) is timely made but any portion of electricity is not used at the qualifying datacenter, the exemption provided for such electricity under this subdivision is forfeited. A taxpayer that forfeits an exemption under this subdivision is liable for all past taxes avoided as a result of the forfeited exemption, computed from the date the taxes would have been due if the exemption had not been allowed, plus interest at the rate established under G.S. 105-241.21. If the forfeiture is triggered due to the lack of a timely investment required by G.S. 105-164.3(33), interest is computed from the date the taxes would have been due if the exemption had not been allowed. For all other forfeitures, interest is computed from the time as of which the datacenter support equipment or electricity was put to a disqualifying use. The past taxes and interest are due 30 days after the date the exemption is forfeited. A taxpayer that fails to pay the past taxes and interest by the due date is subject to the provisions of G.S. 105-236."

SECTION 6.(c) This Part becomes effective July 1, 2015, and applies to sales made on or after that date.

PART VII. EFFECTIVE DATE

SECTION 7. Except as otherwise provided, this act is effective when it becomes law.

Fiscal Impact: PCS to H117

	State ($ in millions)					Local ($ in millions)				
Personal Income Tax (Effective 2016 Tax Year)	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Reduce Tax Rate - 5.5% in 2016 Raise Standard Deduction to $17,500 MFJ / $8,750 Single / $14,000 HOH; and increase Standard Deduction annually: 2017 - $17,750 MFJ, $8,875 Single, $14,200 HOH 2018 - $18,000 MFJ, $9,000 Single, $14,400 HOH 2019 - $18,250 MFJ, $9,125 Single, $14,600 HOH 2020 - $18,500 MFJ, $9,250 Single, $14,800 HOH Allow all itemized deductions on IRS Schedule A, capped at $20,000										
Subtotal Personal Income Tax Changes	**(287.5)**	**(615.0)**	**(669.4)**	**(738.8)**	**(809.8)**	No local impact				
Corporate Income Tax										
Repeal rate triggers, rate at 4% for 2016, 3% for 2017 and after (fiscal impact included in May 2015 consensus forecast)	-	-	-	-	-					
Singles Sales Factor Apportionment: 3-Year phase-in beginning 1/1/16	(7.5)	(19.0)	(42.8)	(69.9)	(73.0)					
Repeal caps/credits on expense attribution to nontaxed income for banks and public utilities	12.0	21.0	22.0	23.0	24.0					
Subtotal Corporate Income Tax Changes	**4.5**	**2.0**	**(20.8)**	**(46.9)**	**(49.0)**	No local impact				
Franchise Tax										
Reduce tax rate to $1.00/$1,000. Increase minimum tax and simplify	-	**(179.0)**	**(184.6)**	**(189.3)**	**(195.2)**	No local impact				
Mill Machinery Tax*										
Increase 1%/$80 to 4.75%/$500 (10/1/15)	**100.0**	**140.0**	**144.2**	**148.5**	**153.0**	No local impact				
State Privilege License Tax										
Repeal tax on Banks (effective 01/01/2016)	**(12.0)**	**(12.0)**	**(12.0)**	**(12.0)**	**(12.0)**	No local impact				
Sales Tax*										
Phase down non-profit sales tax refund over five years , exempt taxable purchase amounts (current limit $666,666,667): $150,000,000 in FY17 $120,000,000 in FY18 $90,000,000 in FY19 $60,000,000 in FY20 $15,000,000 in FY21	-	40.0	80.0	120.0	160.0	-	16.8	33.7	50.5	67.4
Expand sales tax base (effective 10/1/2015):										
Installation, repair, & maintenance of tangible personal property	90.9	152.2	159.0	166.2	173.7	38.3	64.1	67.0	70.0	73.1
Veterinary services	24.0	40.2	42.0	43.9	45.8	10.1	16.9	17.7	18.5	19.3
Pet care services (other than veterinary services)	3.2	5.3	5.6	5.8	6.1	1.3	2.2	2.3	2.5	2.6
Increase boat rate to 4.75%/$1500 aircraft to 4.75%/$5000 (10/1/15)	4.2	5.2	5.4	5.5	5.7	No local impact				
Subtotal Sales Tax Changes	**122.3**	**242.9**	**292.0**	**341.4**	**385.6**	**49.7**	**100.1**	**120.6**	**141.5**	**162.4**
Total Tax Reform Changes	**(72.7)**	**(421.1)**	**(450.6)**	**(497.1)**	**(527.4)**	**49.7**	**100.1**	**120.6**	**141.5**	**162.4**

*Mill Machinery and Sales Tax effective dates assume enactment of changes by July 1, 2015

Senate PCS for HB 117:
NC Competes Act

Current Law	*Bill Summary*
PART I: JDIG Modifications	
Expires January 1, 2016	Extends sunset two years, January 1, 2018
Statutory Cap of $15 million per Calendar Year: ***current cap is based on 2013-15 biennium and is $22.5 and the cap for 7/1/15 through 12/31/15 is $7.5 million***	Retains statutory cap** Collapses current period (15-17 fiscal biennium) with period from 7/1/15-12/31/15, making the latter's $7.5M of availability immediately available for commitment Adds additional $5M in availability to current period High-yield project[1] modification (see below)
Incentive Award Amount: ***irrespective of tier, is an amount equal to 10-75% of the PIT withholdings generated by eligible, created positions***	Creates a tiered maximum percentage** of withholdings that can be used to calculate the JDIG incentive award amount: • Tier 1: 80% • Tier 2: 70% • Tier 3: 60% • Major Market Community (MMC)[2]: 50%
Tiered Utility Account Diversion of JDIG Award: • ***Tier 1: 0%*** • ***Tier 2: 15%*** • ***Tier 3: 25%***	Modifies the percentage diverted** to the Utility Account by tiers as follows: • Tier 1: 0% • Tier 2: 5% • Tier 3: 10% • MMC: 15% diverted to Utility Account
Minimum Job Creation: • ***Tier 1: 10*** • ***Tier 2: 20*** • ***Tier 3: 20***	Increases minimum job creation requirements: • Tier 1: 20 (current Commerce requirement for grant model) • Tier 2: 50 • Tier 3: 100 • Major Market Community: 250
No Minimum Wage Standard	Adds a wage standard that created jobs must pay an average weekly wage equal to or greater than a percentage of the average wage for all insured private employers in the county: • Tier 1: 100% • Tier 2: 105% • Tier 3: 110% • MMC: 120%
No Provisions for a High Yield Project	Creates special provisions for high-yield projects as follows: • Increases annual JDIG statutory cap from $15 million to $30 million in any year an award is made to a high yield project (semiannual disbursement restriction is eliminated for that project) • If a high yield project meets investment & job creation requirements and all metrics of the performance agreement for three consecutive years, its JDIG award is augmented as follows: o Calculation of award is increased to up to 100% of withholdings of created

[1] A high-yield project is a project in which a business invests at least $750M in private funds and creates at least 2,000 eligible positions.

[2] A major market community is one of the three counties with the highest average weekly wage for insured private employers (currently Wake, Mecklenburg, and Durham).

Current Law	Bill Summary	
	eligible positions ○ The term of the award can be up to 20 years ○ Any applicable Utility Account diversion is eliminated	
Cap is Available in Calendar Year	Makes $15 million annual cap available in calendar semiannual installments of $7.5 million.** Amounts within a single calendar year not utilized in a previous period roll over to the next period. The limitation does not apply to an award made to a high-yield project. This provision addresses concerns about the distribution of JDIG awards.	
Other Changes	Other programmatic changes in the bill include: • A new prerequisite for JDIG that, for development tier 3 areas, the local governments participate and offer incentives appropriate to the project • A new reporting requirement to list, itemized by tier, extended offers that were not accepted and the aggregate award value of the offers • A modification to make the recapture provision for projects that are not maintained for at least 150% of the grant term mandatory for an appropriate portion of the grant amount • A change to the employment maintenance level requirement (from the level of the year immediately preceding the base period to the greater of the employment level on date of application or date of award)	
PART II: ONE NC Modifications		
1:1 Local Match Required (State/local)	Modify the local match requirements as follows: • Tier 1: 3/1 • Tier 2: 2/1 • Tier 3: 1/1 • MMC: 1/2	
PART III: Corporate Income Tax		
Tax Rate: ***2015: 5%*** ***2016: 4% (If trigger met; estimated to be met)*** ***2017: 3%(If trigger met; estimated to be met)***	Repeal trigger, and set the tax rates in statute: • 4%, effective January 1, 2016 • 3%, effective January 1, 2017	
Tax Base: Expense Attribution ***Cannot deduct expenses related to income that is not taxed. If it is unclear how to attribute expenses to nontaxed income, there is a general rule that 15% of expenses are related to nontaxed income.***	Eliminate the $11,000,000 cap on tax liability and the $2,000,000 credit allowed for bank holding companies. Under current law, bank holding companies attribute up to 20% of expenses to nontaxed income. This bill does not change current law.	Eliminate the credit allowed for electric power holding companies. The credit is equal to ½ of its additional tax liability after expense attribution.
Privilege Tax on Banks ***$30 for each $1 million of total assets***	Repeals the tax, effective July 1, 2016	
Tax Base: Interest Expense	Closes a loophole some corporations have attempted to use to avoid tax through	

Current Law	*Bill Summary*
Deduction	interest expense deductions on loans from affiliates and related members
Tax Base: Various deductions	Eliminate various deductions that appear antiquated or obsolete[3]; the deductions allowed would conform to the deductions allowed under the Code. The deductions allowed in excess of the federal amounts, that would be eliminated by this Part, include the following: • Amortization of air cleaning devices • Emergency facilities acquired prior to January 1, 1955 • Reforestation and cultivation of commercially grown trees • Eligible income of an international banking facility
PART IV: Phase-In Single Sales Factor Apportionment	
Apportionment Formula: ***Double-weighted sales factor***	Phase-in single sales factor[4] over three years: • 2016: three times sales • 2017: four times sales • 2018: single sales factor
Sourcing: ***Modified cost of performance***	Move to market based sourcing in 2016. Language taken from Multi-State Tax Commission (MTC) model legislation. Industries currently using SSF would continue to do so, but the sales would be sourced differently.[5]
Industry Specific Apportionment	Creates an industry specific apportionment formula for broadcasters. Conforms to the model sourcing suggested by the MTC. Apportions using an audience factor.
PART V: Franchise Tax	
Tax Rate • ***$1.50 per $1,000*** • ***Minimum tax of $35***	Effective for the 2017 taxable year[6]: • Reduce rate to $1.00 per $1,000 • Increase minimum tax to $200
Tax Rate on Holding Company: • ***Minimum tax of $35*** • ***Maximum tax of $75,000***	• Increase minimum tax to $200 • Increase maximum tax to $150,000
Tax Base ***The higher of three bases:*** • ***Capital base*** • ***55% of appraised value*** • ***Actual investment in TPP***	• Simplifies the capital base to make it more analogous to GAAP • Eliminates various deductions that appear to be antiquated or obsolete; same deductions eliminated from the CIT base in Part IV • Closes a loophole related to indebtedness owed to a non-corporate entity
PART VI. Individual Income Tax	
Tax Rate: ***5.75% in 2015***	Reduce rate to 5.5% in 2016

[3] Deductions that appear obsolete include deductions for amounts paid as a marketing assessment on tobacco grown in NC; interest, earnings, and gains of a trust re: tobacco settlement; amounts paid from Hurricane Floyd Reserve Fund; amounts paid from the Disaster Relief Reserve Fund for hurricane relief.

[4] SSF is an increasing trend among states. More than 21 states currently have SSF. Neighboring states: SC and GA use SSF; TN just amended its formula to move from double-weighted to triple-weighted sales; VA uses SSF for manufacturing and retail.

[5] Public utilities, excluded corporations, and a qualified capital intensive corporation currently use SSF.

[6] Return is filed and tax is paid with the 2016 corporate income tax return

Current Law	Bill Summary
Standard Deduction: ***$15,000 (MFJ); $12,000 (H/H); $7,500 (Single/MFS)***	Increase standard deduction in 2016; continue to increase in increments of $250 for five years: • 2016: $17,500 (MFJ); $14,000 (H/H); $8,750 (Single; MFS) • 2017: $17,750 (MFJ); $14,200 (H/H); $8,875 (Single; MFS) • 2018: $18,000 (MFJ); $14,400 (H/H); $9,000 (Single; MFS) • 2019: $18,250 (MFJ); $14,600 (H/H); $9,125 (Single; MFS) 2020: $18,500 (MFJ); $14,800 (H/H); $9,250 (Single; MFS)
Itemized Deductions: ***Unlimited charitable deduction Plus Mortgage Insurance & Property Taxes on Real Property, capped at $20,000***	• Allow all itemized deductions claimed for federal income tax purposes, capped at $20,000. Charitable contributions would be included in the cap • Effective for the 2016 taxable year • Itemized deductions that may be allowed, that are not currently allowed, include the following: o Medical and dental expenses o Investment interest expense o Job expenses and certain miscellaneous deductions o Casualty and theft losses
Withholding Tables ***The withholding tables were adjusted for 2014 to reflect tax simplifications and rate reductions.***	Adjusts the withholding tables so that the amount withheld will approximate the amount of tax due based on a tax rate that is 0.1% greater than the rate set in G.S 105-153.7. The 2014 tax year saw a 216% increase in the number of taxpayers who filed a return with a balance due and did not remit the balance due. Based on a sampling of those returns, approximately 48% owe less than $500, and many owed between $10 and $30.
PART VII. Article 5F Excise Tax	
1%, $80 Excise Tax ***Tax applies to mill machinery and various other M&E capitalized for tax purposes under the Code***	Effective October 1, 2015: • Increase tax rate to the State general sales tax rate; current rate is 4.75%. • Increase the maximum tax per article to $500
PART VIII. Sales Tax Base Expansion	
Tax Rate on Boats and Aircraft: ***3%, capped at $1,500 per article***	Effective October 1, 2015: • Increase rate to 4.75%. • Cap tax on aircraft at $5,000 per article; cap remains $1,500 on boats
Additions to Sale Tax Base	Effective October 1, 2015: • Eliminate sales tax exemption for installation • Expand sales tax base to include repair services and maintenance services • Expand sales tax base to include pet care services and veterinary services • Expand sales tax base to include advertising services
Sales Tax Refund for Nonprofits: ***Capped at $31,700,000 (State) and $13,300,000 (local) for an aggregate cap of $45 million***	Phase-down the nonprofit sales tax amount that may be allowed over five years: • 2015: Exempt purchases, up to $666,666,667 (equivalent to current cap of $45m) • 2016: Exempt purchases, up to 150,000,000 • 2017: Exempt purchases, up to $120,000,000 • 2018: Exempt purchases, up to $90,000,000 • 2019: Exempt purchases, up to $60,000,000 • 2020: Exempt purchases, up to $15,000,000

Current Law	*Bill Summary*
Sales Tax Exemption	Exempt from sales tax the purchase of a service contracts for a qualifying aircraft or jet engine if the contract is purchased from the manufacturer and it is purchased within 90 days of the date the aircraft is purchased. A qualifying aircraft is one with a maximum take-off weight of more than 10,000 pounds but not in excess of 20,000 pounds. A qualifying jet engine is one certified pursuant to Part 33 of Title 14 of the Code of Federal Regulations.
PART IX: Local Sales Tax Distribution	
Modify Local Sales Tax Distributions: 75%/25% • ***Article 39 (1-cent) is point of collection (POC)*** • ***Article 40 (½–cent) is per capita and subject to an adjustment factor*** • ***Article 42 (½–cent) is point of collection***	Effective July 1, 2016, the distribution under all three articles will be as follows: • 2016/17 – 60% POC/40% per capita • 2017/18 – 45% POC/55% per capita • 2018/19 – 30% POC/70% per capita • 2019/20 – 20% POC/80% per capita Eliminate adjustment factor
Local 2% Sales Tax on Food • ***½ per capita, with adjustment factor*** • ***½ based on percentage of sales tax collected on food in the county in FY 1997-98 relative to all counties in 1997-98***	Distribute in accordance with local sales tax in Articles 39, 40, and 42
Distribution between Counties and Cities in the County	No change from current law. County decides whether the net proceeds are distributed on a per capita basis or an ad valorem basis
City Hold Harmless	No change from current law. Deducted from the county's allocation.
Public School Capital Outlay • ***30% of tax collected under Article 40*** • ***60% of tax collected under Article 42***	No change from current law. Counties must continue to use a portion of the local sales tax for public school capital outlay.
PART X: Local Option Sales Tax[7]	

Local Option Sales Tax
All counties have imposed a 2% LOST. This Part addresses the authority to impose LOST in addition to the 2% rate.
• **Article 43: Public Transit**
  ○ **½ cent for 6 counties**
  ○ **¼ cent for 94**
	• Cap total local sales tax rate at 2.5%, except for Durham and Orange Counties whose current local sales tax rate is 2.75%. Mecklenburg County currently imposes a 2.5% LOST. Under current law, Mecklenburg County has the authority to impose an additional ¼ cent LOST; but under this bill it could not.
	• Authorize a local option sales tax for education (Article 43A)
	• Increase authorization under Article 43 for the 94 counties to ½ cent and the authorization under Article 46 to ½ cent
	• Counties may enact local option sales tax under any of these authorizations in increments of ¼ cent, with the total tax rate not to exceed 2.5%

[7] Similar to provision contained in conference report for House Bill 1224, at the end of the 2014 Legislative Session.

Current Law	Bill Summary
counties • **Article 46: ¼ cent** o **Any public purpose** o **29 counties**	• Choices could include ½ cent for any public purpose, transit, or education OR choices could include ¼ cent for one purpose and ¼ cent for a different purpose • A county may only seek voter approval for ¼ cent in a ballot referendum. To increase the rate by ½ cent, a county would need to seek voter approval for ¼ cent in two different election periods[8] • Referendum required for all impositions
PART XI: Miscellaneous Provisions and Effective Date	
Rule-Making	Provide Department of Revenue with expedited rulemaking, in accordance with G.S. 105-262.1, for market-based sourcing.
Rate-Making	Provide the Utilities Commission must consider the business tax changes in Part III, IV, and V of this act and adjust the rates as necessary

[8] Elections may be held in accordance with GS 163-287. Under that statute, special elections may be held at the same time as any other State or county general election and at the same time as the primary election in an even-numbered year. In 2016, there will be three elections that meet one of these conditions.

Senate Proposal:

Modify Local Option Sales Tax Distribution Formulas

June 10, 2015

SENATE PROPOSAL TO MODIFY LOCAL OPTION SALES TAX DISTRIBUTION FORMULAS
Analysis Parameters

- Projections include all local-option sales tax articles.
- **Distribution to Counties:** For Articles 39, 40, and 42, the Senate proposal shifts the distribution of local sales tax revenue from 25% Per Capita and 75% Point of Collection to 80% Per Capita and 20% Point of Collection over 4 years. Revenue under Articles 43 and 46 is distributed 100% Point of Collection and remains as such.

Distribution Method, Art. 39, 40, and 42

Fiscal Year	Per Capita	Point of Collection
FY 2015-16	25%	75%
FY 2016-17	40%	60%
FY 2017-18	55%	45%
FY 2018-19	70%	30%
FY 2019-20	80%	20%

- **Base Expansion:** Base Expansion beginning October 2015 is comprised of Installation, Repair, and Maintenance of Tangible Personal Property; and Veterinary and Non-Veterinary Pet Care Services. Beginning in FY 2016-17, the base is also expanded by reducing the non-profit sales tax refund; the aggregate amount of sales for which an organization may receive a sales tax refund is reduced over five years from $667 million per fiscal year to $15 million per fiscal year.

Local Sales Tax Base Expansion ($ in Millions)

Fiscal Year	Art. 39, 40, and 42 Base Expansion	Art. 43 and 46 Base Expansion	Total Base Expansion
FY 2015-16	$49.7	$2.7	$52.4
FY 2016-17	$100.1	$5.7	$105.8
FY 2017-18	$120.6	$6.8	$127.4
FY 2018-19	$141.5	$7.8	$149.3
FY 2019-20	$162.4	$8.9	$171.3

- **Distribution to Cities:** Senate proposal maintains county authority to determine distribution method to cities (i.e., ad valorem or per capita). Projections assume that each county uses the distribution method used as of January 2015.
- **Inflation Rate:** Projections assume 3.5% annual growth over FY 2013-14 actuals.
- **Population:** Per capita projections incorporate the State Demographer's annual county-level population forecasts.
- **City Hold Harmless:** Projections maintain the City Hold Harmless distributions found in existing law.
- FY 2013-14 tables show total County General Fund Revenue from all sources. *Source: Local Government Commission.*
- Senate proposal allows counties to levy up to one-half cent of additional local option sales tax via referendum and allows the counties to specify in the referendum the use of the sales tax proceeds for: (i) education; (ii) transportation; or (iii) general purpose. This revenue is labeled in this document as "Potential Additional Under Senate Plan."
- Total local option sales tax revenue under current law and under the Senate proposal is as follows:

Statewide Total: Local Option Sales Tax Revenue Comparison ($ in Millions)

	Current Law *All Articles*	PROPOSED SENATE PLAN					Change *(Current Law to Senate Total Potential)*	
		Art. 39, 40, & 42	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**	$	%
FY 2016-17	2,716.8	2,626.3	201.5	2,827.7	385.4	**3,213.1**	496.3	18%
FY 2017-18	2,811.9	2,735.2	209.4	2,944.5	398.9	**3,343.4**	531.5	19%
FY 2018-19	2,910.3	2,847.6	217.5	3,065.1	412.9	**3,477.9**	567.6	20%
FY 2019-20	3,012.2	2,963.2	225.9	3,189.1	427.3	**3,616.4**	604.2	20%

North Carolina Local Option Sales Taxes

Table 1: Local Option Sales Tax Articles in North Carolina General Statutes

Article	Enacted	Rate	Purpose	Distribution	Adjustment Factor	Levied By	Shared with Municipals
39	1969	1¢	General	Point of Destination	No	100 counties	Yes
40	1983	½¢	70% General; 30% School Capital	Per Capita	Yes	100 counties	Yes
42	1986, modified in 2007	½¢	40% General; 60% School Capital[1]	Point of Destination	Yes (Food portion only)	100 counties	Yes
43	1997, modified in 2009	¼¢ or ½¢	Transit	Point of Destination	No	Durham, Mecklenburg, Orange	Yes
46	2007	¼ ¢	General	Point of Destination	No	29 counties	No

Table 2: County Sales Tax Rates

County	Sales Tax Rate	Articles Levied
70 Counties Alamance, Alleghany, Avery, Beaufort, Bertie, Bladen, Brunswick, Burke, Caldwell, Camden, Carteret, Caswell, Chatham, Cherokee, Chowan, Clay, Cleveland, Columbus, Craven, Currituck, Dare, Davie, Forsyth, Franklin, Gaston, Gates, Graham, Granville, Guilford, Henderson, Hoke, Hyde, Iredell, Jackson, Johnston, Jones, Lenoir, Lincoln, Macon, Madison, McDowell, Mitchell, Moore, Nash, Northampton, Pamlico, Pasquotank, Pender, Perquimans, Person, Polk, Richmond, Rockingham, Rutherford, Scotland, Stanly, Stokes, Swain, Transylvania, Tyrrell, Union, Vance, Wake, Warren, Washington, Watauga, Wayne, Wilson, Yadkin, Yancey	**6.75%** 2% local + 4.75% State	Article 39 Article 40 Article 42
27 Counties Alexander, Anson, Ashe, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Duplin, Edgecombe, Greene, Halifax, Harnett, Haywood, Hertford, Lee, Martin, Montgomery, New Hanover, Onslow, Pitt, Randolph, Robeson, Rowan, Sampson, Surry, Wilkes	**7%** 2.25% local + 4.75% State	Article 39 Article 40 Article 42 Article 46
Mecklenburg	**7.25%** 2.5% local + 4.75% State	Article 39 Article 40 Article 42 Article 43 (½¢) Article 46
Durham Orange	**7.5%** 2.75% local + 4.75% State	Article 39 Article 40 Article 42 Article 43 (½¢) Article 46

[1] The distribution was on a per capita basis as enacted in 1986. The General Assembly changed the distribution to Point of Destination in 2007 as part of the Medicaid relief for counties.

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Alamance County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Alamance Co.	141,382,997	21,406,917	15%	22,057,604	22,794,586	23,258,746
Alamance		186,548		192,596	199,114	203,169
Burlington *		9,590,624		9,892,447	10,227,310	10,435,566
Elon		1,830,589		1,887,303	1,951,193	1,990,925
Gibsonville *		613,288		633,778	655,226	668,568
Graham		2,690,960		2,774,996	2,868,933	2,927,353
Green Level		397,206		409,577	423,442	432,065
Haw River		438,023		451,879	467,175	476,688
Mebane *		1,896,362		1,959,184	2,025,488	2,066,732
Ossipee		104,689		108,047	111,704	113,979
Swepsonville		221,329		228,422	236,153	240,962

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alamance Co.	23,568,172	23,845,751	-	23,845,751	10,398,236	34,243,987	10,675,815	45%
Alamance	206,336	209,883	-	209,883	-	209,883	3,547	2%
Burlington *	10,575,053	10,775,370	-	10,775,370	-	10,775,370	200,318	2%
Elon	2,022,305	2,055,252	-	2,055,252	-	2,055,252	32,947	2%
Gibsonville *	678,536	691,003	-	691,003	-	691,003	12,466	2%
Graham	2,965,244	3,022,310	-	3,022,310	-	3,022,310	57,066	2%
Green Level	436,935	446,061	-	446,061	-	446,061	9,126	2%
Haw River	482,800	492,250	-	492,250	-	492,250	9,450	2%
Mebane *	2,097,612	2,135,785	-	2,135,785	-	2,135,785	38,173	2%
Ossipee	115,500	117,725	-	117,725	-	117,725	2,225	2%
Swepsonville	244,849	248,880	-	248,880	-	248,880	4,031	2%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alamance Co.	24,354,078	24,124,535	-	24,124,535	10,762,175	34,886,710	10,532,632	43%
Alamance	213,304	214,087	-	214,087	-	214,087	783	0%
Burlington *	10,932,312	10,985,639	-	10,985,639	-	10,985,639	53,327	0%
Elon	2,090,605	2,094,812	-	2,094,812	-	2,094,812	4,206	0%
Gibsonville *	701,448	705,212	-	705,212	-	705,212	3,764	1%
Graham	3,065,429	3,080,891	-	3,080,891	-	3,080,891	15,462	1%
Green Level	451,702	454,687	-	454,687	-	454,687	2,986	1%
Haw River	499,112	501,900	-	501,900	-	501,900	2,788	1%
Mebane *	2,168,443	2,179,378	-	2,179,378	-	2,179,378	10,935	1%
Ossipee	119,402	120,061	-	120,061	-	120,061	659	1%
Swepsonville	253,116	253,814	-	253,814	-	253,814	698	0%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alamance Co.	25,166,386	24,327,358	-	24,327,358	11,138,851	35,466,208	10,299,823	41%
Alamance	220,508	217,881	-	217,881	-	217,881	(2,627)	(1%)
Burlington *	11,301,711	11,174,517	-	11,174,517	-	11,174,517	(127,193)	(1%)
Elon	2,161,225	2,130,251	-	2,130,251	-	2,130,251	(30,975)	(1%)
Gibsonville *	725,138	718,103	-	718,103	-	718,103	(7,035)	(1%)
Graham	3,169,019	3,133,442	-	3,133,442	-	3,133,442	(35,577)	(1%)
Green Level	466,970	462,422	-	462,422	-	462,422	(4,548)	(1%)
Haw River	515,978	510,575	-	510,575	-	510,575	(5,403)	(1%)
Mebane *	2,241,680	2,218,872	-	2,218,872	-	2,218,872	(22,808)	(1%)
Ossipee	123,436	122,166	-	122,166	-	122,166	(1,270)	(1%)
Swepsonville	261,665	258,260	-	258,260	-	258,260	(3,405)	(1%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Alamance County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alamance Co.	26,006,881	24,696,986	-	24,696,986	11,528,710	36,225,696	10,218,815	39%
Alamance	227,963	222,798	-	222,798	-	222,798	(5,164)	(2%)
Burlington *	11,683,958	11,422,601	-	11,422,601	-	11,422,601	(261,357)	(2%)
Elon	2,234,302	2,177,139	-	2,177,139	-	2,177,139	(57,163)	(3%)
Gibsonville *	749,652	734,583	-	734,583	-	734,583	(15,069)	(2%)
Graham	3,276,211	3,202,713	-	3,202,713	-	3,202,713	(73,498)	(2%)
Green Level	482,769	472,630	-	472,630	-	472,630	(10,140)	(2%)
Haw River	533,430	521,942	-	521,942	-	521,942	(11,488)	(2%)
Mebane *	2,317,464	2,269,552	-	2,269,552	-	2,269,552	(47,912)	(2%)
Ossipee	127,611	124,907	-	124,907	-	124,907	(2,704)	(2%)
Swepsonville	270,511	264,051	-	264,051	-	264,051	(6,459)	(2%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Alexander County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Alexander Co.	38,525,147	5,134,339	13%	5,262,003	5,423,500	5,536,091
Taylorsville		409,121		420,241	433,706	442,537

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alexander Co.	5,593,230	6,048,538	439,054	6,487,592	435,809	6,923,400	1,330,171	24%
Taylorsville	448,330	502,566	-	502,566	-	502,566	54,236	12%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alexander Co.	5,765,287	7,012,107	461,644	7,473,751	451,062	7,924,813	2,159,526	37%
Taylorsville	462,685	563,268	-	563,268	-	563,268	100,583	22%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alexander Co.	5,943,085	8,012,982	485,790	8,498,772	466,849	8,965,621	3,022,536	51%
Taylorsville	477,526	626,270	-	626,270	-	626,270	148,744	31%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alexander Co.	6,126,893	8,789,370	509,912	9,299,282	483,189	9,782,470	3,655,577	60%
Taylorsville	492,875	676,913	-	676,913	-	676,913	184,038	37%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Alleghany County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Alleghany Co.	15,723,187	1,504,741	10%	1,544,073	1,594,364	1,626,829
Sparta		355,275		365,709	377,922	385,617

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alleghany Co.	1,650,101	1,831,344	-	1,831,344	408,228	2,239,572	589,471	36%
Sparta	391,103	424,937	-	424,937	-	424,937	33,834	9%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alleghany Co.	1,703,672	2,041,543	-	2,041,543	422,516	2,464,059	760,387	45%
Sparta	404,127	463,887	-	463,887	-	463,887	59,761	15%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alleghany Co.	1,759,200	2,260,593	-	2,260,593	437,304	2,697,897	938,697	53%
Sparta	417,620	504,423	-	504,423	-	504,423	86,803	21%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Alleghany Co.	1,816,512	2,438,582	-	2,438,582	452,610	2,891,191	1,074,679	59%
Sparta	431,560	538,599	-	538,599	-	538,599	107,040	25%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Anson County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Anson Co.	36,208,637	2,270,913	6%	2,326,653	2,738,245	2,791,982
Ansonville		93,235		95,908	99,011	101,027
Lilesville		79,782		82,144	84,801	86,528
McFarlan		17,477		17,996	18,578	18,956
Morven		75,051		77,216	79,714	81,337
Peachland		64,118		66,010	68,145	69,533
Polkton		501,906		515,900	532,595	543,440
Wadesboro		857,197		881,707	910,236	928,771

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Anson Co.	2,472,674	2,862,421	366,373	3,228,794	353,098	3,581,893	1,109,219	45%
Ansonville	102,508	113,084	-	113,084	-	113,084	10,576	10%
Lilesville	87,872	96,894	-	96,894	-	96,894	9,022	10%
McFarlan	19,295	21,227	-	21,227	-	21,227	1,933	10%
Morven	82,556	91,051	-	91,051	-	91,051	8,495	10%
Peachland	70,480	77,859	-	77,859	-	77,859	7,379	10%
Polkton	545,328	608,081	-	608,081	-	608,081	62,753	12%
Wadesboro	942,084	1,039,572	-	1,039,572	-	1,039,572	97,487	10%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Anson Co.	2,547,513	3,306,894	382,900	3,689,794	365,457	4,055,251	1,507,738	59%
Ansonville	105,820	125,354	-	125,354	-	125,354	19,534	18%
Lilesville	90,710	107,444	-	107,444	-	107,444	16,735	18%
McFarlan	19,918	23,539	-	23,539	-	23,539	3,621	18%
Morven	85,223	100,937	-	100,937	-	100,937	15,714	18%
Peachland	72,757	86,334	-	86,334	-	86,334	13,576	19%
Polkton	562,995	673,855	-	673,855	-	673,855	110,860	20%
Wadesboro	972,526	1,152,329	-	1,152,329	-	1,152,329	179,803	18%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Anson Co.	2,624,552	3,766,665	400,338	4,167,003	378,248	4,545,250	1,920,698	73%
Ansonville	109,238	138,040	-	138,040	-	138,040	28,802	26%
Lilesville	93,639	118,354	-	118,354	-	118,354	24,716	26%
McFarlan	20,560	25,930	-	25,930	-	25,930	5,369	26%
Morven	87,976	111,159	-	111,159	-	111,159	23,183	26%
Peachland	75,107	95,097	-	95,097	-	95,097	19,989	27%
Polkton	581,230	741,856	-	741,856	-	741,856	160,626	28%
Wadesboro	1,003,942	1,268,916	-	1,268,916	-	1,268,916	264,973	26%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Anson Co.	2,704,244	4,122,590	417,962	4,540,553	391,486	4,932,039	2,227,795	82%
Ansonville	112,774	148,366	-	148,366	-	148,366	35,591	32%
Lilesville	96,669	127,231	-	127,231	-	127,231	30,562	32%
McFarlan	21,225	27,875	-	27,875	-	27,875	6,649	31%
Morven	90,823	119,478	-	119,478	-	119,478	28,654	32%
Peachland	77,539	102,227	-	102,227	-	102,227	24,688	32%
Polkton	600,098	797,223	-	797,223	-	797,223	197,126	33%
Wadesboro	1,036,449	1,363,811	-	1,363,811	-	1,363,811	327,362	32%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Ashe County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Ashe Co.	34,538,284	4,454,763	13%	4,584,574	5,249,250	5,355,344
Jefferson		349,920		360,835	372,742	380,333
Lansing		34,768		35,832	37,015	37,769
West Jefferson		290,897		300,226	310,132	316,447

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Ashe Co.	4,880,009	5,332,790	556,000	5,888,790	534,789	6,423,580	1,543,571	32%
Jefferson	382,282	415,083	-	415,083	-	415,083	32,800	9%
Lansing	38,163	41,207	-	41,207	-	41,207	3,044	8%
West Jefferson	320,679	345,524	-	345,524	-	345,524	24,845	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Ashe Co.	5,036,633	5,745,154	579,913	6,325,067	553,507	6,878,574	1,841,941	37%
Jefferson	394,858	443,514	-	443,514	-	443,514	48,656	12%
Lansing	39,417	44,017	-	44,017	-	44,017	4,600	12%
West Jefferson	331,206	369,348	-	369,348	-	369,348	38,141	12%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Ashe Co.	5,197,473	6,158,957	604,753	6,763,710	572,880	7,336,590	2,139,116	41%
Jefferson	407,801	472,173	-	472,173	-	472,173	64,371	16%
Lansing	40,708	46,849	-	46,849	-	46,849	6,141	15%
West Jefferson	342,040	393,371	-	393,371	-	393,371	51,331	15%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Ashe Co.	5,364,591	6,506,255	630,049	7,136,305	592,931	7,729,235	2,364,644	44%
Jefferson	421,235	497,061	-	497,061	-	497,061	75,827	18%
Lansing	42,047	49,310	-	49,310	-	49,310	7,263	17%
West Jefferson	353,285	414,211	-	414,211	-	414,211	60,926	17%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Avery County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Avery Co.	28,452,931	3,839,968	13%	3,940,545	4,068,354	4,151,196
Banner Elk		298,086		305,996	316,101	322,538
Beech Mtn. *		6,791		7,004	7,235	7,382
Crossnore		53,151		54,601	56,404	57,553
Elk Park		123,913		127,436	131,642	134,323
Grandfather Vl.		6,884		7,080	7,313	7,462
Newland		191,289		196,686	203,179	207,316
Seven Devils *		7,892		8,136	8,405	8,576
Sugar Mtn.		54,246		55,788	57,630	58,803

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Avery Co.	4,212,255	4,226,036	-	4,226,036	1,189,813	5,415,849	1,203,594	29%
Banner Elk	329,838	330,632	-	330,632	-	330,632	794	0%
Beech Mountain	7,482	7,583	-	7,583	-	7,583	101	1%
Crossnore	59,428	59,016	-	59,016	-	59,016	(412)	(1%)
Elk Park	136,145	137,803	-	137,803	-	137,803	1,657	1%
Grandfather Vil.	7,564	7,656	-	7,656	-	7,656	92	1%
Newland	210,798	212,668	-	212,668	-	212,668	1,870	1%
Seven Devils *	8,692	8,807	-	8,807	-	8,807	115	1%
Sugar Mtn.	59,662	60,327	-	60,327	-	60,327	665	1%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Avery Co.	4,348,622	4,282,324	-	4,282,324	1,231,457	5,513,781	1,165,159	27%
Banner Elk	340,689	336,823	-	336,823	-	336,823	(3,866)	(1%)
Beech Mountain	7,728	7,744	-	7,744	-	7,744	16	0%
Crossnore	61,378	60,144	-	60,144	-	60,144	(1,234)	(2%)
Elk Park	140,632	140,522	-	140,522	-	140,522	(110)	(0%)
Grandfather Vil.	7,813	7,807	-	7,807	-	7,807	(6)	(0%)
Newland	217,740	216,842	-	216,842	-	216,842	(898)	(0%)
Seven Devils *	8,978	8,993	-	8,993	-	8,993	15	0%
Sugar Mountain	61,628	61,517	-	61,517	-	61,517	(110)	(0%)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Avery Co.	4,489,605	4,322,131	-	4,322,131	1,274,558	5,596,688	1,107,083	25%
Banner Elk	351,909	342,093	-	342,093	-	342,093	(9,816)	(3%)
Beech Mountain	7,983	7,886	-	7,886	-	7,886	(97)	(1%)
Crossnore	63,394	61,111	-	61,111	-	61,111	(2,284)	(4%)
Elk Park	145,272	142,868	-	142,868	-	142,868	(2,404)	(2%)
Grandfather Vil.	8,071	7,937	-	7,937	-	7,937	(133)	(2%)
Newland	224,918	220,435	-	220,435	-	220,435	(4,483)	(2%)
Seven Devils *	9,274	9,156	-	9,156	-	9,156	(119)	(1%)
Sugar Mountain	63,660	62,544	-	62,544	-	62,544	(1,116)	(2%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Avery County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Avery Co.	4,635,460	4,385,080	-	4,385,080	1,319,167	5,704,248	1,068,788	23%
Banner Elk	363,519	348,947	-	348,947	-	348,947	(14,572)	(4%)
Beech Mountain	8,247	8,058	-	8,058	-	8,058	(188)	(2%)
Crossnore	65,481	62,352	-	62,352	-	62,352	(3,128)	(5%)
Elk Park	150,072	145,832	-	145,832	-	145,832	(4,240)	(3%)
Grandfather Vil.	8,337	8,102	-	8,102	-	8,102	(235)	(3%)
Newland	232,345	224,992	-	224,992	-	224,992	(7,354)	(3%)
Seven Devils *	9,581	9,354	-	9,354	-	9,354	(226)	(2%)
Sugar Mountain	65,764	63,842	-	63,842	-	63,842	(1,922)	(3%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Beaufort County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Beaufort Co.	69,292,556	7,278,866	11%	7,453,076	7,690,696	7,847,299
Aurora		109,946		112,872	116,576	118,950
Bath		52,634		54,008	55,781	56,916
Belhaven		355,511		364,766	376,737	384,408
Chocowinity		175,134		179,876	185,778	189,561
Pantego		38,072		39,069	40,351	41,173
Washington		2,070,306		2,125,775	2,195,525	2,240,232
Washington Pk.		95,950		98,531	101,764	103,837

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Beaufort Co.	7,955,747	8,327,787	-	8,327,787	2,491,809	10,819,596	2,863,848	36%
Aurora	120,454	125,930	-	125,930	-	125,930	5,477	5%
Bath	57,656	60,242	-	60,242	-	60,242	2,586	4%
Belhaven	389,070	406,856	-	406,856	-	406,856	17,786	5%
Chocowinity	192,214	200,728	-	200,728	-	200,728	8,514	4%
Pantego	41,783	43,580	-	43,580	-	43,580	1,797	4%
Washington	2,272,548	2,371,896	-	2,371,896	-	2,371,896	99,348	4%
Washington Park	105,323	109,945	-	109,945	-	109,945	4,622	4%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Beaufort Co.	8,209,164	8,764,056	-	8,764,056	2,579,022	11,343,078	3,133,914	38%
Aurora	124,402	132,083	-	132,083	-	132,083	7,680	6%
Bath	59,546	63,170	-	63,170	-	63,170	3,623	6%
Belhaven	401,828	426,607	-	426,607	-	426,607	24,779	6%
Chocowinity	198,512	210,583	-	210,583	-	210,583	12,071	6%
Pantego	43,152	45,699	-	45,699	-	45,699	2,547	6%
Washington	2,347,011	2,487,994	-	2,487,994	-	2,487,994	140,983	6%
Washington Park	108,774	115,333	-	115,333	-	115,333	6,558	6%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Beaufort Co.	8,470,895	9,188,939	-	9,188,939	2,669,288	11,858,226	3,387,331	40%
Aurora	128,483	138,158	-	138,158	-	138,158	9,674	8%
Bath	61,500	66,059	-	66,059	-	66,059	4,559	7%
Belhaven	415,013	446,101	-	446,101	-	446,101	31,088	7%
Chocowinity	205,022	220,319	-	220,319	-	220,319	15,297	7%
Pantego	44,567	47,791	-	47,791	-	47,791	3,224	7%
Washington	2,423,967	2,602,652	-	2,602,652	-	2,602,652	178,685	7%
Washington Park	112,341	120,654	-	120,654	-	120,654	8,313	7%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Beaufort Co.	8,741,662	9,563,573	-	9,563,573	2,762,713	12,326,286	3,584,624	41%
Aurora	132,706	143,751	-	143,751	-	143,751	11,045	8%
Bath	63,521	68,722	-	68,722	-	68,722	5,201	8%
Belhaven	428,655	464,074	-	464,074	-	464,074	35,419	8%
Chocowinity	211,757	229,272	-	229,272	-	229,272	17,516	8%
Pantego	46,031	49,719	-	49,719	-	49,719	3,688	8%
Washington	2,503,592	2,708,170	-	2,708,170	-	2,708,170	204,578	8%
Washington Park	116,031	125,550	-	125,550	-	125,550	9,519	8%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Bertie County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Bertie Co.	24,360,686	1,680,311	7%	1,710,356	1,762,065	1,797,946
Askewville		34,951		35,909	37073	37,828
Aulander		128,832		132,235	136523	139,303
Colerain		29,240		30,001	30974	31,604
Kelford		35,987		36,927	38124	38,901
Lewiston Wdvl.		79,531		81,717	84367	86,085
Powellsville		39,602		40,653	41971	42,826
Roxobel		34,322		35,233	36375	37,116
Windsor		515,181		527,366	544477	555,564

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Bertie Co.	1,810,462	2,219,623	-	2,219,623	446,481	2,666,104	855,642	47%
Askewville	38,297	43,620	-	43,620	-	43,620	5,323	14%
Aulander	140,561	160,552	-	160,552	-	160,552	19,991	14%
Colerain	31,949	36,418	-	36,418	-	36,418	4,469	14%
Kelford	39,289	44,828	-	44,828	-	44,828	5,539	14%
Lewiston Wdvl.	87,011	99,269	-	99,269	-	99,269	12,258	14%
Powellsville	43,122	49,361	-	49,361	-	49,361	6,239	14%
Roxobel	37,341	42,780	-	42,780	-	42,780	5,439	15%
Windsor	565,030	639,430	-	639,430	-	639,430	74,400	13%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Bertie Co.	1,859,241	2,680,142	-	2,680,142	462,108	3,142,250	1,283,008	69%
Askewville	39,468	49,684	-	49,684	-	49,684	10,216	26%
Aulander	144,866	182,807	-	182,807	-	182,807	37,941	26%
Colerain	32,927	41,460	-	41,460	-	41,460	8,532	26%
Kelford	40,492	51,036	-	51,036	-	51,036	10,544	26%
Lewiston Wdvl.	89,673	113,074	-	113,074	-	113,074	23,400	26%
Powellsville	44,444	56,206	-	56,206	-	56,206	11,762	26%
Roxobel	38,486	48,712	-	48,712	-	48,712	10,226	27%
Windsor	582,304	727,326	-	727,326	-	727,326	145,022	25%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Bertie Co.	1,908,280	3,151,419	-	3,151,419	478,282	3,629,701	1,721,420	90%
Askewville	40,664	55,898	-	55,898	-	55,898	15,234	37%
Aulander	149,260	205,607	-	205,607	-	205,607	56,347	38%
Colerain	33,925	46,625	-	46,625	-	46,625	12,699	37%
Kelford	41,720	57,396	-	57,396	-	57,396	15,675	38%
Lewiston Wdvl.	92,391	127,218	-	127,218	-	127,218	34,827	38%
Powellsville	45,793	63,218	-	63,218	-	63,218	17,425	38%
Roxobel	39,655	54,789	-	54,789	-	54,789	15,135	38%
Windsor	599,934	817,352	-	817,352	-	817,352	217,418	36%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Bertie County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Bertie Co.	1,957,772	3,496,094	-	3,496,094	495,021	3,991,115	2,033,343	104%
Askewville	41,886	60,672		60,672	-	60,672	18,786	45%
Aulander	153,755	223,131	-	223,131	-	223,131	69,376	45%
Colerain	34,947	50,595	-	50,595	-	50,595	15,649	45%
Kelford	42,976	62,284	-	62,284	-	62,284	19,308	45%
Lewiston Wdvl.	95,170	138,086	-	138,086	-	138,086	42,916	45%
Powellsville	47,173	68,608	-	68,608	-	68,608	21,435	45%
Roxobel	40,850	59,460	-	59,460	-	59,460	18,610	46%
Windsor	617,964	886,593	-	886,593	-	886,593	268,629	43%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Bladen County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Bladen Co.	44,542,557	4,658,373	10%	4,770,636	4,920,131	5,020,318
Bladenboro		161,914		166,356	171,778	175,276
Clarkton		108,463		111,330	114,960	117,301
Dublin		29,224		30,062	31,041	31,674
East Arcadia		15,677		16,115	16,640	16,979
Elizabethtown		566,290		582,329	601,308	613,553
Tar Heel		6,068		6,236	6,439	6,570
White Lake		236,516		243,007	250,928	256,038

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Bladen Co.	5,089,029	5,621,580	-	5,621,580	1,229,996	6,851,577	1,762,547	35%
Bladenboro	176,952	192,319	-	192,319	-	192,319	15,367	9%
Clarkton	117,888	128,656	-	128,656	-	128,656	10,768	9%
Dublin	31,907	34,771	-	34,771	-	34,771	2,863	9%
East Arcadia	17,206	18,634	-	18,634	-	18,634	1,427	8%
Elizabethtown	621,167	673,450	-	673,450	-	673,450	52,284	8%
Tar Heel	6,547	7,210	-	7,210	-	7,210	663	10%
White Lake	260,012	280,935	-	280,935	-	280,935	20,922	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Bladen Co.	5,248,176	6,298,271	-	6,298,271	1,273,046	7,571,317	2,323,141	44%
Bladenboro	182,714	210,511	-	210,511	-	210,511	27,797	15%
Clarkton	121,731	140,773	-	140,773	-	140,773	19,042	16%
Dublin	32,947	38,077	-	38,077	-	38,077	5,131	16%
East Arcadia	17,766	20,400	-	20,400	-	20,400	2,634	15%
Elizabethtown	641,377	737,400	-	737,400	-	737,400	96,023	15%
Tar Heel	6,761	7,893	-	7,893	-	7,893	1,131	17%
White Lake	268,468	307,510	-	307,510	-	307,510	39,042	15%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Bladen Co.	5,412,685	6,996,398	-	6,996,398	1,317,603	8,314,000	2,901,316	54%
Bladenboro	188,672	229,278	-	229,278	-	229,278	40,606	22%
Clarkton	125,705	153,271	-	153,271	-	153,271	27,566	22%
Dublin	34,021	41,489	-	41,489	-	41,489	7,468	22%
East Arcadia	18,345	22,222	-	22,222	-	22,222	3,878	21%
Elizabethtown	662,278	803,382	-	803,382	-	803,382	141,104	21%
Tar Heel	6,982	8,597	-	8,597	-	8,597	1,614	23%
White Lake	277,212	334,926	-	334,926	-	334,926	57,714	21%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Bladen Co.	5,582,616	7,551,357	-	7,551,357	1,363,719	8,915,075	3,332,459	60%
Bladenboro	194,832	244,823	-	244,823	-	244,823	49,991	26%
Clarkton	129,814	163,629	-	163,629	-	163,629	33,815	26%
Dublin	35,132	44,314	-	44,314	-	44,314	9,181	26%
East Arcadia	18,943	23,732	-	23,732	-	23,732	4,788	25%
Elizabethtown	683,883	858,006	-	858,006	-	858,006	174,123	25%
Tar Heel	7,211	9,180	-	9,180	-	9,180	1,969	27%
White Lake	286,252	357,634	-	357,634	-	357,634	71,383	25%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Brunswick County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Brunswick Co.	220,025,243	17,440,353	8%	18,145,344	18,875,242	19,259,594
Bald Head Isl.		35,172		36,518	37,933	38,705
Belville		435,718		452,584	470,126	479,699
Boiling Spg. Lk.		1,229,502		1,277,998	1,327,544	1,354,577
Bolivia		31,409		32,581	33,843	34,532
Calabash		403,237		419,168	435,419	444,286
Carolina Shores		687,366		714,046	741,723	756,826
Caswell Beach		89,596		93,040	96,646	98,614
Holden Beach		127,904		132,794	137,940	140,749
Leland		3,151,954		3,282,550	3,409,900	3,479,335
Navassa		343,868		357,362	371,215	378,774
Northwest		165,589		171,987	178,653	182,291
Oak Island		1,509,752		1,567,353	1,628,091	1,661,243
Ocean Isle Bch.		124,526		129,359	134,373	137,109
St James		741,524		770,861	800,748	817,053
Sandy Creek		58,211		60,433	62,775	64,054
Shallotte		842,456		875,986	909,952	928,481
Southport		645,610		670,939	696,949	711,141
Sunset Beach		806,893		838,029	870,509	888,235
Varnamtown		121,715		126,391	131,289	133,962

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Brunswick Co.	19,728,754	19,359,419	-	19,359,419	7,217,588	26,577,006	6,848,253	35%
Bald Head Isl.	39,458	39,421	-	39,421	-	39,421	(37)	(0%)
Belville	489,712	488,670	-	488,670	-	488,670	(1,042)	(0%)
Boiling Spg. Lk.	1,385,129	1,380,395	-	1,380,395	-	1,380,395	(4,733)	(0%)
Bolivia	35,221	35,154	-	35,154	-	35,154	(67)	(0%)
Calabash	452,256	452,768	-	452,768	-	452,768	512	0%
Carolina Shores	772,629	771,019	-	771,019	-	771,019	(1,610)	(0%)
Caswell Beach	100,605	100,445	-	100,445	-	100,445	(159)	(0%)
Holden Beach	143,545	143,348	-	143,348	-	143,348	(196)	(0%)
Leland	3,570,806	3,549,026	-	3,549,026	-	3,549,026	(21,780)	(1%)
Navassa	386,386	385,956	-	385,956	-	385,956	(430)	(0%)
Northwest	185,882	185,694	-	185,694	-	185,694	(188)	(0%)
Oak Island	1,694,047	1,691,859	-	1,691,859	-	1,691,859	(2,187)	(0%)
Ocean Isle Bch.	140,062	139,679	-	139,679	-	139,679	(383)	(0%)
St James	840,988	832,674	-	832,674	-	832,674	(8,313)	(1%)
Sandy Creek	65,302	65,235	-	65,235	-	65,235	(67)	(0%)
Shallotte	949,359	946,340	-	946,340	-	946,340	(3,019)	(0%)
Southport	725,920	724,623	-	724,623	-	724,623	(1,297)	(0%)
Sunset Beach	906,637	904,794	-	904,794	-	904,794	(1,843)	(0%)
Varnamtown	136,654	136,448	-	136,448	-	136,448	(206)	(0%)

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Brunswick Co.	20,514,127	20,336,642	-	20,336,642	7,470,203	27,806,845	7,292,718	36%
Bald Head Island	40,974	41,286	-	41,286	-	41,286	312	1%
Belville	508,542	511,930	-	511,930	-	511,930	3,389	1%
Boiling Spring Lk.	1,438,427	1,446,749	-	1,446,749	-	1,446,749	8,322	1%
Bolivia	36,574	36,795	-	36,795	-	36,795	221	1%
Calabash	469,634	474,550	-	474,550	-	474,550	4,916	1%
Carolina Shores	802,338	807,770	-	807,770	-	807,770	5,433	1%
Caswell Beach	104,472	105,209	-	105,209	-	105,209	737	1%
Holden Beach	149,062	150,128	-	150,128	-	150,128	1,066	1%
Leland	3,708,450	3,724,128	-	3,724,128	-	3,724,128	15,678	0%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Brunswick County (cont'd)

FY 2017-18 (continued)

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Navassa	401,241	404,458	-	404,458	-	404,458	3,217	1%
Northwest	193,026	194,524	-	194,524	-	194,524	1,498	1%
Oak Island	1,759,149	1,771,785	-	1,771,785	-	1,771,785	12,636	1%
Ocean Isle Beach	145,449	146,337	-	146,337	-	146,337	888	1%
St James	873,414	872,763	-	872,763	-	872,763	(651)	(0%)
Sandy Creek	67,811	68,317	-	68,317	-	68,317	506	1%
Shallotte	985,892	992,045	-	992,045	-	992,045	6,153	1%
Southport	753,836	759,357	-	759,357	-	759,357	5,521	1%
Sunset Beach	941,495	947,791	-	947,791	-	947,791	6,296	1%
Varnamtown	141,907	142,918	-	142,918	-	142,918	1,011	1%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Brunswick Co.	21,328,073	21,453,431	-	21,453,431	7,731,660	29,185,091	7,857,018	37%
Bald Head Island	42,545	43,365	-	43,365	-	43,365	820	2%
Belville	528,049	537,861	-	537,861	-	537,861	9,812	2%
Boiling Spring Lk.	1,493,646	1,520,714	-	1,520,714	-	1,520,714	27,068	2%
Bolivia	37,976	38,625	-	38,625	-	38,625	649	2%
Calabash	487,639	498,831	-	498,831	-	498,831	11,192	2%
Carolina Shores	833,117	848,741	-	848,741	-	848,741	15,625	2%
Caswell Beach	108,478	110,520	-	110,520	-	110,520	2,042	2%
Holden Beach	154,777	157,686	-	157,686	-	157,686	2,909	2%
Leland	3,851,056	3,919,250	-	3,919,250	-	3,919,250	68,194	2%
Navassa	416,632	425,083	-	425,083	-	425,083	8,451	2%
Northwest	200,428	204,369	-	204,369	-	204,369	3,941	2%
Oak Island	1,826,597	1,860,900	-	1,860,900	-	1,860,900	34,303	2%
Ocean Isle Beach	151,030	153,758	-	153,758	-	153,758	2,729	2%
St James	907,011	917,449	-	917,449	-	917,449	10,439	1%
Sandy Creek	70,411	71,754	-	71,754	-	71,754	1,343	2%
Shallotte	1,023,743	1,042,990	-	1,042,990	-	1,042,990	19,248	2%
Southport	782,757	798,077	-	798,077	-	798,077	15,319	2%
Sunset Beach	977,608	995,727	-	995,727	-	995,727	18,119	2%
Varnamtown	147,349	150,130	-	150,130	-	150,130	2,782	2%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Brunswick Co.	22,172,305	22,669,200	-	22,669,200	8,002,268	30,671,468	8,499,163	38%
Bald Head Island	44,174	45,607	-	45,607	-	45,607	1,433	3%
Belville	548,272	565,766	-	565,766	-	565,766	17,493	3%
Boiling Spring Lk.	1,550,889	1,600,088	-	1,600,088	-	1,600,088	49,199	3%
Bolivia	39,429	40,605	-	40,605	-	40,605	1,176	3%
Calabash	506,303	524,881	-	524,881	-	524,881	18,578	4%
Carolina Shores	865,024	892,813	-	892,813	-	892,813	27,789	3%
Caswell Beach	112,631	116,241	-	116,241	-	116,241	3,610	3%
Holden Beach	160,702	165,834	-	165,834	-	165,834	5,132	3%
Leland	3,998,893	4,127,141	-	4,127,141	-	4,127,141	128,248	3%
Navassa	432,587	447,233	-	447,233	-	447,233	14,646	3%
Northwest	208,101	214,965	-	214,965	-	214,965	6,864	3%
Oak Island	1,896,515	1,956,998	-	1,956,998	-	1,956,998	60,483	3%
Ocean Isle Beach	156,815	161,742	-	161,742	-	161,742	4,927	3%
St James	941,839	965,383	-	965,383	-	965,383	23,544	2%
Sandy Creek	73,106	75,460	-	75,460	-	75,460	2,355	3%
Shallotte	1,062,981	1,097,589	-	1,097,589	-	1,097,589	34,609	3%
Southport	812,739	839,661	-	839,661	-	839,661	26,922	3%
Sunset Beach	1,015,044	1,047,334	-	1,047,334	-	1,047,334	32,289	3%
Varnamtown	152,990	157,900	-	157,900	-	157,900	4,910	3%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Buncombe County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Buncombe Co.	526,783,914	64,097,366	12%	66,340,819	68,688,179	70,008,591
Asheville		17,239,219		17,841,764	18,474,969	18,851,170
Biltmore Forest		918,313		950,607	984,344	1,004,388
Black Mountain		1,316,577		1,363,098	1,411,475	1,440,217
Montreat		332,185		343,890	356,095	363,346
Weaverville		992,723		1,026,983	1,063,430	1,085,085
Woodfin		658,487		681,828	706,027	720,404

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Buncombe Co.	71,240,727	59,963,160	10,373,585	70,336,744	9,231,022	79,567,767	8,327,039	12%
Asheville	19,163,970	18,982,796	-	18,982,796	-	18,982,796	(181,173)	(1%)
Biltmore Forest	1,000,094	1,011,511	-	1,011,511	-	1,011,511	11,416	1%
Black Mtn.	1,452,148	1,450,553	-	1,450,553	-	1,450,553	(1,595)	(0%)
Montreat	367,943	365,935	-	365,935	-	365,935	(2,008)	(1%)
Weaverville	1,082,410	1,092,418	-	1,092,418	-	1,092,418	10,008	1%
Woodfin	735,386	725,615	-	725,615	-	725,615	(9,771)	(1%)

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Buncombe Co.	73,760,660	59,196,898	10,763,371	69,960,269	9,554,108	79,514,377	5,753,718	8%
Asheville	19,841,654	18,918,129	-	18,918,129	-	18,918,129	(923,526)	(5%)
Biltmore Forest	1,035,425	1,008,196	-	1,008,196	-	1,008,196	(27,229)	(3%)
Black Mountain	1,503,481	1,445,948	-	1,445,948	-	1,445,948	(57,533)	(4%)
Montreat	380,952	364,752	-	364,752	-	364,752	(16,201)	(4%)
Weaverville	1,120,651	1,088,405	-	1,088,405	-	1,088,405	(32,246)	(3%)
Woodfin	761,397	723,360	-	723,360	-	723,360	(38,036)	(5%)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Buncombe Co.	76,368,559	58,271,346	11,161,662	69,433,008	9,888,502	79,321,510	2,952,951	4%
Asheville	20,542,998	18,816,100	-	18,816,100	-	18,816,100	(1,726,897)	(8%)
Biltmore Forest	1,071,990	1,002,902	-	1,002,902	-	1,002,902	(69,088)	(6%)
Black Mountain	1,556,605	1,438,516	-	1,438,516	-	1,438,516	(118,089)	(8%)
Montreat	394,416	362,853	-	362,853	-	362,853	(31,563)	(8%)
Weaverville	1;160,228	1,082,217	-	1,082,217	-	1,082,217	(78,010)	(7%)
Woodfin	788,315	719,696	-	719,696	-	719,696	(68,619)	(9%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Buncombe Co.	79,068,524	58,352,175	11,574,514	69,926,689	10,234,600	80,161,288	1,092,764	1%
Asheville	21,269,095	18,981,614	-	18,981,614	-	18,981,614	(2,287,481)	(11%)
Biltmore Forest	1,109,844	1,011,828	-	1,011,828	-	1,011,828	(98,016)	(9%)
Black Mountain	1,611,604	1,451,437	-	1,451,437	-	1,451,437	(160,167)	(10%)
Montreat	408,354	366,095	-	366,095	-	366,095	(42,259)	(10%)
Weaverville	1,201,200	1,091,505	-	1,091,505	-	1,091,505	(109,695)	(9%)
Woodfin	816,184	726,200	-	726,200	-	726,200	(89,985)	(11%)

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Burke County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Burke Co.	99,855,335	10,278,561	10%	10,477,050	10,787,718	11,007,385
Connelly Spgs.		293,205		300,495	309,997	316,310
Drexel		328,248		336,475	347,115	354,183
Glen Alpine		268,086		274,788	283,477	289,249
Hickory *		11,723		12,026	12,406	12,659
Hildebran		354,956		363,858	375,363	383,007
Long View *		132,235		135,547	139,833	142,680
Morganton		2,982,419		3,057,468	3,154,143	3,218,370
Rhodhiss *		125,466		128,696	132,764	135,468
Rutherford Col.		237,285		243,251	250,943	256,053
Valdese		789,893		809,534	835,133	852,139

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Burke Co.	11,117,821	12,318,481	-	12,318,481	3,603,107	15,921,588	4,803,766	43%
Connelly Springs	320,014	346,394	-	346,394	-	346,394	26,380	8%
Drexel	358,932	387,907	-	387,907	-	387,907	28,975	8%
Glen Alpine	293,171	316,781	-	316,781	-	316,781	23,610	8%
Hickory *	12,867	13,870	-	13,870	-	13,870	1,002	8%
Hildebran	387,467	419,479	-	419,479	-	419,479	32,012	8%
Long View *	144,405	156,264	-	156,264	-	156,264	11,859	8%
Morganton	3,259,911	3,524,987	-	3,524,987	-	3,524,987	265,077	8%
Rhodhiss *	137,522	148,416	-	148,416	-	148,416	10,894	8%
Rutherford Col.	260,676	280,445	-	280,445	-	280,445	19,769	8%
Valdese	863,612	933,187	-	933,187	-	933,187	69,575	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Burke Co.	11,450,990	13,485,122	-	13,485,122	3,729,216	17,214,338	5,763,347	50%
Connelly Springs	330,191	372,681	-	372,681	-	372,681	42,490	13%
Drexel	370,340	417,384	-	417,384	-	417,384	47,043	13%
Glen Alpine	302,489	340,843	-	340,843	-	340,843	38,354	13%
Hickory *	13,276	14,929	-	14,929	-	14,929	1,653	12%
Hildebran	399,789	451,358	-	451,358	-	451,358	51,569	13%
Long View *	148,997	168,137	-	168,137	-	168,137	19,140	13%
Morganton	3,363,535	3,793,025	-	3,793,025	-	3,793,025	429,489	13%
Rhodhiss *	141,890	159,744	-	159,744	-	159,744	17,854	13%
Rutherford Col.	268,949	301,767	-	301,767	-	301,767	32,818	12%
Valdese	891,062	1,004,006	-	1,004,006	-	1,004,006	112,945	13%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Burke Co.	11,796,464	14,657,908	-	14,657,908	3,859,738	18,517,646	6,721,182	57%
Connelly Springs	340,736	399,238	-	399,238	-	399,238	58,502	17%
Drexel	382,161	447,165	-	447,165	-	447,165	65,004	17%
Glen Alpine	312,143	365,152	-	365,152	-	365,152	53,009	17%
Hickory *	13,699	16,000	-	16,000	-	16,000	2,301	17%
Hildebran	412,556	483,567	-	483,567	-	483,567	71,010	17%
Long View *	153,755	180,133	-	180,133	-	180,133	26,378	17%
Morganton	3,470,907	4,063,841	-	4,063,841	-	4,063,841	592,934	17%
Rhodhiss *	146,415	171,192	-	171,192	-	171,192	24,777	17%
Rutherford Col.	277,521	323,310	-	323,310	-	323,310	45,789	16%
Valdese	919,504	1,075,552	-	1,075,552	-	1,075,552	156,048	17%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Burke County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Burke Co.	12,154,580	15,587,507		15,587,507	3,994,829	19,582,337	7,427,757	61%
Connelly Springs	351,661	421,517	-	421,517	-	421,517	69,856	20%
Drexel	394,407	472,144	-	472,144	-	472,144	77,737	20%
Glen Alpine	322,145	385,543	-	385,543	-	385,543	63,398	20%
Hickory *	14,138	16,897	-	16,897	-	16,897	2,760	20%
Hildebran	425,783	510,582	-	510,582	-	510,582	84,799	20%
Long View *	158,683	190,194	-	190,194	-	190,194	31,511	20%
Morganton	3,582,140	4,290,969	-	4,290,969	-	4,290,969	708,828	20%
Rhodhiss *	151,104	180,788	-	180,788	-	180,788	29,684	20%
Rutherford Col.	286,402	341,379	-	341,379	-	341,379	54,977	19%
Valdese	948,970	1,135,574	-	1,135,574	-	1,135,574	186,604	20%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Cabarrus County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Cabarrus Co.	222,013,974	36,307,279	16%	37,625,525	38,988,204	39,721,279
Concord		12,700,031		13,163,756	13,640,951	13,918,718
Harrisburg		1,254,700		1,301,134	1,348,304	1,375,759
Kannapolis *		4,898,183		5,078,980	5,263,106	5,370,277
Locust *		54,693		56,436	58,481	59,672
Midland		149,619		155,070	160,691	163,963
Mt. Pleasant		192,481		199,505	206,737	210,947

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cabarrus Co.	40,470,866	33,780,503	6,650,987	40,431,491	5,699,644	46,131,134	5,660,268	14%
Concord	14,143,962	14,224,691	-	14,224,691	-	14,224,691	80,730	1%
Harrisburg	1,396,258	1,406,422	-	1,406,422	-	1,406,422	10,163	1%
Kannapolis *	5,444,271	5,489,648	-	5,489,648	-	5,489,648	45,377	1%
Locust *	59,331	60,812	-	60,812	-	60,812	1,480	2%
Midland	173,942	167,559	-	167,559	-	167,559	(6,382)	(4%)
Mount Pleasant	213,291	215,582	-	215,582	-	215,582	2,291	1%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cabarrus Co.	41,935,066	34,439,870	6,904,762	41,344,632	5,899,131	47,243,763	5,308,697	13%
Concord	14,654,329	14,578,225	-	14,578,225	-	14,578,225	(76,104)	(1%)
Harrisburg	1,446,636	1,441,855	-	1,441,855	-	1,441,855	(4,781)	(0%)
Kannapolis *	5,640,674	5,627,591	-	5,627,591	-	5,627,591	(13,083)	(0%)
Locust *	61,465	62,127	-	62,127	-	62,127	661	1%
Midland	180,250	171,714	-	171,714	-	171,714	(8,536)	(5%)
Mount Pleasant	220,983	220,937	-	220,937	-	220,937	(46)	(0%)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cabarrus Co.	43,450,863	35,137,840	7,166,210	42,304,050	6,105,601	48,409,651	4,958,788	11%
Concord	15,182,672	14,948,860	-	14,948,860	-	14,948,860	(233,812)	(2%)
Harrisburg	1,498,788	1,479,022	-	1,479,022	-	1,479,022	(19,765)	(1%)
Kannapolis *	5,843,993	5,772,266	-	5,772,266	-	5,772,266	(71,727)	(1%)
Locust *	63,674	63,497	-	63,497	-	63,497	(177)	(0%)
Midland	186,782	176,069	-	176,069	-	176,069	(10,712)	(6%)
Mount Pleasant	228,945	226,551	-	226,551	-	226,551	(2,394)	(1%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cabarrus Co.	45,020,775	36,149,962	7,436,684	43,586,646	6,319,297	49,905,943	4,885,168	11%
Concord	15,729,848	15,424,099	-	15,424,099	-	15,424,099	(305,748)	(2%)
Harrisburg	1,552,798	1,526,404	-	1,526,404	-	1,526,404	(26,395)	(2%)
Kannapolis *	6,054,559	5,956,909	-	5,956,909	-	5,956,909	(97,650)	(2%)
Locust *	65,962	65,368	-	65,368	-	65,368	(594)	(1%)
Midland	193,547	181,659	-	181,659	-	181,659	(11,887)	(6%)
Mount Pleasant	237,192	233,752	-	233,752	-	233,752	(3,440)	(1%)

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Caldwell County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Caldwell Co.	95,987,489	8,376,082	9%	8,560,298	8,821,529	9,001,160
Blowing Rock *		14,636		15,910	16,416	16,750
Cajah's Mtn.		458,642		470,916	486,117	496,016
Cedar Rock		48,604		49,899	51,510	52,559
Gamewell		660,688		678,625	700,529	714,794
Granite Falls		767,838		788,741	814,199	830,778
Hickory *		3,116		3,203	3,306	3,374
Hudson		630,991		648,941	669,880	683,520
Lenoir		2,948,616		3,027,535	3,125,265	3,188,904
Rhodhiss *		59,920		61,529	63,516	64,809
Sawmills		851,827		874,810	903,047	921,436

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Caldwell Co.	9,103,870	10,021,210	-	10,021,210	3,392,151	13,413,361	4,309,491	47%
Blowing Rock *	16,824	18,735	-	18,735	-	18,735	1,910	11%
Cajah's Mtn.	501,822	540,651	-	540,651	-	540,651	38,828	8%
Cedar Rock	53,215	57,286	-	57,286	-	57,286	4,070	8%
Gamewell	723,503	779,254	-	779,254	-	779,254	55,751	8%
Granite Falls	841,409	905,729	-	905,729	-	905,729	64,320	8%
Hickory *	3,416	3,679	-	3,679	-	3,679	263	8%
Hudson	693,083	745,602	-	745,602	-	745,602	52,519	8%
Lenoir	3,229,026	3,475,867	-	3,475,867	-	3,475,867	246,841	8%
Rhodhiss *	65,532	70,644	-	70,644	-	70,644	5,112	8%
Sawmills	932,510	1,004,454	-	1,004,454	-	1,004,454	71,944	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Caldwell Co.	9,382,406	10,985,770	-	10,985,770	3,510,877	14,496,647	5,114,241	55%
Blowing Rock *	17,361	20,639	-	20,639	-	20,639	3,277	19%
Cajah's Mtn.	518,037	581,480	-	581,480	-	581,480	63,443	12%
Cedar Rock	54,934	61,609	-	61,609	-	61,609	6,674	12%
Gamewell	746,875	838,244	-	838,244	-	838,244	91,369	12%
Granite Falls	868,585	974,324	-	974,324	-	974,324	105,739	12%
Hickory *	3,526	3,958	-	3,958	-	3,958	433	12%
Hudson	715,455	802,498	-	802,498	-	802,498	87,044	12%
Lenoir	3,333,336	3,738,363	-	3,738,363	-	3,738,363	405,027	12%
Rhodhiss *	67,650	75,983	-	75,983	-	75,983	8,333	12%
Sawmills	962,637	1,080,412	-	1,080,412	-	1,080,412	117,776	12%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Caldwell Co.	9,670,364	11,960,588	-	11,960,588	3,633,757	15,594,345	5,923,981	61%
Blowing Rock *	17,917	22,596	-	22,596	-	22,596	4,680	26%
Cajah's Mtn.	534,808	622,916	-	622,916	-	622,916	88,108	16%
Cedar Rock	56,712	65,996	-	65,996	-	65,996	9,283	16%
Gamewell	771,049	898,117	-	898,117	-	898,117	127,068	16%
Granite Falls	896,694	1,043,950	-	1,043,950	-	1,043,950	147,256	16%
Hickory *	3,640	4,242	-	4,242	-	4,242	602	17%
Hudson	738,594	860,270	-	860,270	-	860,270	121,677	16%
Lenoir	3,441,226	4,004,763	-	4,004,763	-	4,004,763	563,537	16%
Rhodhiss *	69,840	81,401	-	81,401	-	81,401	11,560	17%
Sawmills	993,797	1,157,505	-	1,157,505	-	1,157,505	163,708	16%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Caldwell County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Caldwell Co.	9,968,252	12,738,306	-	12,738,306	3,760,939	16,499,245	6,530,993	66%
Blowing Rock *	18,491	24,188	-	24,188	-	24,188	5,697	31%
Cajah's Mtn.	552,161	657,981	-	657,981	-	657,981	105,820	19%
Cedar Rock	58,552	69,709	-	69,709	-	69,709	11,156	19%
Gamewell	796,062	948,768	-	948,768	-	948,768	152,705	19%
Granite Falls	925,778	1,102,845	-	1,102,845	-	1,102,845	177,067	19%
Hickory *	3,758	4,482	-	4,482	-	4,482	724	19%
Hudson	762,536	909,084	-	909,084	-	909,084	146,547	19%
Lenoir	3,552,860	4,230,205	-	4,230,205	-	4,230,205	677,345	19%
Rhodhiss *	72,106	85,985	-	85,985	-	85,985	13,879	19%
Sawmills	1,026,039	1,222,732	-	1,222,732	-	1,222,732	196,693	19%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Camden County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Camden Co.	16,804,395	1,377,953	8%	1,432,296	1,483,073	1,513,273
Elizabeth City *		8,706		9,007	9,325	9,515

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Camden Co.	1,529,532	1,809,752	-	1,809,752	273,507	2,083,259	553,726	36%
Elizabeth City *	9,659	10,952	-	10,952	-	10,952	1,293	13%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Camden Co.	1,583,086	2,115,899	-	2,115,899	283,079	2,398,978	815,892	52%
Elizabeth City *	9,997	12,405	-	12,405	-	12,405	2,408	24%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Camden Co.	1,638,664	2,443,905	-	2,443,905	292,987	2,736,892	1,098,227	67%
Elizabeth City *	10,348	13,956	-	13,956	-	13,956	3,608	35%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Camden Co.	1,696,214	2,710,699	-	2,710,699	303,242	3,013,941	1,317,727	78%
Elizabeth City *	10,711	15,247	-	15,247	-	15,247	4,536	42%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Carteret County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Carteret Co.	92,152,669	13,657,640	15%	14,105,272	14,606,962	14,904,400
Atlantic Beach		982,602		1,015,732	1,051,754	1,073,170
Beaufort		816,827		845,932	875,934	893,771
Bogue		13,022		13,461	13,938	14,222
Cape Carteret		223,410		230,962	239,153	244,023
Cedar Point		81,125		83,905	86,880	88,649
Emerald Isle		1,434,598		1,482,946	1,535,537	1,566,805
Indian Beach		442,751		458,601	474,866	484,536
Morehead City		1,901,071		1,965,435	2,035,137	2,076,578
Newport		372,940		385,657	399,334	407,465
Peletier		13,933		14,410	14,921	15,225
Pine Knoll Shr.		676,572		699,348	724,149	738,895

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Carteret Co.	15,165,150	14,779,148	-	14,779,148	5,575,292	20,354,439	5,189,290	34%
Atlantic Beach	1,084,798	1,078,384	-	1,078,384	-	1,078,384	(6,414)	(1%)
Beaufort	909,075	898,875	-	898,875	-	898,875	(10,200)	(1%)
Bogue	14,488	14,291	-	14,291	-	14,291	(197)	(1%)
Cape Carteret	247,840	245,218	-	245,218	-	245,218	(2,621)	(1%)
Cedar Point	90,734	89,102	-	89,102	-	89,102	(1,632)	(2%)
Emerald Isle	1,613,877	1,574,406	-	1,574,406	-	1,574,406	(39,470)	(2%)
Indian Beach	454,678	487,339	-	487,339	-	487,339	32,660	7%
Morehead City	2,153,781	2,086,797	-	2,086,797	-	2,086,797	(66,983)	(3%)
Newport	416,884	409,514	-	409,514	-	409,514	(7,370)	(2%)
Peletier	15,534	15,303	-	15,303	-	15,303	(231)	(1%)
Pine Knoll Shr.	751,063	742,467	-	742,467	-	742,467	(8,596)	(1%)

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Carteret Co.	15,702,256	14,684,240	-	14,684,240	5,770,427	20,454,667	4,752,411	30%
Atlantic Beach	1,123,114	1,083,107	-	1,083,107	-	1,083,107	(40,008)	(4%)
Beaufort	941,195	903,835	-	903,835	-	903,835	(37,360)	(4%)
Bogue	15,000	14,353	-	14,353	-	14,353	(647)	(4%)
Cape Carteret	256,595	246,305	-	246,305	-	246,305	(10,290)	(4%)
Cedar Point	93,940	89,521	-	89,521	-	89,521	(4,419)	(5%)
Emerald Isle	1,670,924	1,581,287	-	1,581,287	-	1,581,287	(89,637)	(5%)
Indian Beach	470,690	490,077	-	490,077	-	490,077	19,387	4%
Morehead City	2,229,934	2,096,111	-	2,096,111	-	2,096,111	(133,823)	(6%)
Newport	431,616	411,401	-	411,401	-	411,401	(20,216)	(5%)
Peletier	16,083	15,375	-	15,375	-	15,375	(708)	(4%)
Pine Knoll Shr.	777,598	745,695	-	745,695	-	745,695	(31,903)	(4%)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Carteret Co.	16,258,171	14,557,279	-	14,557,279	5,972,392	20,529,671	4,271,500	26%
Atlantic Beach	1,162,773	1,086,344	-	1,086,344	-	1,086,344	(76,429)	(7%)
Beaufort	974,440	907,643	-	907,643	-	907,643	(66,797)	(7%)
Bogue	15,530	14,396	-	14,396	-	14,396	(1,134)	(7%)
Cape Carteret	265,658	247,055	-	247,055	-	247,055	(18,603)	(7%)
Cedar Point	97,259	89,821	-	89,821	-	89,821	(7,439)	(8%)
Emerald Isle	1,729,969	1,585,997	-	1,585,997	-	1,585,997	(143,972)	(8%)
Indian Beach	487,262	492,194	-	492,194	-	492,194	4,932	1%
Morehead City	2,308,753	2,102,564	-	2,102,564	-	2,102,564	(206,189)	(9%)
Newport	446,864	412,731	-	412,731	-	412,731	(34,134)	(8%)
Peletier	16,651	15,426	-	15,426	-	15,426	(1,225)	(7%)
Pine Knoll Shr.	805,062	747,898	-	747,898	-	747,898	(57,164)	(7%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Carteret County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Carteret Co.	16,833,671	14,651,458	-	14,651,458	6,181,426	20,832,884	3,999,213	24%
Atlantic Beach	1,203,826	1,102,378	-	1,102,378	-	1,102,378	(101,449)	(8%)
Beaufort	1,008,855	921,838	-	921,838	-	921,838	(87,017)	(9%)
Bogue	16,078	14,608	-	14,608	-	14,608	(1,470)	(9%)
Cape Carteret	275,039	250,711	-	250,711	-	250,711	(24,327)	(9%)
Cedar Point	100,695	91,169	-	91,169	-	91,169	(9,526)	(9%)
Emerald Isle	1,791,092	1,609,394	-	1,609,394	-	1,609,394	(181,698)	(10%)
Indian Beach	504,416	499,929	-	499,929	-	499,929	(4,487)	(1%)
Morehead City	2,390,347	2,133,733	-	2,133,733	-	2,133,733	(256,614)	(11%)
Newport	462,649	418,895	-	418,895	-	418,895	(43,754)	(9%)
Peletier	17,239	15,658	-	15,658	-	15,658	(1,582)	(9%)
Pine Knoll Shr.	833,492	758,918	-	758,918	-	758,918	(74,574)	(9%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Caswell County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Caswell Co.	25,063,772	2,362,229	9%	2,428,602	2,505,283	2,556,297
Milton		12,467		12,855	13,279	13,549
Yanceyville		128,261		132,212	136,573	139,354

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Caswell Co.	2,568,209	3,282,632	-	3,282,632	375,849	3,658,481	1,090,272	42%
Milton	13,633	16,135	-	16,135	-	16,135	2,503	18%
Yanceyville	140,108	165,934	-	165,934	-	165,934	25,826	18%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Caswell Co.	2,648,945	4,067,660	-	4,067,660	389,004	4,456,664	1,807,719	68%
Milton	14,081	18,852	-	18,852	-	18,852	4,771	34%
Yanceyville	144,717	193,856	-	193,856	-	193,856	49,139	34%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Caswell Co.	2,723,912	4,872,309	-	4,872,309	402,619	5,274,928	2,551,016	94%
Milton	14,518	21,639	-	21,639	-	21,639	7,120	49%
Yanceyville	149,212	222,493	-	222,493	-	222,493	73,281	49%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Caswell Co.	2,807,473	5,500,333	-	5,500,333	416,710	5,917,043	3,109,570	111%
Milton	14,990	23,875	-	23,875	-	23,875	8,885	59%
Yanceyville	154,056	245,475	-	245,475	-	245,475	91,419	59%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Catawba County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Catawba Co.	210,499,011	29,037,049	14%	29,928,641	30,912,409	31,499,409
Brookford		78,515		80,909	83,596	85,298
Catawba		124,661		128,472	132,738	135,441
Claremont		285,372		294,548	304,324	310,520
Conover		1,695,664		1,748,273	1,806,308	1,843,089
Hickory *		8,258,271		8,513,831	8,796,460	8,975,580
Long View *		851,471		877,636	906,772	925,237
Maiden *		692,439		713,782	737,478	752,495
Newton		2,678,599		2,761,564	2,853,238	2,911,337

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Catawba Co.	31,913,324	27,640,229	5,010,239	32,650,467	4,561,054	37,211,521	5,298,198	17%
Brookford	86,301	88,590	-	88,590	-	88,590	2,289	3%
Catawba	137,119	140,676	-	140,676	-	140,676	3,557	3%
Claremont	314,808	322,814	-	322,814	-	322,814	8,006	3%
Conover	1,866,808	1,914,821	-	1,914,821	-	1,914,821	48,013	3%
Hickory *	9,088,888	9,324,477	-	9,324,477	-	9,324,477	235,589	3%
Long View *	937,013	961,083	-	961,083	-	961,083	24,070	3%
Maiden *	762,919	781,691	-	781,691	-	781,691	18,772	2%
Newton	2,948,556	3,024,553	-	3,024,553	-	3,024,553	75,997	3%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Catawba Co.	32,964,760	27,924,435	5,201,575	33,126,010	4,720,691	37,846,701	4,881,941	15%
Brookford	89,162	90,120	-	90,120	-	90,120	958	1%
Catawba	141,663	143,111	-	143,111	-	143,111	1,448	1%
Claremont	325,234	328,706	-	328,706	-	328,706	3,472	1%
Conover	1,928,666	1,948,484	-	1,948,484	-	1,948,484	19,819	1%
Hickory *	9,390,075	9,487,963	-	9,487,963	-	9,487,963	97,887	1%
Long View *	968,065	977,810	-	977,810	-	977,810	9,745	1%
Maiden *	788,194	795,339	-	795,339	-	795,339	7,145	1%
Newton	3,046,261	3,077,633	-	3,077,633	-	3,077,633	31,372	1%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Catawba Co.	34,051,723	28,091,068	5,397,624	33,488,691	4,885,915	38,374,606	4,322,883	13%
Brookford	92,120	91,387	-	91,387	-	91,387	(733)	(1%)
Catawba	146,362	145,131	-	145,131	-	145,131	(1,231)	(1%)
Claremont	336,014	333,666	-	333,666	-	333,666	(2,348)	(1%)
Conover	1,992,620	1,976,525	-	1,976,525	-	1,976,525	(16,096)	(1%)
Hickory *	9,701,476	9,624,036	-	9,624,036	-	9,624,036	(77,440)	(1%)
Long View *	1,000,169	991,702	-	991,702	-	991,702	(8,467)	(1%)
Maiden *	814,326	806,685	-	806,685	-	806,685	(7,641)	(1%)
Newton	3,147,279	3,121,823	-	3,121,823	-	3,121,823	(25,456)	(1%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Catawba Co.	35,175,837	28,427,826	5,599,624	34,027,450	5,056,922	39,084,372	3,908,535	11%
Brookford	95,179	93,106	-	93,106	-	93,106	(2,073)	(2%)
Catawba	151,221	147,867	-	147,867	-	147,867	(3,354)	(2%)
Claremont	347,163	340,180	-	340,180	-	340,180	(6,982)	(2%)
Conover	2,058,766	2,014,164	-	2,014,164	-	2,014,164	(44,603)	(2%)
Hickory *	10,023,544	9,806,979	-	9,806,979	-	9,806,979	(216,565)	(2%)
Long View *	1,033,374	1,010,462	-	1,010,462	-	1,010,462	(22,912)	(2%)
Maiden *	841,353	821,977	-	821,977	-	821,977	(19,376)	(2%)
Newton	3,251,757	3,181,203	-	3,181,203	-	3,181,203	(70,555)	(2%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Chatham County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Chatham Co.	107,192,965	8,801,783	8%	9,160,932	9,504,755	9,698,298
Cary *		348,109		364,853	378,277	385,980
Goldston		52,876		54,887	56,904	58,063
Pittsboro		779,047		810,003	839,776	856,876
Siler City		1,578,951		1,639,922	1,700,191	1,734,811

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Chatham Co.	9,867,819	10,822,318	-	10,822,318	2,531,094	13,353,412	3,485,594	35%
Cary *	399,647	424,919	-	424,919	-	424,919	25,272	6%
Goldston	58,890	63,616	-	63,616	-	63,616	4,726	8%
Pittsboro	872,955	939,593	-	939,593	-	939,593	66,638	8%
Siler City	1,761,070	1,901,258	-	1,901,258	-	1,901,258	140,188	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Chatham Co.	10,235,651	12,221,379	-	12,221,379	2,619,683	14,841,062	4,605,411	45%
Cary *	414,306	470,320	-	470,320	-	470,320	56,014	14%
Goldston	61,042	70,108	-	70,108	-	70,108	9,066	15%
Pittsboro	904,881	1,036,258	-	1,036,258	-	1,036,258	131,376	15%
Siler City	1,825,441	2,095,834	-	2,095,834	-	2,095,834	270,393	15%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Chatham Co.	10,616,551	13,739,607	-	13,739,607	2,711,372	16,450,978	5,834,427	55%
Cary *	429,483	519,313	-	519,313	-	519,313	89,830	21%
Goldston	63,270	77,111	-	77,111	-	77,111	13,841	22%
Pittsboro	937,937	1,140,529	-	1,140,529	-	1,140,529	202,592	22%
Siler City	1,892,087	2,305,709	-	2,305,709	-	2,305,709	413,622	22%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Chatham Co.	11,011,101	15,042,192	-	15,042,192	2,806,270	17,848,462	6,837,361	62%
Cary *	445,201	562,090	-	562,090	-	562,090	116,889	26%
Goldston	65,578	83,264	-	83,264	-	83,264	17,687	27%
Pittsboro	972,168	1,232,045	-	1,232,045	-	1,232,045	259,876	27%
Siler City	1,961,105	2,490,046	-	2,490,046	-	2,490,046	528,941	27%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Cherokee County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Cherokee Co.	Not Availab	4,942,136	Not Available	5,090,793	5,258,245	5,365,317
Andrews		413,482		426,184	440,422	449,390
Murphy		380,146		391,984	405,077	413,326

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cherokee Co.	5,426,932	5,812,368	-	5,812,368	1,441,698	7,254,066	1,827,134	34%
Andrews	455,406	483,545	-	483,545	-	483,545	28,138	6%
Murphy	418,404	444,838	-	444,838	-	444,838	26,434	6%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cherokee Co.	5,604,815	6,121,428	-	6,121,428	1,492,158	7,613,586	2,008,770	36%
Andrews	470,568	507,786	-	507,786	-	507,786	37,217	8%
Murphy	432,336	467,237	-	467,237	-	467,237	34,901	8%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cherokee Co.	5,788,437	6,427,529	-	6,427,529	1,544,383	7,971,912	2,183,475	38%
Andrews	486,230	531,972	-	531,972	-	531,972	45,742	9%
Murphy	446,727	489,593	-	489,593	-	489,593	42,867	10%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cherokee Co.	5,978,236	6,702,654	-	6,702,654	1,598,437	8,301,091	2,322,855	39%
Andrews	502,423	554,357	-	554,357	-	554,357	51,934	10%
Murphy	461,607	510,264	-	510,264	-	510,264	48,657	11%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Chowan County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Chowan Co.	22,442,446	2,362,374	11%	2,417,260	2,495,597	2,546,414
Edenton		465,504		477,980	493,851	503,907

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Chowan Co.	2,585,488	2,739,312	-	2,739,312	644,820	3,384,133	798,644	31%
Edenton	512,994	538,719	-	538,719	-	538,719	25,724	5%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Chowan Co.	2,669,206	2,971,283	-	2,971,283	667,389	3,638,672	969,466	36%
Edenton	529,998	577,433	-	577,433	-	577,433	47,435	9%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Chowan Co.	2,755,645	3,208,564	-	3,208,564	690,748	3,899,312	1,143,667	42%
Edenton	547,567	617,092	-	617,092	-	617,092	69,524	13%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Chowan Co.	2,844,780	3,406,282	-	3,406,282	714,924	4,121,206	1,276,426	45%
Edenton	565,705	651,470	-	651,470	-	651,470	85,765	15%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Clay County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Clay Co.	21,017,731	1,691,566	8%	1,754,380	1,815,766	1,852,740
Hayesville		28,215		29,250	30,274	30,890

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Clay Co.	1,874,380	2,128,838	-	2,128,838	378,211	2,507,050	632,670	34%
Hayesville	31,332	34,690	-	34,690	-	34,690	3,358	11%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Clay Co.	1,939,101	2,395,410	-	2,395,410	391,449	2,786,859	847,758	44%
Hayesville	32,418	38,290	-	38,290	-	38,290	5,872	18%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Clay Co.	2,004,980	2,674,945	-	2,674,945	405,150	3,080,094	1,075,114	54%
Hayesville	33,528	42,059	-	42,059	-	42,059	8,530	25%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Clay Co.	2,073,799	2,907,660	-	2,907,660	419,330	3,326,990	1,253,191	60%
Hayesville	34,685	45,271	-	45,271	-	45,271	10,585	31%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Cleveland County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Cleveland Co.	118,727,346	14,684,216	12%	15,042,611	15,512,223	15,828,094
Belwood		-		-	-	-
Boiling Spgs.		292,627		300,364	310,077	316,391
Casar		2,354		2,416	2,494	2,545
Earl		6,146		6,310	6,514	6,646
Fallston		7,683		7,890	8,145	8,311
Grover		50,380		51,715	53,387	54,474
Kings Mtn *		963,186		989,321	1,021,306	1,042,102
Kingstown		28,925		29,688	30,648	31,272
Lattimore		12,782		13,126	13,550	13,826
Lawndale		18,815		19,311	19,935	20,341
Mooresboro		-		-	-	-
Patterson Spgs.		-		-	-	-
Polkville		4,900		5,029	5,192	5,298
Shelby		2,789,440		2,863,565	2,956,160	3,016,356
Waco		8,149		8,369	8,640	8,816

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cleveland Co.	15,998,301	17,255,263	-	17,255,263	4,502,682	21,757,944	5,759,643	36%
Belwood	-	-	-	-	-	-	-	-
Boiling Springs	316,167	341,376	-	341,376	-	341,376	25,210	8%
Casar	2,533	2,745	-	2,745	-	2,745	212	8%
Earl	6,651	7,172	-	7,172	-	7,172	521	8%
Fallston	8,292	8,969	-	8,969	-	8,969	677	8%
Grover	54,178	58,778	-	58,778	-	58,778	4,600	8%
Kings Mtn *	1,104,347	1,124,816	-	1,124,816	-	1,124,816	20,469	2%
Kingstown	31,444	33,741	-	33,741	-	33,741	2,297	7%
Lattimore	13,453	14,922	-	14,922	-	14,922	1,469	11%
Lawndale	20,344	21,946	-	21,946	-	21,946	1,602	8%
Mooresboro	-	-	-	-	-	-	-	-
Patterson Springs	-	-	-	-	-	-	-	-
Polkville	5,292	5,715	-	5,715	-	5,715	423	8%
Shelby	3,019,788	3,254,789	-	3,254,789	-	3,254,789	235,001	8%
Waco	8,840	9,515	-	9,515	-	9,515	675	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cleveland Co.	16,499,483	18,472,127	-	18,472,127	4,660,276	23,132,402	6,632,919	40%
Belwood	-	-	-	-	-	-	-	-
Boiling Springs	326,445	362,438	-	362,438	-	362,438	35,994	11%
Casar	2,616	2,914	-	2,914	-	2,914	298	11%
Earl	6,867	7,615	-	7,615	-	7,615	748	11%
Fallston	8,561	9,525	-	9,525	-	9,525	963	11%
Grover	55,942	62,406	-	62,406	-	62,406	6,465	12%
Kings Mtn *	1,139,669	1,194,644	-	1,194,644	-	1,194,644	54,976	5%
Kingstown	32,465	35,822	-	35,822	-	35,822	3,357	10%
Lattimore	13,893	15,847	-	15,847	-	15,847	1,953	14%
Lawndale	21,005	23,299	-	23,299	-	23,299	2,294	11%
Mooresboro	-	-	-	-	-	-	-	-
Patterson Springs	-	-	-	-	-	-	-	-
Polkville	5,464	6,068	-	6,068	-	6,068	603	11%
Shelby	3,117,899	3,455,840	-	3,455,840	-	3,455,840	337,940	11%
Waco	9,127	10,105	-	10,105	-	10,105	978	11%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Cleveland County (cont'd)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cleveland Co.	17,018,006	19,682,521	-	19,682,521	4,823,385	24,505,907	7,487,901	44%
Belwood	-	-	-	-	-	-	-	-
Boiling Springs	337,079	383,521	-	383,521	-	383,521	46,442	14%
Casar	2,701	3,083	-	3,083	-	3,083	382	14%
Earl	7,091	8,059	-	8,059	-	8,059	968	14%
Fallston	8,840	10,081	-	10,081	-	10,081	1,241	14%
Grover	57,766	66,038	-	66,038	-	66,038	8,272	14%
Kings Mtn *	1,176,215	1,264,569	-	1,264,569	-	1,264,569	88,354	8%
Kingstown	33,520	37,904	-	37,904	-	37,904	4,384	13%
Lattimore	14,349	16,772	-	16,772	-	16,772	2,423	17%
Lawndale	21,689	24,652	-	24,652	-	24,652	2,963	14%
Mooresboro	-	-	-	-	-	-	-	-
Patterson Springs	-	-	-	-	-	-	-	-
Polkville	5,642	6,420	-	6,420	-	6,420	778	14%
Shelby	3,219,419	3,657,102	-	3,657,102	-	3,657,102	437,683	14%
Waco	9,424	10,696	-	10,696	-	10,696	1,272	13%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cleveland Co.	17,554,828	20,691,256	-	20,691,256	4,992,204	25,683,460	8,128,632	46%
Belwood	-	-	-	-	-	-	-	-
Boiling Springs	348,088	401,918	-	401,918	-	401,918	53,830	15%
Casar	2,790	3,231	-	3,231	-	3,231	442	16%
Earl	7,322	8,446	-	8,446	-	8,446	1,124	15%
Fallston	9,129	10,566	-	10,566	-	10,566	1,437	16%
Grover	59,655	69,207	-	69,207	-	69,207	9,552	16%
Kings Mtn *	1,214,050	1,325,520	-	1,325,520	-	1,325,520	111,470	9%
Kingstown	34,613	39,722	-	39,722	-	39,722	5,108	15%
Lattimore	14,821	17,580	-	17,580	-	17,580	2,759	19%
Lawndale	22,397	25,834	-	25,834	-	25,834	3,437	15%
Mooresboro	-	-	-	-	-	-	-	-
Patterson Springs	-	-	-	-	-	-	-	-
Polkville	5,826	6,728	-	6,728	-	6,728	901	15%
Shelby	3,324,510	3,832,692	-	3,832,692	-	3,832,692	508,182	15%
Waco	9,732	11,211	-	11,211	-	11,211	1,479	15%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Columbus County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Columbus Co.	73,418,985	6,583,615	9%	6,819,479	7,036,703	7,179,990
Boardman		24,989		25,855	26,703	27,247
Bolton		110,734		114,578	118,337	120,747
Brunswick		179,959		186,264	192,375	196,292
Cerro Gordo		32,923		34,095	35,213	35,930
Chadbourn		295,095		305,346	315,363	321,785
Fair Bluff		151,592		156,912	162,059	165,359
Lk. Waccamaw		235,835		244,092	252,100	257,233
Sandyfield		71,908		74,438	76,880	78,445
Tabor City		635,454		657,458	679,028	692,855
Whiteville		861,650		892,143	921,408	940,171

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Columbus Co.	7,188,030	8,641,592	-	8,641,592	2,213,720	10,855,312	3,667,282	51%
Boardman	27,337	31,566	-	31,566	-	31,566	4,229	15%
Bolton	121,733	139,889	-	139,889	-	139,889	18,156	15%
Brunswick	196,955	227,463	-	227,463	-	227,463	30,508	15%
Cerro Gordo	36,074	41,651	-	41,651	-	41,651	5,578	15%
Chadbourn	324,138	372,806	-	372,806	-	372,806	48,668	15%
Fair Bluff	166,544	191,626	-	191,626	-	191,626	25,082	15%
Lake Waccamaw	259,978	298,077	-	298,077	-	298,077	38,099	15%
Sandyfield	79,487	90,912	-	90,912	-	90,912	11,425	14%
Tabor City	694,736	802,648	-	802,648	-	802,648	107,912	16%
Whiteville	947,628	1,089,744	-	1,089,744	-	1,089,744	142,116	15%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Columbus Co.	7,416,444	9,546,812	-	9,546,812	2,291,200	11,838,012	4,421,569	60%
Boardman	28,232	34,318	-	34,318	-	34,318	6,086	22%
Bolton	125,716	152,092	-	152,092	-	152,092	26,376	21%
Brunswick	203,406	247,344	-	247,344	-	247,344	43,938	22%
Cerro Gordo	37,255	45,304	-	45,304	-	45,304	8,049	22%
Chadbourn	334,744	405,332	-	405,332	-	405,332	70,587	21%
Fair Bluff	171,993	208,381	-	208,381	-	208,381	36,388	21%
Lake Waccamaw	268,478	324,127	-	324,127	-	324,127	55,649	21%
Sandyfield	82,084	98,865	-	98,865	-	98,865	16,781	20%
Tabor City	717,495	872,627	-	872,627	-	872,627	155,132	22%
Whiteville	978,628	1,185,200	-	1,185,200	-	1,185,200	206,572	21%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Columbus Co.	7,652,347	10,472,201	-	10,472,201	2,371,392	12,843,593	5,191,246	68%
Boardman	29,158	37,135	-	37,135	-	37,135	7,977	27%
Bolton	129,832	164,577	-	164,577	-	164,577	34,746	27%
Brunswick	210,072	267,689	-	267,689	-	267,689	57,617	27%
Cerro Gordo	38,475	49,042	-	49,042	-	49,042	10,567	27%
Chadbourn	345,706	438,613	-	438,613	-	438,613	92,907	27%
Fair Bluff	177,625	225,527	-	225,527	-	225,527	47,902	27%
Lake Waccamaw	277,262	350,784	-	350,784	-	350,784	73,522	27%
Sandyfield	84,768	107,004	-	107,004	-	107,004	22,236	26%
Tabor City	741,017	944,230	-	944,230	-	944,230	203,213	27%
Whiteville	1,010,665	1,282,890	-	1,282,890	-	1,282,890	272,225	27%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Columbus County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Columbus Co.	7,896,279	11,214,173	-	11,214,173	2,454,391	13,668,564	5,772,285	73%
Boardman	30,115	39,477	-	39,477	-	39,477	9,362	31%
Bolton	134,089	174,958	-	174,958	-	174,958	40,869	30%
Brunswick	216,968	284,599	-	284,599	-	284,599	67,632	31%
Cerro Gordo	39,738	52,148	-	52,148	-	52,148	12,410	31%
Chadbourn	357,044	466,283	-	466,283	-	466,283	109,239	31%
Fair Bluff	183,450	239,778	-	239,778	-	239,778	56,327	31%
Lake Waccamaw	286,348	372,942	-	372,942	-	372,942	86,594	30%
Sandyfield	87,544	113,768	-	113,768	-	113,768	26,224	30%
Tabor City	765,346	1,003,766	-	1,003,766	-	1,003,766	238,420	31%
Whiteville	1,043,802	1,364,067	-	1,364,067	-	1,364,067	320,264	31%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Craven County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Craven Co.	105,997,421	13,517,968	13%	13,824,793	14,276,015	14,566,713
Bridgeton		142,306		146,135	151,017	154,093
Cove City		11,043		11,341	11,719	11,958
Dover		19,943		20,411	21,093	21,523
Havelock		1,842,902		1,892,522	1,955,752	1,995,576
New Bern		5,499,007		5,646,324	5,834,973	5,953,789
River Bend		362,648		372,332	384,772	392,607
Trent Woods		450,633		462,678	478,137	487,873
Vanceboro		107,418		110,295	113,980	116,301

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Craven Co.	14,816,516	15,452,575	-	15,452,575	5,280,334	20,732,909	5,916,393	40%
Bridgeton	156,939	163,124	-	163,124	-	163,124	6,185	4%
Cove City	12,211	12,659	-	12,659	-	12,659	449	4%
Dover	21,966	22,741	-	22,741	-	22,741	775	4%
Havelock	2,025,024	2,112,562	-	2,112,562	-	2,112,562	87,538	4%
New Bern	6,031,526	6,302,347	-	6,302,347	-	6,302,347	270,821	4%
River Bend	399,339	415,572	-	415,572	-	415,572	16,233	4%
Trent Woods	495,870	516,418	-	516,418	-	516,418	20,548	4%
Vanceboro	118,079	123,110	-	123,110	-	123,110	5,030	4%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Craven Co.	15,358,111	16,538,556	-	16,538,556	5,465,146	22,003,702	6,645,590	43%
Bridgeton	162,600	173,113	-	173,113	-	173,113	10,512	6%
Cove City	12,651	13,435	-	13,435	-	13,435	783	6%
Dover	22,759	24,086	-	24,086	-	24,086	1,327	6%
Havelock	2,098,041	2,241,943	-	2,241,943	-	2,241,943	143,902	7%
New Bern	6,248,965	6,687,809	-	6,687,809	-	6,687,809	438,844	7%
River Bend	413,742	440,968	-	440,968	-	440,968	27,226	7%
Trent Woods	513,752	547,984	-	547,984	-	547,984	34,231	7%
Vanceboro	122,337	130,639	-	130,639	-	130,639	8,302	7%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Craven Co.	15,934,170	17,751,259	-	17,751,259	5,656,426	23,407,685	7,473,514	47%
Bridgeton	168,572	184,085	-	184,085	-	184,085	15,513	9%
Cove City	13,116	14,287	-	14,287	-	14,287	1,170	9%
Dover	23,594	25,563	-	25,563	-	25,563	1,969	8%
Havelock	2,175,055	2,384,074	-	2,384,074	-	2,384,074	209,019	10%
New Bern	6,478,283	7,111,259	-	7,111,259	-	7,111,259	632,976	10%
River Bend	428,934	468,866	-	468,866	-	468,866	39,932	9%
Trent Woods	532,615	582,661	-	582,661	-	582,661	50,045	9%
Vanceboro	126,828	138,910	-	138,910	-	138,910	12,082	10%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Craven County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Craven Co.	16,531,161	18,908,973	-	18,908,973	5,854,401	24,763,374	8,232,213	50%
Bridgeton	174,759	194,721	-	194,721	-	194,721	19,962	11%
Cove City	13,598	15,112	-	15,112	-	15,112	1,515	11%
Dover	24,460	27,006	-	27,006	-	27,006	2,546	10%
Havelock	2,254,837	2,521,838	-	2,521,838	-	2,521,838	267,001	12%
New Bern	6,715,839	7,521,817	-	7,521,817	-	7,521,817	805,979	12%
River Bend	444,673	495,920	-	495,920	-	495,920	51,247	12%
Trent Woods	552,156	616,286	-	616,286	-	616,286	64,130	12%
Vanceboro	131,481	146,930	-	146,930	-	146,930	15,449	12%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Cumberland County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Cumberland Co.	350,615,484	44,729,126	13%	46,222,515	47,787,350	48,659,114
Eastover		595,345		615,390	636,423	649,382
Falcon *		50,976		52,738	54,540	55,651
Fayetteville		33,602,724		34,722,882	35,909,682	36,640,902
Godwin		22,649		23,407	24,207	24,700
Hope Mills		2,512,905		2,598,465	2,687,272	2,741,992
Linden		20,930		21,620	22,359	22,814
Spring Lake		1,901,853		1,962,134	2,029,209	2,070,529
Stedman		169,728		175,557	181,557	185,254
Wade		91,228		94,281	97,504	99,489

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cumberland Co.	49,364,852	42,006,811	9,404,965	51,411,776	8,425,203	59,836,979	10,472,127	21%
Eastover	657,707	686,427	-	686,427	-	686,427	28,720	4%
Falcon *	56,660	58,856	-	58,856	-	58,856	2,195	4%
Fayetteville	37,118,056	38,723,867	-	38,723,867	-	38,723,867	1,605,810	4%
Godwin	24,951	26,106	-	26,106	-	26,106	1,156	5%
Hope Mills	2,782,154	2,899,034	-	2,899,034	-	2,899,034	116,879	4%
Linden	23,080	24,106	-	24,106	-	24,106	1,026	4%
Spring Lake	2,107,884	2,186,209	-	2,186,209	-	2,186,209	78,325	4%
Stedman	187,846	195,896	-	195,896	-	195,896	8,050	4%
Wade	100,650	105,153	-	105,153	-	105,153	4,502	4%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cumberland Co.	51,039,292	43,711,978	9,766,738	53,478,716	8,720,085	62,198,801	11,159,509	22%
Eastover	680,129	714,444	-	714,444	-	714,444	34,315	5%
Falcon *	58,590	61,288	-	61,288	-	61,288	2,698	5%
Fayetteville	38,383,437	40,297,068	-	40,297,068	-	40,297,068	1,913,631	5%
Godwin	25,802	27,169	-	27,169	-	27,169	1,368	5%
Hope Mills	2,876,977	3,017,985	-	3,017,985	-	3,017,985	141,008	5%
Linden	23,867	25,080	-	25,080	-	25,080	1,213	5%
Spring Lake	2,179,718	2,272,982	-	2,272,982	-	2,272,982	93,264	4%
Stedman	194,249	203,967	-	203,967	-	203,967	9,718	5%
Wade	104,082	109,433	-	109,433	-	109,433	5,351	5%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Cumberland Co.	52,770,997	45,399,942	10,140,159	55,540,101	9,025,288	64,565,390	11,794,393	22%
Eastover	703,320	742,553	-	742,553	-	742,553	39,233	6%
Falcon *	60,587	63,731	-	63,731	-	63,731	3,144	5%
Fayetteville	39,692,257	41,874,886	-	41,874,886	-	41,874,886	2,182,630	5%
Godwin	26,682	28,235	-	28,235	-	28,235	1,554	6%
Hope Mills	2,975,055	3,137,372	-	3,137,372	-	3,137,372	162,316	5%
Linden	24,681	26,057	-	26,057	-	26,057	1,376	6%
Spring Lake	2,254,017	2,359,859	-	2,359,859	-	2,359,859	105,843	5%
Stedman	200,871	212,069	-	212,069	-	212,069	11,199	6%
Wade	107,631	113,726	-	113,726	-	113,726	6,094	6%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Cumberland County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Add'l Under Sen. Plan	**Total Potential Revenue**		
Cumberland Co.	54,562,830	47,066,159	10,524,744	57,590,904	9,341,173	66,932,077	12,369,247	23%
Eastover	727,318	770,692	-	770,692	-	770,692	43,375	6%
Falcon *	62,653	66,167	-	66,167	-	66,167	3,514	6%
Fayetteville	41,046,581	43,456,472	-	43,456,472	-	43,456,472	2,409,891	6%
Godwin	27,592	29,303	-	29,303	-	29,303	1,711	6%
Hope Mills	3,076,543	3,256,708	-	3,256,708	-	3,256,708	180,165	6%
Linden	25,523	27,037	-	27,037	-	27,037	1,514	6%
Spring Lake	2,330,899	2,447,528	-	2,447,528	-	2,447,528	116,629	5%
Stedman	207,723	220,159	-	220,159	-	220,159	12,436	6%
Wade	111,304	118,027	-	118,027	-	118,027	6,723	6%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Currituck County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Currituck Co.	71,759,490	7,936,554	11%	8,244,598	8,537,651	8,711,501

	Current Law (All Articles)	PROPOSED SENATE PLAN* Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue	Change From Current Law to Total Potential Revenue	
FY 2016-17	8,825,434	8,725,803	-	8,725,803	2,264,279	10,990,082	2,164,649	25%
FY 2017-18	9,135,368	8,532,799	-	8,532,799	2,343,529	10,876,328	1,740,960	19%
FY 2018-19	9,454,975	8,303,352	-	8,303,352	2,425,552	10,728,904	1,273,929	13%
FY 2019-20	9,784,747	8,233,941	-	8,233,941	2,510,447	10,744,388	959,640	10%

* Distribution as follows:

FY 2016-17: 40% Per Capita; 60% Point of Collection.
FY 2017-18: 55% Per Capita; 45% Point of Collection.
FY 2018-19: 70% Per Capita; 30% Point of Collection.
FY 2019-20: 80% Per Capita; 20% Point of Collection.

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Dare County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Dare Co.	125,609,630	16,287,979	13%	16,797,791	17,387,970	17,742,037
Duck		815,324		840,994	870,539	888,266
Kill Devil Hills		1,893,551		1,954,979	2,023,661	2,064,868
Kitty Hawk		869,245		897,466	928,996	947,913
Manteo		528,914		545,963	565,143	576,651
Nags Head		2,213,311		2,283,083	2,363,291	2,411,415
Southern Shr.		965,031		983,304	1,017,844	1,038,570

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Dare Co.	18,102,438	15,831,157	-	15,831,157	7,135,673	22,966,830	4,864,391	27%
Duck	919,455	799,486	-	799,486	-	799,486	(119,969)	(13%)
Kill Devil Hills	2,089,144	1,858,737	-	1,858,737	-	1,858,737	(230,408)	(11%)
Kitty Hawk	968,743	853,288	-	853,288	-	853,288	(115,455)	(12%)
Manteo	587,668	519,070	-	519,070	-	519,070	(68,598)	(12%)
Nags Head	2,449,787	2,170,412	-	2,170,412	-	2,170,412	(279,375)	(11%)
Southern Shores	1,049,826	930,331	-	930,331	-	930,331	(119,495)	(11%)

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Dare Co.	18,733,195	14,013,903	-	14,013,903	7,385,421	21,399,324	2,666,129	14%
Duck	951,485	714,733	-	714,733	-	714,733	(236,752)	(25%)
Kill Devil Hills	2,161,969	1,662,562	-	1,662,562	-	1,662,562	(499,407)	(23%)
Kitty Hawk	1,002,502	763,241	-	763,241	-	763,241	(239,261)	(24%)
Manteo	608,149	464,234	-	464,234	-	464,234	(143,915)	(24%)
Nags Head	2,535,175	1,940,372	-	1,940,372	-	1,940,372	(594,804)	(23%)
Southern Shores	1,086,439	821,735	-	821,735	-	821,735	(264,704)	(24%)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Dare Co.	19,384,403	12,008,836	-	12,008,836	7,643,911	19,652,747	268,343	1%
Duck	984,550	621,089	-	621,089	-	621,089	(363,461)	(37%)
Kill Devil Hills	2,237,174	1,445,783	-	1,445,783	-	1,445,783	(791,391)	(35%)
Kitty Hawk	1,037,358	663,735	-	663,735	-	663,735	(373,623)	(36%)
Manteo	629,297	403,640	-	403,640	-	403,640	(225,657)	(36%)
Nags Head	2,623,348	1,686,196	-	1,686,196	-	1,686,196	(937,153)	(36%)
Southern Shores	1,124,258	702,001	-	702,001	-	702,001	(422,257)	(38%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Dare Co.	20,057,006	10,697,306	-	10,697,306	7,911,448	18,608,754	(1,448,252)	(7%)
Duck	1,018,698	560,555	-	560,555	-	560,555	(458,143)	(45%)
Kill Devil Hills	2,314,865	1,305,740	-	1,305,740	-	1,305,740	(1,009,124)	(44%)
Kitty Hawk	1,073,362	599,455	-	599,455	-	599,455	(473,907)	(44%)
Manteo	651,142	364,490	-	364,490	-	364,490	(286,652)	(44%)
Nags Head	2,714,432	1,521,896	-	1,521,896	-	1,521,896	(1,192,537)	(44%)
Southern Shores	1,163,337	623,582	-	623,582	-	623,582	(539,754)	(46%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Davidson County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Davidson Co.	150,435,020	17,085,271	11%	17,551,817	20,647,911	21,053,925
Denton		267,818		275,684	284,798	290,598
High Point *		906,886		935,612	966,533	986,214
Lexington		3,096,487		3,187,508	3,292,893	3,359,946
Midway		777,126		800,609	827,074	843,916
Thomasville *		4,388,550		4,520,469	4,669,907	4,764,999
Wallburg		505,917		521,194	538,423	549,387

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Davidson Co.	18,666,933	21,206,772	2,719,120	23,925,893	2,625,619	26,551,512	7,884,579	42%
Denton	294,051	323,152	-	323,152	-	323,152	29,102	10%
High Point *	1,003,353	1,097,978	-	1,097,978	-	1,097,978	94,626	9%
Lexington	3,399,005	3,736,398	-	3,736,398	-	3,736,398	337,393	10%
Midway	854,500	938,861	-	938,861	-	938,861	84,361	10%
Thomasville *	4,824,782	5,300,664	-	5,300,664	-	5,300,664	475,883	10%
Wallburg	556,429	611,189	-	611,189	-	611,189	54,760	10%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Davidson Co.	19,259,824	23,730,228	2,837,481	26,567,710	2,717,516	29,285,226	10,025,402	52%
Denton	303,746	352,611	-	352,611	-	352,611	48,864	16%
High Point *	1,036,389	1,199,287	-	1,199,287	-	1,199,287	162,898	16%
Lexington	3,511,084	4,077,048	-	4,077,048	-	4,077,048	565,964	16%
Midway	882,667	1,024,830	-	1,024,830	-	1,024,830	142,163	16%
Thomasville *	4,983,829	5,785,629	-	5,785,629	-	5,785,629	801,801	16%
Wallburg	574,771	667,148	-	667,148	-	667,148	92,378	16%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Davidson Co.	19,871,947	26,338,109	2,961,573	29,299,682	2,812,629	32,112,311	12,240,364	62%
Denton	313,766	383,042	-	383,042	-	383,042	69,275	22%
High Point *	1,070,529	1,303,987	-	1,303,987	-	1,303,987	233,458	22%
Lexington	3,626,913	4,428,950	-	4,428,950	-	4,428,950	802,038	22%
Midway	911,777	1,113,653	-	1,113,653	-	1,113,653	201,876	22%
Thomasville *	5,148,195	6,286,678	-	6,286,678	-	6,286,678	1,138,483	22%
Wallburg	593,725	724,964	-	724,964	-	724,964	131,239	22%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Davidson Co.	20,504,987	28,425,577	3,087,646	31,513,223	2,911,071	34,424,294	13,919,308	68%
Denton	324,132	408,525	-	408,525	-	408,525	84,393	26%
High Point *	1,105,847	1,391,521	-	1,391,521	-	1,391,521	285,674	26%
Lexington	3,746,738	4,723,626	-	4,723,626	-	4,723,626	976,888	26%
Midway	941,891	1,187,988	-	1,187,988	-	1,187,988	246,098	26%
Thomasville *	5,318,232	6,706,049	-	6,706,049	-	6,706,049	1,387,817	26%
Wallburg	613,333	773,351	-	773,351	-	773,351	160,018	26%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Davie County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Davie Co.	52,979,645	5,813,140	11%	5,993,372	6,189,552	6,315,589
Bermuda Run		484,234		499,994	516,685	527,206
Cooleemee		186,032		191,972	198,381	202,421
Mocksville		988,007		1,019,842	1,053,890	1,075,350

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Davie Co.	6,372,283	7,071,556	-	7,071,556	1,758,603	8,830,159	2,457,876	39%
Bermuda Run	533,357	580,686	-	580,686	-	580,686	47,329	9%
Cooleemee	204,727	222,874	-	222,874	-	222,874	18,147	9%
Mocksville	1,087,233	1,184,207	-	1,184,207	-	1,184,207	96,975	9%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Davie Co.	6,580,356	7,707,975	-	7,707,975	1,820,154	9,528,129	2,947,773	45%
Bermuda Run	551,118	625,497	-	625,497	-	625,497	74,379	13%
Cooleemee	211,546	240,002	-	240,002	-	240,002	28,456	13%
Mocksville	1,123,444	1,275,391	-	1,275,391	-	1,275,391	151,947	14%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Davie Co.	6,795,486	8,361,903	-	8,361,903	1,883,859	10,245,762	3,450,276	51%
Bermuda Run	569,487	671,573	-	671,573	-	671,573	102,086	18%
Cooleemee	218,597	257,610	-	257,610	-	257,610	39,012	18%
Mocksville	1,160,894	1,369,140	-	1,369,140	-	1,369,140	208,246	18%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Davie Co.	7,017,837	8,905,066	-	8,905,066	1,949,794	10,854,860	3,837,023	55%
Bermuda Run	588,480	711,149	-	711,149	-	711,149	122,669	21%
Cooleemee	225,889	272,744	-	272,744	-	272,744	46,855	21%
Mocksville	1,199,617	1,449,691	-	1,449,691	-	1,449,691	250,075	21%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Duplin County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Duplin Co.	72,256,330	7,818,723	11%	8,040,432	8,307,666	8,474,409
Beulaville		240,286		247,692	256,069	261,284
Calypso		100,142		103,247	106,739	108,913
Faison		179,242		184,662	190,907	194,795
Greenevers		117,443		121,058	125,152	127,701
Harrells *		4,308		4,452	4,603	4,696
Kenansville		155,287		159,830	165,236	168,601
Magnolia		174,137		179,457	185,526	189,304
Mount Olive *		9,470		9,749	10,079	10,284
Rose Hill		302,436		311,760	322,304	328,867
Teachey		69,743		71,850	74,280	75,792
Wallace *		718,544		740,287	765,325	780,909
Warsaw		562,249		579,248	598,839	611,033

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Duplin Co.	8,593,121	8,632,930	936,749	9,569,678	890,068	10,459,746	1,866,625	22%
Beulaville	265,669	289,381	-	289,381	-	289,381	23,713	9%
Calypso	110,601	120,635	-	120,635	-	120,635	10,034	9%
Faison	197,859	215,684	-	215,684	-	215,684	17,825	9%
Greenevers	129,697	141,430	-	141,430	-	141,430	11,734	9%
Harrells *	4,760	5,208	-	5,208	-	5,208	448	9%
Kenansville	170,579	186,598	-	186,598	-	186,598	16,018	9%
Magnolia	192,293	209,635	-	209,635	-	209,635	17,342	9%
Mount Olive *	10,476	11,383	-	11,383	-	11,383	907	9%
Rose Hill	334,222	364,233	-	364,233	-	364,233	30,011	9%
Teachey	76,926	83,919	-	83,919	-	83,919	6,992	9%
Wallace *	792,302	864,661	-	864,661	-	864,661	72,359	9%
Warsaw	620,171	676,559	-	676,559	-	676,559	56,388	9%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Duplin Co.	8,878,635	9,793,007	979,314	10,772,321	921,220	11,693,541	2,814,906	32%
Beulaville	274,627	319,113	-	319,113	-	319,113	44,486	16%
Calypso	114,331	133,039	-	133,039	-	133,039	18,709	16%
Faison	204,532	237,786	-	237,786	-	237,786	33,254	16%
Greenevers	134,070	155,959	-	155,959	-	155,959	21,888	16%
Harrells *	4,921	5,749	-	5,749	-	5,749	828	17%
Kenansville	176,335	205,635	-	205,635	-	205,635	29,300	17%
Magnolia	198,778	231,148	-	231,148	-	231,148	32,370	16%
Mount Olive *	10,829	12,546	-	12,546	-	12,546	1,716	16%
Rose Hill	345,492	401,655	-	401,655	-	401,655	56,164	16%
Teachey	79,521	92,517	-	92,517	-	92,517	12,996	16%
Wallace *	819,025	953,274	-	953,274	-	953,274	134,249	16%
Warsaw	641,087	745,887	-	745,887	-	745,887	104,800	16%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Duplin County (cont'd)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Duplin Co.	9,173,752	11,011,270	1,024,269	12,035,540	953,463	12,989,002	3,815,250	42%
Beulaville	283,889	350,262	-	350,262	-	350,262	66,373	23%
Calypso	118,187	146,036	-	146,036	-	146,036	27,848	24%
Faison	211,432	260,940	-	260,940	-	260,940	49,509	23%
Greenevers	138,593	171,180	-	171,180	-	171,180	32,587	24%
Harrells *	5,087	6,316	-	6,316	-	6,316	1,229	24%
Kenansville	182,286	225,577	-	225,577	-	225,577	43,290	24%
Magnolia	205,483	253,685	-	253,685	-	253,685	48,202	23%
Mount Olive *	11,195	13,764	-	13,764	-	13,764	2,569	23%
Rose Hill	357,145	440,863	-	440,863	-	440,863	83,718	23%
Teachey	82,204	101,525	-	101,525	-	101,525	19,321	24%
Wallace *	846,658	1,046,108	-	1,046,108	-	1,046,108	199,451	24%
Warsaw	662,716	818,517	-	818,517	-	818,517	155,801	24%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Duplin Co.	9,479,249	11,996,984	1,069,858	13,066,842	986,834	14,053,676	4,574,427	48%
Beulaville	293,478	376,393	-	376,393	-	376,393	82,915	28%
Calypso	122,180	156,937	-	156,937	-	156,937	34,757	28%
Faison	218,574	280,370	-	280,370	-	280,370	61,796	28%
Greenevers	143,274	183,948	-	183,948	-	183,948	40,674	28%
Harrells *	5,258	6,791	-	6,791	-	6,791	1,533	29%
Kenansville	188,447	242,320	-	242,320	-	242,320	53,873	29%
Magnolia	212,424	272,594	-	272,594	-	272,594	60,170	28%
Mount Olive *	11,573	14,786	-	14,786	-	14,786	3,213	28%
Rose Hill	369,208	473,753	-	473,753	-	473,753	104,544	28%
Teachey	84,981	109,084	-	109,084	-	109,084	24,103	28%
Wallace *	875,261	1,124,007	-	1,124,007	-	1,124,007	248,746	28%
Warsaw	685,104	879,463	-	879,463	-	879,463	194,359	28%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Durham County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Durham Co.	444,054,887	70,485,568	16%	73,082,675	75,706,563	76,849,786
Chapel Hill *		594,866		619,517	642,239	655,317
Durham *		45,275,677		46,927,608	48,647,254	49,637,845
Morrisville *		-		-	-	-
Raleigh *		221,085		229,405	237,813	242,656

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Durham Co.	78,612,996	42,060,642	35,366,700	77,427,342	-	77,427,342	(1,185,654)	(2%)
Chapel Hill *	669,187	655,678	-	655,678	-	655,678	(13,509)	(2%)
Durham *	50,567,237	49,539,693	-	49,539,693	-	49,539,693	(1,027,544)	(2%)
Morrisville *	-	-	-	-	-	-	-	-
Raleigh *	249,239	242,319	-	242,319	-	242,319	(6,921)	(3%)

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Durham Co.	81,451,819	41,964,202	36,684,510	78,648,711	-	78,648,711	(2,803,108)	(3%)
Chapel Hill *	693,614	664,168	-	664,168	-	664,168	(29,446)	(4%)
Durham *	52,410,742	50,016,621	-	50,016,621	-	50,016,621	(2,394,121)	(5%)
Morrisville *	-	-	-	-	-	-	-	-
Raleigh *	258,340	244,839	-	244,839	-	244,839	(13,501)	(5%)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Durham Co.	84,390,450	41,864,531	38,039,565	79,904,095	-	79,904,095	(4,486,355)	(5%)
Chapel Hill *	718,900	673,038	-	673,038	-	673,038	(45,862)	(6%)
Durham *	54,319,148	50,507,351	-	50,507,351	-	50,507,351	(3,811,798)	(7%)
Morrisville *	-	-	-	-	-	-	-	-
Raleigh *	267,761	247,443	-	247,443	-	247,443	(20,318)	(8%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Durham Co.	87,433,462	42,438,261	39,443,828	81,882,089	-	81,882,089	(5,551,373)	(6%)
Chapel Hill *	745,089	689,166	-	689,166	-	689,166	(55,924)	(8%)
Durham *	56,295,637	51,589,923	-	51,589,923	-	51,589,923	(4,705,714)	(8%)
Morrisville *	-	-	-	-	-	-	-	-
Raleigh *	277,518	252,894	-	252,894	-	252,894	(24,625)	(9%)

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Edgecombe County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Edgecombe Co.	Not Available	5,191,692	Not Available	5,305,751	5,460,336	5,563,770
Conetoe		41,811		42,912	44,258	45,159
Leggett		8,536		8,753	9,028	9,212
Macclesfield		67,031		68,799	70,956	72,401
Pinetops		194,763		199,896	206,164	210,362
Princeville		304,778		313,217	323,033	329,611
Rocky Mount *		2,472,084		2,534,250	2,613,746	2,666,969
Sharpsburg *		29,829		30,581	31,540	32,183
Speed		11,413		11,708	12,075	12,321
Tarboro		1,622,394		1,665,192	1,717,405	1,752,376
Whitakers *		56,819		58,312	60,140	61,365

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Edgecombe Co.	5,631,705	5,415,638	902,929	6,318,567	879,861	7,198,428	1,566,724	28%
Conetoe	45,677	49,929	-	49,929	-	49,929	4,252	9%
Leggett	9,373	10,181	-	10,181	-	10,181	807	9%
Macclesfield	73,359	80,050	-	80,050	-	80,050	6,691	9%
Pinetops	212,987	232,585	-	232,585	-	232,585	19,598	9%
Princeville	335,324	364,660	-	364,660	-	364,660	29,336	9%
Rocky Mount *	2,700,450	2,947,043	-	2,947,043	-	2,947,043	246,593	9%
Sharpsburg *	32,530	35,563	-	35,563	-	35,563	3,034	9%
Speed	12,523	13,619	-	13,619	-	13,619	1,096	9%
Tarboro	1,776,762	1,937,524	-	1,937,524	-	1,937,524	160,762	9%
Whitakers *	62,097	67,845	-	67,845	-	67,845	5,747	9%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Edgecombe Co.	5,798,436	6,091,607	941,108	7,032,715	910,656	7,943,371	2,144,935	37%
Conetoe	47,118	54,326	-	54,326	-	54,326	7,208	15%
Leggett	9,669	11,073	-	11,073	-	11,073	1,404	15%
Macclesfield	75,673	87,101	-	87,101	-	87,101	11,428	15%
Pinetops	219,707	253,069	-	253,069	-	253,069	33,362	15%
Princeville	345,883	397,004	-	397,004	-	397,004	51,121	15%
Rocky Mount *	2,785,683	3,204,909	-	3,204,909	-	3,204,909	419,226	15%
Sharpsburg *	33,557	38,676	-	38,676	-	38,676	5,119	15%
Speed	12,918	14,815	-	14,815	-	14,815	1,897	15%
Tarboro	1,832,795	2,108,186	-	2,108,186	-	2,108,186	275,391	15%
Whitakers *	64,057	73,817	-	73,817	-	73,817	9,760	15%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Edgecombe Co.	5,974,551	6,786,246	981,035	7,767,281	942,529	8,709,810	2,735,259	46%
Conetoe	48,629	58,848	-	58,848	-	58,848	10,219	21%
Leggett	9,978	11,990	-	11,990	-	11,990	2,012	20%
Macclesfield	78,098	94,352	-	94,352	-	94,352	16,255	21%
Pinetops	226,748	274,135	-	274,135	-	274,135	47,387	21%
Princeville	356,949	430,277	-	430,277	-	430,277	73,328	21%
Rocky Mount *	2,874,983	3,470,037	-	3,470,037	-	3,470,037	595,054	21%
Sharpsburg *	34,633	41,877	-	41,877	-	41,877	7,244	21%
Speed	13,332	16,045	-	16,045	-	16,045	2,713	20%
Tarboro	1,891,507	2,283,700	-	2,283,700	-	2,283,700	392,193	21%
Whitakers *	66,110	79,959	-	79,959	-	79,959	13,849	21%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Edgecombe County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% ~~Point of Collection~~					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Add'l Under Sen. Plan	Total Potential Revenue		
Edgecombe Co.	6,153,325	7,311,576	1,021,555	8,333,131	975,518	9,308,648	3,155,323	51%
Conetoe	50,174	62,523		62,523	-	62,523	12,349	25%
Leggett	10,295	12,736	-	12,736	-	12,736	2,441	24%
Macclesfield	80,578	100,246	-	100,246	-	100,246	19,668	24%
Pinetops	233,951	291,256	-	291,256	-	291,256	57,306	24%
Princeville	368,266	457,296	-	457,296	-	457,296	89,029	24%
Rocky Mount *	2,966,337	3,685,685	-	3,685,685	-	3,685,685	719,348	24%
Sharpsburg *	35,734	44,480	-	44,480	-	44,480	8,746	24%
Speed	13,755	17,045	-	17,045	-	17,045	3,290	24%
Tarboro	1,951,564	2,426,340	-	2,426,340	-	2,426,340	474,776	24%
Whitakers *	68,211	84,951	-	84,951	-	84,951	16,741	25%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Forsyth County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Forsyth Co.	390,166,613	51,454,878	13%	53,242,191	55,064,782	56,186,052
Bethania		31,089		32,161	33,268	33,946
Clemmons		679,857		703,574	727,804	742,624
High Point *		3,978		4,110	4,251	4,338
Kernersville *		3,580,202		3,704,784	3,832,373	3,910,410
King *		76,255		78,878	81,595	83,256
Lewisville		669,847		693,190	717,063	731,664
Rural Hall		270,639		280,025	289,668	295,567
Tobaccoville *		27,317		28,266	29,240	29,835
Walkertown		246,910		255,530	264,330	269,713
Winston-Salem		30,260,022		31,335,141	32,414,228	33,074,270

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Forsyth Co.	56,839,730	59,273,832	-	59,273,832	23,254,237	82,528,069	25,688,339	45%
Bethania	33,778	35,790	-	35,790	-	35,790	2,012	6%
Clemmons	747,007	783,160	-	783,160	-	783,160	36,153	5%
High Point *	4,335	4,570	-	4,570	-	4,570	236	5%
Kernersville *	3,961,629	4,123,645	-	4,123,645	-	4,123,645	162,016	4%
King *	84,483	87,776	-	87,776	-	87,776	3,292	4%
Lewisville	731,943	771,585	-	771,585	-	771,585	39,643	5%
Rural Hall	304,943	311,662	-	311,662	-	311,662	6,719	2%
Tobaccoville *	29,985	31,461	-	31,461	-	31,461	1,476	5%
Walkertown	268,511	284,440	-	284,440	-	284,440	15,929	6%
Winston-Salem	33,529,198	34,892,791	-	34,892,791	-	34,892,791	1,363,593	4%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Forsyth Co.	58,772,268	60,649,365	-	60,649,365	24,068,136	84,717,500	25,945,233	44%
Bethania	34,936	36,769	-	36,769	-	36,769	1,833	5%
Clemmons	772,604	804,793	-	804,793	-	804,793	32,189	4%
High Point *	4,483	4,692	-	4,692	-	4,692	209	5%
Kernersville *	4,097,286	4,237,333	-	4,237,333	-	4,237,333	140,047	3%
King *	87,376	90,175	-	90,175	-	90,175	2,799	3%
Lewisville	757,036	792,881	-	792,881	-	792,881	35,845	5%
Rural Hall	315,368	320,233	-	320,233	-	320,233	4,865	2%
Tobaccoville *	31,012	32,327	-	32,327	-	32,327	1,315	4%
Walkertown	277,720	292,301	-	292,301	-	292,301	14,580	5%
Winston-Salem	34,677,190	35,869,869	-	35,869,869	-	35,869,869	1,192,679	3%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Forsyth Co.	60,767,422	61,927,418	-	61,927,418	24,910,520	86,837,938	26,070,516	43%
Bethania	36,134	37,715	-	37,715	-	37,715	1,582	4%
Clemmons	799,047	825,705	-	825,705	-	825,705	26,657	3%
High Point *	4,637	4,809	-	4,809	-	4,809	172	4%
Kernersville *	4,237,426	4,347,210	-	4,347,210	-	4,347,210	109,783	3%
King *	90,364	92,491	-	92,491	-	92,491	2,127	2%
Lewisville	782,961	813,466	-	813,466	-	813,466	30,505	4%
Rural Hall	326,136	328,513	-	328,513	-	328,513	2,378	1%
Tobaccoville *	32,074	33,164	-	33,164	-	33,164	1,090	3%
Walkertown	287,236	299,900	-	299,900	-	299,900	12,665	4%
Winston-Salem	35,863,107	36,815,847	-	36,815,847	-	36,815,847	952,740	3%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Forsyth County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Forsyth Co.	62,828,433	63,469,408	-	63,469,408	25,782,389	89,251,797	26,423,364	42%
Bethania	37,371	38,795	-	38,795	-	38,795	1,424	4%
Clemmons	826,378	849,497	-	849,497	-	849,497	23,118	3%
High Point *	4,796	4,944	-	4,944	-	4,944	149	3%
Kernersville *	4,382,262	4,472,312	-	4,472,312	-	4,472,312	90,050	2%
King *	93,452	95,137	-	95,137	-	95,137	1,685	2%
Lewisville	809,757	836,892	-	836,892	-	836,892	27,136	3%
Rural Hall	337,263	337,951	-	337,951	-	337,951	688	0%
Tobaccoville *	33,171	34,118	-	34,118	-	34,118	947	3%
Walkertown	297,071	308,545	-	308,545	-	308,545	11,474	4%
Winston-Salem	37,088,746	37,886,387	-	37,886,387	-	37,886,387	797,641	2%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Franklin County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Franklin Co.	85,156,940	7,993,551	9%	8,302,521	8,598,216	8,773,300
Bunn		47,673		49,457	51,210	52,253
Centerville		-		-	-	-
Franklinton		222,593		230,875	239,057	243,925
Louisburg		440,321		457,379	473,589	483,233
Wake Forest *		96,405		100,079	103,625	105,735
Youngsville		249,635		259,382	268,575	274,044

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Franklin Co.	8,900,087	10,302,112	-	10,302,112	1,824,572	12,126,684	3,226,597	36%
Bunn	52,587	59,309	-	59,309	-	59,309	6,722	13%
Centerville	-	-	-	-	-	-	-	-
Franklinton	243,132	276,829	-	276,829	-	276,829	33,697	14%
Louisburg	486,259	548,856	-	548,856	-	548,856	62,597	13%
Wake Forest *	108,017	120,055	-	120,055	-	120,055	12,038	11%
Youngsville	277,993	311,308	-	311,308	-	311,308	33,316	12%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Franklin Co.	9,216,738	11,972,997	-	11,972,997	1,888,432	13,861,429	4,644,691	50%
Bunn	54,448	66,767	-	66,767	-	66,767	12,319	23%
Centerville	-	-	-	-	-	-	-	-
Franklinton	251,732	311,612	-	311,612	-	311,612	59,880	24%
Louisburg	503,465	618,213	-	618,213	-	618,213	114,748	23%
Wake Forest *	111,841	135,190	-	135,190	-	135,190	23,349	21%
Youngsville	287,832	350,692	-	350,692	-	350,692	62,860	22%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Franklin Co.	9,543,596	13,763,242	-	13,763,242	1,954,527	15,717,769	6,174,173	65%
Bunn	56,370	74,729	-	74,729	-	74,729	18,359	33%
Centerville	-	-	-	-	-	-	-	-
Franklinton	260,618	348,743	-	348,743	-	348,743	88,125	34%
Louisburg	521,241	692,258	-	692,258	-	692,258	171,017	33%
Wake Forest *	115,791	151,348	-	151,348	-	151,348	35,557	31%
Youngsville	297,996	392,738	-	392,738	-	392,738	94,742	32%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Franklin Co.	9,881,919	15,230,065	-	15,230,065	2,022,936	17,253,001	7,371,082	75%
Bunn	58,360	81,413	-	81,413	-	81,413	23,053	40%
Centerville	-	-	-	-	-	-	-	-
Franklinton	269,815	379,916	-	379,916	-	379,916	110,101	41%
Louisburg	539,641	754,384	-	754,384	-	754,384	214,743	40%
Wake Forest *	119,880	164,908	-	164,908	-	164,908	45,028	38%
Youngsville	308,517	428,011	-	428,011	-	428,011	119,494	39%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Gaston County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Gaston Co.	243,367,169	28,578,013	12%	29,436,248	30,438,537	31,058,349
Belmont		1,680,746		1,734,432	1,794,020	1,830,551
Bessemer City		457,888		472,212	488,436	498,382
Cherryville		532,280		549,170	568,038	579,604
Cramerton		647,732		668,200	691,158	705,231
Dallas		314,778		324,796	335,955	342,796
Gastonia		8,784,223		9,064,626	9,376,050	9,566,972
High Shoals *		40,034		41,306	42,725	43,595
Kings Mtn *		175,198		180,769	186,980	190,787
Lowell		333,971		344,524	356,360	363,617
McAdenville		105,198		108,626	112,357	114,645
Mount Holly		1,845,682		1,899,740	1,965,020	2,005,034
Ranlo		218,570		225,537	233,285	238,036
Spencer Mtn.		62		50	52	53
Stanley		427,887		441,482	456,649	465,948

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Gaston Co.	31,568,530	33,307,766	-	33,307,766	10,882,833	44,190,599	12,622,068	40%
Belmont	1,851,197	1,953,053	-	1,953,053	-	1,953,053	101,857	6%
Bessemer City	503,440	531,549	-	531,549	-	531,549	28,109	6%
Cherryville	584,097	618,324	-	618,324	-	618,324	34,227	6%
Cramerton	707,388	752,291	-	752,291	-	752,291	44,903	6%
Dallas	347,553	365,714	-	365,714	-	365,714	18,161	5%
Gastonia	9,698,190	10,207,094	-	10,207,094	-	10,207,094	508,904	5%
High Shoals *	43,620	46,508	-	46,508	-	46,508	2,888	7%
Kings Mtn *	192,358	203,540	-	203,540	-	203,540	11,182	6%
Lowell	365,695	387,880	-	387,880	-	387,880	22,186	6%
McAdenville	115,514	122,359	-	122,359	-	122,359	6,844	6%
Mount Holly	2,023,555	2,136,214	-	2,136,214	-	2,136,214	112,659	6%
Ranlo	239,907	253,957	-	253,957	-	253,957	14,049	6%
Spencer Mtn.	54	48	-	48	-	48	(6)	(11%)
Stanley	470,176	497,085	-	497,085	-	497,085	26,910	6%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Gaston Co.	32,641,180	35,349,081	-	35,349,081	11,263,732	46,612,812	13,971,632	43%
Belmont	1,914,682	2,061,510	-	2,061,510	-	2,061,510	146,828	8%
Bessemer City	520,707	560,867	-	560,867	-	560,867	40,159	8%
Cherryville	604,133	652,586	-	652,586	-	652,586	48,453	8%
Cramerton	731,663	793,921	-	793,921	-	793,921	62,258	9%
Dallas	359,469	385,998	-	385,998	-	385,998	26,529	7%
Gastonia	10,030,724	10,773,793	-	10,773,793	-	10,773,793	743,069	7%
High Shoals *	45,117	49,087	-	49,087	-	49,087	3,970	9%
Kings Mtn *	198,956	214,826	-	214,826	-	214,826	15,871	8%
Lowell	378,241	409,345	-	409,345	-	409,345	31,103	8%
McAdenville	119,477	129,198	-	129,198	-	129,198	9,721	8%
Mount Holly	2,092,975	2,251,608	-	2,251,608	-	2,251,608	158,633	8%
Ranlo	248,137	268,050	-	268,050	-	268,050	19,913	8%
Spencer Mtn.	56	42	-	42	-	42	(14)	(26%)
Stanley	486,303	524,641	-	524,641	-	524,641	38,338	8%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Gaston County (cont'd)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Gaston Co.	33,750,321	37,448,050	-	37,448,050	11,657,962	49,106,012	15,355,691	45%
Belmont	1,980,347	2,173,132	-	2,173,132	-	2,173,132	192,786	10%
Bessemer City	538,567	591,031	-	591,031	-	591,031	52,464	10%
Cherryville	624,858	687,846	-	687,846	-	687,846	62,988	10%
Cramerton	756,771	836,760	-	836,760	-	836,760	79,988	11%
Dallas	371,795	406,874	-	406,874	-	406,874	35,079	9%
Gastonia	10,374,672	11,357,031	-	11,357,031	-	11,357,031	982,360	9%
High Shoals *	46,666	51,740	-	51,740	-	51,740	5,074	11%
Kings Mtn *	205,781	226,442	-	226,442	-	226,442	20,661	10%
Lowell	391,219	431,432	-	431,432	-	431,432	40,213	10%
McAdenville	123,575	136,238	-	136,238	-	136,238	12,663	10%
Mount Holly	2,164,779	2,370,214	-	2,370,214	-	2,370,214	205,436	9%
Ranlo	256,649	282,554	-	282,554	-	282,554	25,905	10%
Spencer Mtn.	58	34	-	34	-	34	(23)	(40%)
Stanley	502,984	552,999	-	552,999	-	552,999	50,016	10%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Gaston Co.	34,898,216	39,358,601	-	39,358,601	12,065,991	51,424,592	16,526,377	47%
Belmont	2,048,307	2,277,622	-	2,277,622	-	2,277,622	229,315	11%
Bessemer City	557,052	619,310	-	619,310	-	619,310	62,258	11%
Cherryville	646,307	720,868	-	720,868	-	720,868	74,561	12%
Cramerton	782,757	876,892	-	876,892	-	876,892	94,134	12%
Dallas	384,552	426,421	-	426,421	-	426,421	41,868	11%
Gastonia	10,730,644	11,903,025	-	11,903,025	-	11,903,025	1,172,381	11%
High Shoals *	48,268	54,225	-	54,225	-	54,225	5,956	12%
Kings Mtn *	212,844	237,318	-	237,318	-	237,318	24,474	11%
Lowell	404,650	452,123	-	452,123	-	452,123	47,473	12%
McAdenville	127,817	142,820	-	142,820	-	142,820	15,003	12%
Mount Holly	2,239,093	2,481,926	-	2,481,926	-	2,481,926	242,833	11%
Ranlo	265,458	296,133	-	296,133	-	296,133	30,675	12%
Spencer Mtn.	60	30	-	30	-	30	(30)	(51%)
Stanley	520,248	579,556	-	579,556	-	579,556	59,308	11%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Gates County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Gates Co.	14,763,461	1,281,952	9%	1,295,826	1,327,031	1,354,053
Gatesville		54,933		56,068	57,659	58,833

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Gates Co.	1,358,602	1,717,050	-	1,717,050	226,255	1,943,305	584,704	43%
Gatesville	59,268	69,643	-	69,643	-	69,643	10,374	18%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Gates Co.	1,396,558	2,058,923	-	2,058,923	234,174	2,293,097	896,539	64%
Gatesville	61,090	79,664	-	79,664	-	79,664	18,574	30%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Gates Co.	1,437,065	2,416,973	-	2,416,973	242,370	2,659,343	1,222,277	85%
Gatesville	63,007	90,144	-	90,144	-	90,144	27,137	43%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Gates Co.	1,479,451	2,690,773	-	2,690,773	250,853	2,941,626	1,462,175	99%
Gatesville	65,004	98,434	-	98,434	-	98,434	33,430	51%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Graham County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Graham Co.	15,444,420	1,379,425	9%	1,424,195	1,473,667	1,503,675
Fontana Dam		129		138	142	145
Robbinsville		48,994		82,067	84,921	86,650
Lk. Santeetlah		74,723		45,833	47,434	48,400

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Graham Co.	1,519,783	1,711,863	-	1,711,863	341,571	2,053,434	533,651	35%
Fontana Dam	682	168	-	168	-	168	(514)	(75%)
Robbinsville	75,408	97,935	-	97,935	-	97,935	22,527	30%
Lake Santeetlah	64,203	52,638	-	52,638	-	52,638	(11,565)	(18%)

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Graham Co.	1,571,440	1,900,586	-	1,900,586	353,526	2,254,112	682,672	43%
Fontana Dam	704	189	-	189	-	189	(515)	(73%)
Robbinsville	77,965	108,128	-	108,128	-	108,128	30,163	39%
Lake Santeetlah	66,424	56,334	-	56,334	-	56,334	(10,090)	(15%)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Graham Co.	1,624,856	2,099,191	-	2,099,191	365,899	2,465,090	840,234	52%
Fontana Dam	727	212	-	212	-	212	(515)	(71%
Robbinsville	80,609	118,848	-	118,848	-	118,848	38,239	47%
Lake Santeetlah	68,722	60,198	-	60,198	-	60,198	(8,524)	(12%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Graham Co.	1,680,383	2,265,912	-	2,265,912	378,706	2,644,618	964,235	57%
Fontana Dam	751	230	-	230	-	230	(521)	(69%)
Robbinsville	83,359	127,919	-	127,919	-	127,919	44,560	53%
Lake Santeetlah	71,105	63,689	-	63,689	-	63,689	(7,416)	(10%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Granville County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Granville Co.	59,125,631	5,578,293	9%	5,640,882	5,816,215	5,934,649
Butner		1,243,863		1,276,682	1,318,474	1,345,321
Creedmoor		680,089		698,672	721,538	736,231
Oxford		1,373,818		1,409,147	1,455,280	1,484,914
Stem		80,227		82,412	85,109	86,842
Stovall		67,570		69,299	71,568	73,026

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Granville Co.	6,006,206	6,798,524	-	6,798,524	1,825,747	8,624,270	2,618,064	44%
Butner	1,364,548	1,492,144	-	1,492,144	-	1,492,144	127,596	9%
Creedmoor	749,094	816,910	-	816,910	-	816,910	67,816	9%
Oxford	1,505,142	1,646,497	-	1,646,497	-	1,646,497	141,355	9%
Stem	88,748	96,355	-	96,355	-	96,355	7,607	9%
Stovall	74,087	80,968	-	80,968	-	80,968	6,881	9%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Granville Co.	6,192,591	7,806,951	-	7,806,951	1,889,648	9,696,598	3,504,007	57%
Butner	1,409,127	1,652,522	-	1,652,522	-	1,652,522	243,395	17%
Creedmoor	773,547	905,039	-	905,039	-	905,039	131,492	17%
Oxford	1,554,326	1,822,995	-	1,822,995	-	1,822,995	268,669	17%
Stem	91,643	106,746	-	106,746	-	106,746	15,103	16%
Stovall	76,508	89,643	-	89,643	-	89,643	13,135	17%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Granville Co.	6,384,953	8,854,673	-	8,854,673	1,955,785	10,810,458	4,425,505	69%
Butner	1,455,193	1,819,073	-	1,819,073	-	1,819,073	363,880	25%
Creedmoor	798,816	996,570	-	996,570	-	996,570	197,754	25%
Oxford	1,605,152	2,006,272	-	2,006,272	-	2,006,272	401,121	25%
Stem	94,634	117,538	-	117,538	-	117,538	22,904	24%
Stovall	79,009	98,651	-	98,651	-	98,651	19,642	25%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Granville Co.	6,583,835	9,675,528	-	9,675,528	2,024,238	11,699,766	5,115,931	78%
Butner	1,502,843	1,955,664	-	1,955,664	-	1,955,664	452,821	30%
Creedmoor	824,953	1,071,603	-	1,071,603	-	1,071,603	246,650	30%
Oxford	1,657,725	2,156,628	-	2,156,628	-	2,156,628	498,903	30%
Stem	97,728	126,385	-	126,385	-	126,385	28,657	29%
Stovall	81,596	106,042	-	106,042	-	106,042	24,445	30%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Greene County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Greene Co.	21,995,882	2,207,957	10%	2,242,516	2,309,555	2,358,233
Hookerton		30,480		31,168	32,162	32,817
Snow Hill		139,982		143,206	147,772	150,781
Walstonburg		23,665		24,230	25,003	25,512

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Greene Co.	2,373,196	2,846,792	154,301	3,001,092	148,960	3,150,052	776,856	33%
Hookerton	32,240	38,998	-	38,998	-	38,998	6,758	21%
Snow Hill	153,161	179,215	-	179,215	-	179,215	26,054	17%
Walstonburg	25,239	30,335	-	30,335	-	30,335	5,096	20%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Greene Co.	2,444,293	3,515,280	164,067	3,679,347	154,173	3,833,521	1,389,228	57%
Hookerton	33,274	45,364	-	45,364	-	45,364	12,090	36%
Snow Hill	158,037	208,504	-	208,504	-	208,504	50,467	32%
Walstonburg	26,047	35,302	-	35,302	-	35,302	9,255	36%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Greene Co.	2,517,579	4,216,740	174,822	4,391,562	159,570	4,551,132	2,033,552	81%
Hookerton	34,342	52,035	-	52,035	-	52,035	17,693	52%
Snow Hill	163,071	239,189	-	239,189	-	239,189	76,118	47%
Walstonburg	26,881	40,506	-	40,506	-	40,506	13,625	51%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Greene Co.	2,593,291	4,750,909	185,385	4,936,294	165,154	5,101,448	2,508,157	97%
Hookerton	35,446	57,279	-	57,279	-	57,279	21,833	62%
Snow Hill	168,276	263,313	-	263,313	-	263,313	95,036	56%
Walstonburg	27,744	44,597	-	44,597	-	44,597	16,853	61%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Guilford County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Guilford Co.	573,175,371	74,232,997	13%	77,048,289	79,761,086	81,385,241
Archdale *		18,621		19,290	19,969	20,375
Burlington *		105,661		109,533	113,386	115,695
Gibsonville *		324,969		337,181	349,043	356,151
Greensboro		40,727,830		42,256,649	43,743,214	44,633,945
High Point *		14,862,984		15,413,760	15,956,003	16,280,911
Jamestown		411,082		426,570	441,577	450,569
Kernersville *		86,073		89,682	92,837	94,728
Oak Ridge		185,675		192,709	199,489	203,551
Pleasant Grdn.		23,396		24,275	25,129	25,640
Sedalia		33,453		34,758	35,981	36,714
Stokesdale		-		-	-	-
Summerfield		120,808		125,363	129,773	132,415
Whitsett		6,698		6,958	7,203	7,349

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Guilford Co.	82,344,064	85,058,446	-	85,058,446	35,756,043	120,814,489	38,470,425	47%
Archdale *	20,737	21,311	-	21,311	-	21,311	573	3%
Burlington *	120,129	121,067	-	121,067	-	121,067	937	1%
Gibsonville *	360,647	372,927	-	372,927	-	372,927	12,279	3%
Greensboro	45,264,290	46,735,004	-	46,735,004	-	46,735,004	1,470,714	3%
High Point *	16,480,024	17,041,642	-	17,041,642	-	17,041,642	561,618	3%
Jamestown	466,193	471,824	-	471,824	-	471,824	5,631	1%
Kernersville *	96,459	99,487	-	99,487	-	99,487	3,028	3%
Oak Ridge	207,112	213,183	-	213,183	-	213,183	6,071	3%
Pleasant Garden	26,052	26,848	-	26,848	-	26,848	796	3%
Sedalia	37,177	38,481	-	38,481	-	38,481	1,303	4%
Stokesdale	-	-	-	-	-	-	-	-
Summerfield	134,352	138,664	-	138,664	-	138,664	4,312	3%
Whitsett	7,444	7,703	-	7,703	-	7,703	259	3%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Guilford Co.	85,232,658	86,162,455	-	86,162,455	37,007,504	123,169,959	37,937,301	45%
Archdale *	21,465	21,699	-	21,699	-	21,699	234	1%
Burlington *	124,342	123,331	-	123,331	-	123,331	(1,010)	(1%)
Gibsonville *	373,292	380,144	-	380,144	-	380,144	6,851	2%
Greensboro	46,851,377	47,638,102	-	47,638,102	-	47,638,102	786,726	2%
High Point *	17,057,847	17,365,306	-	17,365,306	-	17,365,306	307,459	2%
Jamestown	482,542	480,987	-	480,987	-	480,987	(1,555)	(0%)
Kernersville *	99,841	101,708	-	101,708	-	101,708	1,867	2%
Oak Ridge	214,374	217,354	-	217,354	-	217,354	2,979	1%
Pleasant Garden	26,965	27,367	-	27,367	-	27,367	402	1%
Sedalia	38,481	39,263	-	39,263	-	39,263	782	2%
Stokesdale	-	-	-	-	-	-	-	-
Summerfield	139,063	141,359	-	141,359	-	141,359	2,296	2%
Whitsett	7,704	7,859	-	7,859	-	7,859	154	2%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Guilford County (cont'd)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Guilford Co.	88,221,446	87,184,503	-	87,184,503	38,302,767	125,487,270	37,265,824	42%
Archdale *	22,217	22,075	-	22,075	-	22,075	(142)	(1%)
Burlington *	128,701	125,535	-	125,535	-	125,535	(3,166)	(2%)
Gibsonville *	386,377	387,193	-	387,193	-	387,193	816	0%
Greensboro	48,493,619	48,520,049	-	48,520,049	-	48,520,049	26,430	0%
High Point *	17,655,752	17,680,792	-	17,680,792	-	17,680,792	25,039	0%
Jamestown	499,458	489,940	-	489,940	-	489,940	(9,519)	(2%)
Kernersville *	103,341	103,909	-	103,909	-	103,909	568	1%
Oak Ridge	221,889	221,432	-	221,432	-	221,432	(457)	(0%)
Pleasant Garden	27,910	27,874	-	27,874	-	27,874	(36)	(0%)
Sedalia	39,829	40,031	-	40,031	-	40,031	201	1%
Stokesdale	-	-	-	-	-	-	-	-
Summerfield	143,938	143,992	-	143,992	-	143,992	55	0%
Whitsett	7,975	8,012	-	8,012	-	8,012	37	0%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Guilford Co.	91,315,747	88,988,310	-	88,988,310	39,643,364	128,631,674	37,315,927	41%
Archdale *	22,996	22,616	-	22,616	-	22,616	(380)	(2%)
Burlington *	133,214	128,657	-	128,657	-	128,657	(4,556)	(3%)
Gibsonville *	399,923	397,005	-	397,005	-	397,005	(2,918)	(1%)
Greensboro	50,193,732	49,748,589	-	49,748,589	-	49,748,589	(445,142)	(1%)
High Point *	18,274,726	18,124,213	-	18,124,213	-	18,124,213	(150,512)	(1%)
Jamestown	516,971	502,379	-	502,379	-	502,379	(14,592)	(3%)
Kernersville *	106,964	106,765	-	106,765	-	106,765	(199)	(0%)
Oak Ridge	229,668	227,077	-	227,077	-	227,077	(2,592)	(1%)
Pleasant Garden	28,889	28,580	-	28,580	-	28,580	(309)	(1%)
Sedalia	41,226	41,074	-	41,074	-	41,074	(152)	(0%)
Stokesdale	-	-	-	-	-	-	-	-
Summerfield	148,984	147,650	-	147,650	-	147,650	(1,334)	(1%)
Whitsett	8,254	8,220	-	8,220	-	8,220	(34)	(0%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Halifax County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Halifax Co.	73,102,447	7,266,741	10%	7,425,474	7,648,933	7,796,172
Enfield		233,391		239,202	246,705	251,728
Halifax		24,571		25,195	25,985	26,515
Hobgood		22,462		23,020	23,742	24,226
Littleton		83,349		85,437	88,116	89,911
Roanoke Rapids		3,144,805		3,224,869	3,326,000	3,393,726
Scotland Neck		222,281		228,381	235,537	240,334
Weldon		465,070		475,688	490,622	500,612

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Halifax Co.	7,891,891	7,277,125	1,151,257	8,428,382	1,084,159	9,512,541	1,620,650	21%
Enfield	254,602	270,511	-	270,511	-	270,511	15,908	6%
Halifax	26,822	28,501	-	28,501	-	28,501	1,678	6%
Hobgood	24,463	26,032	-	26,032	-	26,032	1,570	6%
Littleton	90,782	96,628	-	96,628	-	96,628	5,846	6%
Roanoke Rapids	3,425,894	3,648,077	-	3,648,077	-	3,648,077	222,183	6%
Scotland Neck	242,483	258,628	-	258,628	-	258,628	16,144	7%
Weldon	505,736	537,351	-	537,351	-	537,351	31,615	6%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Halifax Co.	8,130,086	7,765,066	1,197,880	8,962,946	1,122,104	10,085,050	1,954,965	24%
Enfield	262,581	286,270	-	286,270	-	286,270	23,689	9%
Halifax	27,663	30,169	-	30,169	-	30,169	2,507	9%
Hobgood	25,230	27,548	-	27,548	-	27,548	2,318	9%
Littleton	93,628	102,265	-	102,265	-	102,265	8,637	9%
Roanoke Rapids	3,533,311	3,861,753	-	3,861,753	-	3,861,753	328,443	9%
Scotland Neck	250,082	274,063	-	274,063	-	274,063	23,981	10%
Weldon	521,605	568,030	-	568,030	-	568,030	46,425	9%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Halifax Co.	8,376,024	8,231,234	1,246,056	9,477,290	1,161,378	10,638,667	2,262,643	27%
Enfield	270,824	301,614	-	301,614	-	301,614	30,790	11%
Halifax	28,531	31,795	-	31,795	-	31,795	3,264	11%
Hobgood	26,022	29,024	-	29,024	-	29,024	3,002	12%
Littleton	96,570	107,755	-	107,755	-	107,755	11,186	12%
Roanoke Rapids	3,644,292	4,069,905	-	4,069,905	-	4,069,905	425,613	12%
Scotland Neck	257,932	289,124	-	289,124	-	289,124	31,192	12%
Weldon	538,002	597,847	-	597,847	-	597,847	59,845	11%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Halifax Co.	8,630,123	8,598,318	1,295,204	9,893,522	1,202,026	11,095,548	2,465,424	29%
Enfield	279,345	314,646	-	314,646	-	314,646	35,301	13%
Halifax	29,428	33,174	-	33,174	-	33,174	3,746	13%
Hobgood	26,842	30,278	-	30,278	-	30,278	3,436	13%
Littleton	99,610	112,417	-	112,417	-	112,417	12,807	13%
Roanoke Rapids	3,759,011	4,246,523	-	4,246,523	-	4,246,523	487,512	13%
Scotland Neck	266,047	301,863	-	301,863	-	301,863	35,816	13%
Weldon	554,951	623,260	-	623,260	-	623,260	68,310	12%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Harnett County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Harnett Co.	Not Available	14,556,187	Not Available	16,639,432	17,274,057	17,628,095
Angier*		505,873		526,696	546,333	557,458
Benson*		341		355	368	376
Broadway *		1,132		1,179	1,223	1,248
Coats		216,083		224,943	233,329	238,081
Dunn		1,326,697		1,379,355	1,430,771	1,459,905
Erwin		446,053		462,541	479,775	489,545
Lillington		541,325		563,493	584,501	596,403

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Harnett Co.	16,404,315	19,090,385	1,610,827	20,701,212	1,533,273	22,234,485	5,830,170	36%
Angier*	563,104	635,134	-	635,134	-	635,134	72,031	13%
Benson*	370	428	-	428	-	428	59	16%
Broadway *	1,200	1,422	-	1,422	-	1,422	221	18%
Coats	240,468	271,236	-	271,236	-	271,236	30,768	13%
Dunn	1,492,841	1,662,227	-	1,662,227	-	1,662,227	169,386	11%
Erwin	494,617	556,700	-	556,700	-	556,700	62,083	13%
Lillington	600,564	679,443	-	679,443	-	679,443	78,879	13%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Harnett Co.	17,029,985	22,459,692	1,691,845	24,151,537	1,586,938	25,738,475	8,708,491	51%
Angier*	583,954	719,803	-	719,803	-	719,803	135,849	23%
Benson*	384	486	-	486	-	486	102	27%
Broadway *	1,245	1,612	-	1,612	-	1,612	367	29%
Coats	249,371	307,376	-	307,376	-	307,376	58,004	23%
Dunn	1,548,202	1,882,790	-	1,882,790	-	1,882,790	334,589	22%
Erwin	512,921	629,929	-	629,929	-	629,929	117,007	23%
Lillington	622,791	769,958	-	769,958	-	769,958	147,167	24%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Harnett Co.	17,677,774	26,128,581	1,779,340	27,907,921	1,642,481	29,550,401	11,872,628	67%
Angier*	605,539	811,522	-	811,522	-	811,522	205,983	34%
Benson*	398	548	-	548	-	548	150	38%
Broadway *	1,290	1,817	-	1,817	-	1,817	527	41%
Coats	258,589	346,525	-	346,525	-	346,525	87,937	34%
Dunn	1,605,513	2,121,713	-	2,121,713	-	2,121,713	516,199	32%
Erwin	531,871	709,247	-	709,247	-	709,247	177,376	33%
Lillington	645,801	868,011	-	868,011	-	868,011	222,210	34%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Harnett Co.	18,349,410	29,189,782	1,868,106	31,057,888	1,699,968	32,757,856	14,408,445	79%
Angier*	627,906	889,741	-	889,741	-	889,741	261,835	42%
Benson*	412	601	-	601	-	601	189	46%
Broadway *	1,338	1,992	-	1,992	-	1,992	655	49%
Coats	268,140	379,914	-	379,914	-	379,914	111,774	42%
Dunn	1,664,902	2,325,569	-	2,325,569	-	2,325,569	660,668	40%
Erwin	551,507	776,989	-	776,989	-	776,989	225,482	41%
Lillington	669,644	951,636	-	951,636	-	951,636	281,992	42%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Haywood County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Haywood Co.	101,485,258	11,085,386	11%	11,426,691	11,810,928	12,042,936
Canton		920,244		948,141	980,317	1,000,279
Clyde		267,672		275,985	285,350	291,161
Maggie Valley		263,893		273,450	282,723	288,480
Waynesville		2,148,690		2,214,396	2,289,540	2,336,161

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Haywood Co.	12,215,546	11,212,356	1,559,209	12,771,566	1,476,932	14,248,498	2,032,952	17%
Canton	1,015,177	1,059,339	-	1,059,339	-	1,059,339	44,162	4%
Clyde	295,089	308,472	-	308,472	-	308,472	13,382	5%
Maggie Valley	293,277	306,453	-	306,453	-	306,453	13,175	4%
Waynesville	2,368,849	2,474,439	-	2,474,439	-	2,474,439	105,591	4%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Haywood Co.	12,626,485	11,698,800	1,621,740	13,320,541	1,528,625	14,849,166	2,222,681	18%
Canton	1,049,534	1,104,060	-	1,104,060	-	1,104,060	54,526	5%
Clyde	305,077	321,623	-	321,623	-	321,623	16,546	5%
Maggie Valley	303,194	320,398	-	320,398	-	320,398	17,205	6%
Waynesville	2,449,026	2,579,269	-	2,579,269	-	2,579,269	130,244	5%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Haywood Co.	13,051,507	12,181,377	1,686,240	13,867,617	1,582,127	15,449,744	2,398,237	18%
Canton	1,085,073	1,148,813	-	1,148,813	-	1,148,813	63,740	6%
Clyde	315,408	334,793	-	334,793	-	334,793	19,384	6%
Maggie Valley	313,451	334,429	-	334,429	-	334,429	20,978	7%
Waynesville	2,531,960	2,684,200	-	2,684,200	-	2,684,200	152,240	6%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Haywood Co.	13,491,212	12,646,905	1,752,489	14,399,395	1,637,501	16,036,896	2,545,684	19%
Canton	1,121,842	1,192,898	-	1,192,898	-	1,192,898	71,056	6%
Clyde	326,097	347,731	-	347,731	-	347,731	21,634	7%
Maggie Valley	324,063	347,979	-	347,979	-	347,979	23,916	7%
Waynesville	2,617,766	2,787,465	-	2,787,465	-	2,787,465	169,700	6%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Henderson County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Henderson Co.	128,921,987	18,545,666	14%	19,129,132	19,791,507	20,194,516
Flat Rock		257,732		266,085	275,329	280,935
Fletcher		1,141,737		1,179,327	1,220,297	1,245,145
Hendersonville		2,521,377		2,603,069	2,693,502	2,748,349
Laurel Park		483,676		499,458	516,809	527,333
Mills River		293,686		303,790	314,343	320,744
Saluda *		6,274		6,478	6,703	6,840

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Henderson Co.	20,512,189	21,439,071	-	21,439,071	5,679,629	27,118,700	6,606,510	32%
Flat Rock	284,314	297,659	-	297,659	-	297,659	13,345	5%
Fletcher	1,269,381	1,319,603	-	1,319,603	-	1,319,603	50,222	4%
Hendersonville	2,783,279	2,911,941	-	2,911,941	-	2,911,941	128,662	5%
Laurel Park	532,351	558,785	-	558,785	-	558,785	26,434	5%
Mills River	327,113	340,172	-	340,172	-	340,172	13,058	4%
Saluda *	6,861	7,247	-	7,247	-	7,247	386	6%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Henderson Co.	21,217,385	22,761,619	-	22,761,619	5,878,416	28,640,035	7,422,650	35%
Flat Rock	294,135	314,471	-	314,471	-	314,471	20,337	7%
Fletcher	1,313,213	1,394,502	-	1,394,502	-	1,394,502	81,290	6%
Hendersonville	2,879,418	3,076,402	-	3,076,402	-	3,076,402	196,985	7%
Laurel Park	550,741	590,412	-	590,412	-	590,412	39,671	7%
Mills River	338,408	359,749	-	359,749	-	359,749	21,341	6%
Saluda *	7,098	7,657	-	7,657	-	7,657	559	8%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Henderson Co.	21,945,832	24,129,250	-	24,129,250	6,084,160	30,213,411	8,267,579	38%
Flat Rock	304,285	331,850	-	331,850	-	331,850	27,565	9%
Fletcher	1,358,512	1,471,939	-	1,471,939	-	1,471,939	113,428	8%
Hendersonville	2,978,778	3,246,398	-	3,246,398	-	3,246,398	267,620	9%
Laurel Park	569,749	623,108	-	623,108	-	623,108	53,359	9%
Mills River	350,080	380,002	-	380,002	-	380,002	29,922	9%
Saluda *	7,343	8,080	-	8,080	-	8,080	737	10%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Henderson Co.	22,698,440	25,379,712	-	25,379,712	6,297,106	31,676,817	8,978,377	40%
Flat Rock	314,776	348,112	-	348,112	-	348,112	33,336	11%
Fletcher	1,405,334	1,544,328	-	1,544,328	-	1,544,328	138,995	10%
Hendersonville	3,081,482	3,405,483	-	3,405,483	-	3,405,483	324,001	11%
Laurel Park	589,396	653,690	-	653,690	-	653,690	64,294	11%
Mills River	362,145	398,878	-	398,878	-	398,878	36,733	10%
Saluda *	7,596	8,477	-	8,477	-	8,477	880	12%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Hertford County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Hertford Co.	28,374,551	4,096,041	14%	4,209,840	4,344,397	4,429,895
Ahoskie		983,908		1,014,916	1,048,006	1,069,346
Cofield		56,903		58,733	60,648	61,883
Como		6,723		6,912	7,137	7,283
Harrellsville		9,079		9,337	9,642	9,838
Murfreesboro		338,687		348,316	359,682	367,006
Winton		76,159		78,297	80,852	82,498

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Hertford Co.	4,485,184	4,208,704	566,786	4,775,489	549,603	5,325,092	839,908	19%
Ahoskie	1,082,264	1,149,539	-	1,149,539	-	1,149,539	67,275	6%
Cofield	61,918	66,549	-	66,549	-	66,549	4,631	7%
Como	7,075	7,813	-	7,813	-	7,813	739	10%
Harrellsville	9,855	10,556	-	10,556	-	10,556	702	7%
Murfreesboro	371,349	393,812	-	393,812	-	393,812	22,463	6%
Winton	85,709	88,505	-	88,505	-	88,505	2,796	3%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Hertford Co.	4,628,685	4,435,908	589,850	5,025,757	568,839	5,594,596	965,911	21%
Ahoskie	1,117,475	1,209,150	-	1,209,150	-	1,209,150	91,675	8%
Cofield	63,938	70,027	-	70,027	-	70,027	6,088	10%
Como	7,308	8,202	-	8,202	-	8,202	895	12%
Harrellsville	10,177	11,084	-	11,084	-	11,084	907	9%
Murfreesboro	383,442	413,489	-	413,489	-	413,489	30,047	8%
Winton	88,481	92,907	-	92,907	-	92,907	4,426	5%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Hertford Co.	4,776,946	4,656,228	613,654	5,269,882	588,748	5,858,630	1,081,684	23%
Ahoskie	1,153,867	1,267,945	-	1,267,945	-	1,267,945	114,079	10%
Cofield	66,027	73,459	-	73,459	-	73,459	7,432	11%
Como	7,548	8,585	-	8,585	-	8,585	1,036	14%
Harrellsville	10,509	11,603	-	11,603	-	11,603	1,093	10%
Murfreesboro	395,941	432,835	-	432,835	-	432,835	36,895	9%
Winton	91,345	97,234	-	97,234	-	97,234	5,889	6%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Hertford Co.	4,930,234	4,846,913	638,001	5,484,914	609,355	6,094,268	1,164,034	24%
Ahoskie	1,191,500	1,320,845	-	1,320,845	-	1,320,845	129,345	11%
Cofield	68,186	76,542	-	76,542	-	76,542	8,356	12%
Como	7,798	8,932	-	8,932	-	8,932	1,134	15%
Harrellsville	10,853	12,073	-	12,073	-	12,073	1,220	11%
Murfreesboro	408,866	450,381	-	450,381	-	450,381	41,515	10%
Winton	94,307	101,162	-	101,162	-	101,162	6,855	7%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Hoke County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Hoke Co.	51,564,253	5,128,288	10%	5,347,406	5,553,451	5,666,534
Raeford		813,020		844,617	876,019	893,858
Red Springs *		-		-	-	-

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Hoke Co.	5,768,276	7,095,591	-	7,095,591	979,837	8,075,428	2,307,152	40%
Raeford	909,084	1,049,758	-	1,049,758	-	1,049,758	140,674	15%
Red Springs *	-	-	-	-	-	-	-	-

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Hoke Co.	6,005,228	8,809,045	-	8,809,045	1,014,131	9,823,176	3,817,948	64%
Raeford	944,284	1,229,596	-	1,229,596	-	1,229,596	285,313	30%
Red Springs *	-	-	-	-	-	-	-	-

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Hoke Co.	6,257,588	10,713,065	-	10,713,065	1,049,625	11,762,690	5,505,102	88%
Raeford	981,401	1,428,237	-	1,428,237	-	1,428,237	446,836	46%
Red Springs *	-	-	-	-	-	-	-	-

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Hoke Co.	6,524,185	12,312,997	-	12,312,997	1,086,362	13,399,359	6,875,174	105%
Raeford	1,020,339	1,598,134	-	1,598,134	-	1,598,134	577,795	57%
Red Springs *	-	-	-	-	-	-	-	-

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Hyde County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Hyde Co.	15,853,711	1,270,434	8%	1,313,736	1,358,934	1,386,605

	Current Law (All Articles)	PROPOSED SENATE PLAN*					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
FY 2016-17	1,404,780	1,474,218	-	1,474,218	319,642	1,793,859	389,079	28%
FY 2017-18	1,453,086	1,549,317	-	1,549,317	330,829	1,880,146	427,059	29%
FY 2018-19	1,502,987	1,626,161	-	1,626,161	342,408	1,968,569	465,582	31%
FY 2019-20	1,554,436	1,698,872	-	1,698,872	354,393	2,053,264	498,828	32%

* Distribution as follows:

FY 2016-17: 40% Per Capita; 60% Point of Collection.

FY 2017-18: 55% Per Capita; 45% Point of Collection.

FY 2018-19: 70% Per Capita; 30% Point of Collection.

FY 2019-20: 80% Per Capita; 20% Point of Collection.

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Iredell County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Iredell Co.	191,351,444	28,112,943	15%	29,128,151	30,165,705	30,779,961
Davidson *		68,000		70,508	73,012	74,498
Harmony		117,007		121,110	125,410	127,964
Love Valley		24,963		25,860	26,778	27,324
Mooresville		7,452,030		7,727,774	8,002,154	8,165,099
Statesville		5,425,345		5,617,479	5,816,916	5,935,364
Troutman		543,913		563,251	583,248	595,125

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Iredell Co.	31,209,040	31,890,427	-	31,890,427	11,047,475	42,937,903	11,728,862	38%
Davidson *	76,160	77,505	-	77,505	-	77,505	1,345	2%
Harmony	129,745	132,982	-	132,982	-	132,982	3,237	2%
Love Valley	27,831	28,410	-	28,410	-	28,410	579	2%
Mooresville	8,304,835	8,495,260	-	8,495,260	-	8,495,260	190,425	2%
Statesville	6,017,613	6,169,411	-	6,169,411	-	6,169,411	151,798	3%
Troutman	603,781	618,645	-	618,645	-	618,645	14,864	2%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Iredell Co.	32,316,379	32,645,190	-	32,645,190	11,434,137	44,079,327	11,762,948	36%
Davidson *	78,856	79,679	-	79,679	-	79,679	823	1%
Harmony	134,335	136,558	-	136,558	-	136,558	2,223	2%
Love Valley	28,816	29,190	-	29,190	-	29,190	374	1%
Mooresville	8,598,706	8,734,149	-	8,734,149	-	8,734,149	135,443	2%
Statesville	6,230,504	6,336,665	-	6,336,665	-	6,336,665	106,161	2%
Troutman	625,142	635,471	-	635,471	-	635,471	10,329	2%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Iredell Co.	33,462,016	33,411,991	-	33,411,991	11,834,332	45,246,322	11,784,306	35%
Davidson *	81,645	81,902	-	81,902	-	81,902	257	0%
Harmony	139,084	140,205	-	140,205	-	140,205	1,121	1%
Love Valley	29,834	29,986	-	29,986	-	29,986	151	1%
Mooresville	8,902,765	8,978,431	-	8,978,431	-	8,978,431	75,666	1%
Statesville	6,450,777	6,507,309	-	6,507,309	-	6,507,309	56,532	1%
Troutman	647,244	652,642	-	652,642	-	652,642	5,398	1%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Iredell Co.	34,648,411	34,397,193	-	34,397,193	12,248,533	46,645,726	11,997,315	35%
Davidson *	84,533	84,550	-	84,550	-	84,550	17	0%
Harmony	144,001	144,623	-	144,623	-	144,623	622	0%
Love Valley	30,890	30,942	-	30,942	-	30,942	52	0%
Mooresville	9,217,606	9,269,162	-	9,269,162	-	9,269,162	51,555	1%
Statesville	6,678,860	6,713,383	-	6,713,383	-	6,713,383	34,523	1%
Troutman	670,129	673,351	-	673,351	-	673,351	3,222	0%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Jackson County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Jackson Co.	61,467,785	8,654,898	14%	8,893,032	9,188,386	9,375,487
Dillsboro		37,334		38,391	39,681	40,489
Forest Hills		18,399		19,049	19,688	20,089
Highlands *		44,193		45,483	47,011	47,969
Sylva		446,693		459,720	475,172	484,848
Webster		10,160		10,452	10,804	11,024

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Jackson Co.	9,511,647	9,791,106	-	9,791,106	2,290,117	12,081,223	2,569,575	27%
Dillsboro	41,422	42,346	-	42,346	-	42,346	924	2%
Forest Hills	20,342	21,080	-	21,080	-	21,080	737	4%
Highlands *	48,479	50,189	-	50,189	-	50,189	1,710	4%
Sylva	490,435	507,291	-	507,291	-	507,291	16,856	3%
Webster	11,128	11,531	-	11,531	-	11,531	404	4%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Jackson Co.	9,826,960	10,216,215	-	10,216,215	2,370,271	12,586,485	2,759,525	28%
Dillsboro	42,810	44,145	-	44,145	-	44,145	1,335	3%
Forest Hills	21,024	22,052	-	22,052	-	22,052	1,028	5%
Highlands *	50,107	52,345	-	52,345	-	52,345	2,238	4%
Sylva	506,895	529,074	-	529,074	-	529,074	22,179	4%
Webster	11,501	12,024	-	12,024	-	12,024	523	5%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Jackson Co.	10,153,110	10,635,167	-	10,635,167	2,453,230	13,088,397	2,935,287	29%
Dillsboro	44,246	45,934	-	45,934	-	45,934	1,688	4%
Forest Hills	21,730	23,025	-	23,025	-	23,025	1,295	6%
Highlands *	51,790	54,490	-	54,490	-	54,490	2,700	5%
Sylva	523,923	550,751	-	550,751	-	550,751	26,828	5%
Webster	11,888	12,514	-	12,514	-	12,514	626	5%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Jackson Co.	10,490,236	11,034,717	-	11,034,717	2,539,093	13,573,811	3,083,575	29%
Dillsboro	45,731	47,675	-	47,675	-	47,675	1,944	4%
Forest Hills	22,459	23,952	-	23,952	-	23,952	1,493	7%
Highlands *	53,531	56,571	-	56,571	-	56,571	3,040	6%
Sylva	541,530	571,782	-	571,782	-	571,782	30,252	6%
Webster	12,287	12,990	-	12,990	-	12,990	702	6%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Johnston County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Johnston Co.	262,734,473	27,081,347	10%	28,113,047	29,143,342	29,736,780
Archer Lodge		98,121		101,793	105,515	107,664
Benson *		488,887		506,917	525,279	535,975
Clayton		2,650,545		2,749,374	2,848,967	2,906,980
Four Oaks		190,364		198,301	205,487	209,672
Kenly *		245,921		255,084	264,324	269,706
Micro		37,380		38,766	40,170	40,988
Pine Level		146,327		151,728	157,224	160,425
Princeton		126,278		130,943	135,686	138,449
Selma		687,658		712,942	738,766	753,809
Smithfield		1,932,935		2,004,254	2,076,853	2,119,144
Wilson's Mills		143,418		148,898	154,292	157,434
Zebulon *		-		-	-	-

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Johnston Co.	30,231,383	32,544,944	-	32,544,944	7,955,478	40,500,422	10,269,039	34%
Archer Lodge	109,092	117,564	-	117,564	-	117,564	8,472	8%
Benson *	540,093	580,535	-	580,535	-	580,535	40,441	7%
Clayton	2,956,779	3,149,367	-	3,149,367	-	3,149,367	192,588	7%
Four Oaks	211,568	227,704	-	227,704	-	227,704	16,136	8%
Kenly *	272,068	292,190	-	292,190	-	292,190	20,122	7%
Micro	40,837	44,401	-	44,401	-	44,401	3,564	9%
Pine Level	162,232	173,765	-	173,765	-	173,765	11,534	7%
Princeton	139,764	149,964	-	149,964	-	149,964	10,200	7%
Selma	767,394	816,429	-	816,429	-	816,429	49,035	6%
Smithfield	2,147,685	2,295,346	-	2,295,346	-	2,295,346	147,661	7%
Wilson's Mills	153,235	170,648	-	170,648	-	170,648	17,413	11%
Zebulon *	-	-	-	-	-	-	-	-

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Johnston Co.	31,333,188	35,609,485	-	35,609,485	8,233,919	43,843,405	12,510,216	40%
Archer Lodge	113,058	128,283	-	128,283	-	128,283	15,225	13%
Benson *	559,552	627,018	-	627,018	-	627,018	67,466	12%
Clayton	3,063,406	3,402,250	-	3,402,250	-	3,402,250	338,844	11%
Four Oaks	219,195	246,542	-	246,542	-	246,542	27,347	12%
Kenly *	281,872	315,647	-	315,647	-	315,647	33,776	12%
Micro	42,306	47,960	-	47,960	-	47,960	5,654	13%
Pine Level	168,079	187,682	-	187,682	-	187,682	19,603	12%
Princeton	144,801	161,977	-	161,977	-	161,977	17,176	12%
Selma	795,069	881,750	-	881,750	-	881,750	86,681	11%
Smithfield	2,225,106	2,479,157	-	2,479,157	-	2,479,157	254,052	11%
Wilson's Mills	158,738	184,437	-	184,437	-	184,437	25,699	16%
Zebulon *	-	-	-	-	-	-	-	-

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Johnston County (cont'd)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Johnston Co.	32,473,526	38,909,666		38,909,666	8,522,107	47,431,772	14,958,246	46%
Archer Lodge	117,163	139,815	-	139,815	-	139,815	22,652	19%
Benson *	579,692	676,793	-	676,793	-	676,793	97,101	17%
Clayton	3,173,763	3,673,046	-	3,673,046	-	3,673,046	499,282	16%
Four Oaks	227,089	266,723	-	266,723	-	266,723	39,634	17%
Kenly *	292,018	340,766	-	340,766	-	340,766	48,748	17%
Micro	43,827	51,772	-	51,772	-	51,772	7,945	18%
Pine Level	174,131	202,583	-	202,583	-	202,583	28,452	16%
Princeton	150,013	174,840	-	174,840	-	174,840	24,827	17%
Selma	823,712	951,694	-	951,694	-	951,694	127,982	16%
Smithfield	2,305,234	2,675,980	-	2,675,980	-	2,675,980	370,746	16%
Wilson's Mills	164,434	199,205	-	199,205	-	199,205	34,771	21%
Zebulon *	-	-	-	-	-	-	-	-

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Johnston Co.	33,654,816	41,843,071		41,843,071	8,820,380	50,663,451	17,008,636	51%
Archer Lodge	121,415	150,106	-	150,106	-	150,106	28,691	24%
Benson *	600,549	721,969	-	721,969	-	721,969	121,420	20%
Clayton	3,288,058	3,918,710	-	3,918,710	-	3,918,710	630,652	19%
Four Oaks	235,264	284,939	-	284,939	-	284,939	49,675	21%
Kenly *	302,527	363,554	-	363,554	-	363,554	61,028	20%
Micro	45,403	55,231	-	55,231	-	55,231	9,829	22%
Pine Level	180,398	216,107	-	216,107	-	216,107	35,709	20%
Princeton	155,412	186,514	-	186,514	-	186,514	31,103	20%
Selma	853,377	1,015,186	-	1,015,186	-	1,015,186	161,809	19%
Smithfield	2,388,221	2,854,620	-	2,854,620	-	2,854,620	466,398	20%
Wilson's Mills	170,332	212,588	-	212,588	-	212,588	42,256	25%
Zebulon *	-	-	-	-	-	-	-	-

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Jones County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Jones Co.	14,563,409	1,012,229	7%	1,045,177	1,077,676	1,099,621
Maysville		66,076		68,156	70,383	71,816
Pollocksville		18,739		19,378	20,011	20,419
Trenton		15,174		15,645	16,157	16,486

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Jones Co.	1,103,533	1,433,477	-	1,433,477	172,869	1,606,346	502,813	46%
Maysville	72,795	86,426	-	86,426	-	86,426	13,630	19%
Pollocksville	20,728	24,606	-	24,606	-	24,606	3,878	19%
Trenton	16,633	19,835	-	19,835	-	19,835	3,202	19%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Jones Co.	1,137,800	1,772,711	-	1,772,711	178,920	1,951,630	813,830	72%
Maysville	75,168	100,974	-	100,974	-	100,974	25,806	34%
Pollocksville	21,403	28,773	-	28,773	-	28,773	7,370	34%
Trenton	17,175	23,171	-	23,171	-	23,171	5,995	35%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Jones Co.	1,173,060	2,130,341	-	2,130,341	185,182	2,315,523	1,142,463	97%
Maysville	77,616	116,283	-	116,283	-	116,283	38,666	50%
Pollocksville	22,100	33,158	-	33,158	-	33,158	11,059	50%
Trenton	17,735	26,681	-	26,681	-	26,681	8,945	50%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Jones Co.	1,209,621	2,405,606	-	2,405,606	191,663	2,597,269	1,387,648	115%
Maysville	80,153	128,400	-	128,400	-	128,400	48,247	60%
Pollocksville	22,822	36,628	-	36,628	-	36,628	13,806	60%
Trenton	18,315	29,459	-	29,459	-	29,459	11,144	61%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Lee County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Lee Co.	68,139,641	10,524,238	15%	10,910,953	11,295,320	11,515,290
Broadway *		113,695		117,853	122,014	124,498
Sanford		3,861,102		4,003,070	4,144,387	4,228,779

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lee Co.	11,656,165	10,873,162	1,580,109	12,453,271	1,484,682	13,937,953	2,281,787	20%
Broadway *	126,312	134,218	-	134,218	-	134,218	7,906	6%
Sanford	4,333,341	4,559,312	-	4,559,312	-	4,559,312	225,972	5%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lee Co.	12,074,180	11,440,577	1,643,586	13,084,164	1,536,646	14,620,810	2,546,630	21%
Broadway *	130,828	140,875	-	140,875	-	140,875	10,047	8%
Sanford	4,488,416	4,785,852	-	4,785,852	-	4,785,852	297,436	7%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lee Co.	12,513,525	12,065,265	1,709,471	13,774,735	1,590,429	15,365,164	2,851,639	23%
Broadway *	135,567	148,113	-	148,113	-	148,113	12,546	9%
Sanford	4,651,190	5,032,135	-	5,032,135	-	5,032,135	380,945	8%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lee Co.	12,958,241	12,657,700	1,777,208	14,434,908	1,646,094	16,081,002	3,122,761	24%
Broadway *	140,376	155,087	-	155,087	-	155,087	14,711	10%
Sanford	4,816,268	5,269,379	-	5,269,379	-	5,269,379	453,111	9%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Lenoir County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Lenoir Co.	76,685,253	8,474,581	11%	8,737,650	9,018,351	9,201,989
Grifton *		7,688		7,931	8,192	8,359
Kinston		3,251,266		3,355,559	3,465,821	3,536,394
La Grange		206,002		212,569	219,554	224,025
Pink Hill		70,863		73,199	75,603	77,143

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lenoir Co.	9,269,161	10,240,600	-	10,240,600	3,111,292	13,351,892	4,082,730	44%
Grifton *	8,394	9,175	-	9,175	-	9,175	782	9%
Kinston	3,565,555	3,883,026	-	3,883,026	-	3,883,026	317,471	9%
La Grange	223,508	245,946	-	245,946	-	245,946	22,438	10%
Pink Hill	75,995	84,761	-	84,761	-	84,761	8,767	12%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lenoir Co.	9,566,441	10,747,384	-	10,747,384	3,220,187	13,967,571	4,401,130	46%
Grifton *	8,669	9,609	-	9,609	-	9,609	939	11%
Kinston	3,682,545	4,067,405	-	4,067,405	-	4,067,405	384,860	10%
La Grange	230,863	257,592	-	257,592	-	257,592	26,729	12%
Pink Hill	78,503	88,836	-	88,836	-	88,836	10,333	13%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lenoir Co.	9,873,593	11,235,780	-	11,235,780	3,332,894	14,568,674	4,695,081	48%
Grifton *	8,954	10,032	-	10,032	-	10,032	1,078	12%
Kinston	3,803,476	4,247,689	-	4,247,689	-	4,247,689	444,213	12%
La Grange	238,466	268,976	-	268,976	-	268,976	30,510	13%
Pink Hill	81,097	92,826	-	92,826	-	92,826	11,729	14%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lenoir Co.	10,191,037	11,666,840	-	11,666,840	3,449,545	15,116,385	4,925,348	48%
Grifton *	9,249	10,420	-	10,420	-	10,420	1,171	13%
Kinston	3,928,508	4,412,661	-	4,412,661	-	4,412,661	484,154	12%
La Grange	246,327	279,399	-	279,399	-	279,399	33,072	13%
Pink Hill	83,778	96,466	-	96,466	-	96,466	12,688	15%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Lincoln County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Lincoln Co.	116,205,899	12,444,625	11%	12,847,767	13,284,916	13,555,434
Lincolnton		2,243,712		2,316,724	2,396,203	2,444,997
Maiden *		427		441	456	465

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lincoln Co.	13,721,329	15,066,475	-	15,066,475	3,468,134	18,534,610	4,813,280	35%
Lincolnton	2,477,529	2,678,708	-	2,678,708	-	2,678,708	201,179	8%
Maiden *	471	510	-	510	-	510	39	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lincoln Co.	14,186,733	16,413,964	-	16,413,964	3,589,519	20,003,483	5,816,750	41%
Lincolnton	2,562,279	2,884,231	-	2,884,231	-	2,884,231	321,952	13%
Maiden *	487	549	-	549	-	549	62	13%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lincoln Co.	14,668,091	17,821,268	-	17,821,268	3,715,152	21,536,420	6,868,329	47%
Lincolnton	2,649,951	3,098,491	-	3,098,491	-	3,098,491	448,540	17%
Maiden *	504	590	-	590	-	590	86	17%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Lincoln Co.	15,166,119	19,024,364	-	19,024,364	3,845,182	22,869,547	7,703,428	51%
Lincolnton	2,740,667	3,286,903	-	3,286,903	-	3,286,903	546,236	20%
Maiden *	521	626	-	626	-	626	105	20%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Macon County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Macon Co.	57,313,589	7,526,207	13%	7,754,999	8,011,142	8,174,271
Franklin		541,483		558,774	577,427	589,185
Highlands *		774,327		798,561	825,222	842,025

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Macon Co.	8,268,856	8,461,629	-	8,461,629	2,382,250	10,843,879	2,575,023	31%
Franklin	597,757	612,001	-	612,001	-	612,001	14,244	2%
Highlands *	851,928	874,335	-	874,335	-	874,335	22,407	3%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Macon Co.	8,541,185	8,521,964	-	8,521,964	2,465,628	10,987,592	2,446,407	29%
Franklin	617,646	620,293	-	620,293	-	620,293	2,647	0%
Highlands *	880,295	885,871	-	885,871	-	885,871	5,576	1%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Macon Co.	8,822,753	8,547,815	-	8,547,815	2,551,925	11,099,741	2,276,987	26%
Franklin	638,212	626,690	-	626,690	-	626,690	(11,522)	(2%)
Highlands *	909,629	894,680	-	894,680	-	894,680	(14,949)	(2%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Macon Co.	9,113,696	8,636,620	-	8,636,620	2,641,243	11,277,863	2,164,167	24%
Franklin	659,470	636,907	-	636,907	-	636,907	(22,563)	(3%)
Highlands *	939,949	909,035	-	909,035	-	909,035	(30,914)	(3%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Madison County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Madison Co.	26,225,532	2,211,918	8%	2,282,896	2,355,916	2,403,889
Hot Springs		95,161		98,238	101,497	103,563
Mars Hill		342,929		356,172	367,975	375,468
Marshall		148,330		153,282	158,366	161,591

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Madison Co.	2,425,059	2,929,610	-	2,929,610	534,646	3,464,256	1,039,197	43%
Hot Springs	104,640	119,619	-	119,619	-	119,619	14,979	14%
Mars Hill	382,079	434,969	-	434,969	-	434,969	52,890	14%
Marshall	163,221	186,736	-	186,736	-	186,736	23,515	14%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Madison Co.	2,502,379	3,459,201	-	3,459,201	553,359	4,012,559	1,510,180	60%
Hot Springs	108,102	135,383	-	135,383	-	135,383	27,280	25%
Mars Hill	394,695	493,408	-	493,408	-	493,408	98,713	25%
Marshall	168,620	211,425	-	211,425	-	211,425	42,805	25%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Madison Co.	2,582,289	4,016,367	-	4,016,367	572,726	4,589,093	2,006,804	78%
Hot Springs	111,682	151,931	-	151,931	-	151,931	40,249	36%
Mars Hill	407,742	554,783	-	554,783	-	554,783	147,041	36%
Marshall	174,204	237,346	-	237,346	-	237,346	63,142	36%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Madison Co.	2,664,867	4,452,602	-	4,452,602	592,772	5,045,373	2,380,507	89%
Hot Springs	115,384	165,329	-	165,329	-	165,329	49,945	43%
Mars Hill	421,232	604,378	-	604,378	-	604,378	183,146	43%
Marshall	179,977	258,325	-	258,325	-	258,325	78,347	44%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Martin County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Martin Co.	34,213,135	3,866,952	11%	3,944,511	4,063,574	4,143,563
Bear Grass		5,347		5,473	5,644	5,759
Everetts		10,104		10,348	10,672	10,889
Hamilton		28,954		29,612	30,538	31,160
Hassell		2,299		2,353	2,426	2,476
Jamesville		44,513		45,549	46,973	47,930
Oak City		26,062		26,695	27,530	28,090
Parmele		21,903		22,416	23,117	23,587
Robersonville		190,226		194,662	200,750	204,838
Williamston		1,020,702		1,045,701	1,078,390	1,100,349

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Martin Co.	4,238,568	3,888,709	529,215	4,417,924	491,200	4,909,125	670,556	16%
Bear Grass	5,682	6,127	-	6,127	-	6,127	445	8%
Everetts	10,796	11,588	-	11,588	-	11,588	792	7%
Hamilton	30,426	33,137	-	33,137	-	33,137	2,712	9%
Hassell	2,035	2,634	-	2,634	-	2,634	599	29%
Jamesville	47,537	50,984	-	50,984	-	50,984	3,448	7%
Oak City	27,809	29,896	-	29,896	-	29,896	2,087	8%
Parmele	23,375	25,092	-	25,092	-	25,092	1,718	7%
Robersonville	203,938	217,897	-	217,897	-	217,897	13,959	7%
Williamston	1,073,949	1,171,180	-	1,171,180	-	1,171,180	97,232	9%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Martin Co.	4,366,441	4,125,104	550,850	4,675,954	508,392	5,184,346	817,906	19%
Bear Grass	5,862	6,465	-	6,465	-	6,465	604	10%
Everetts	11,136	12,231	-	12,231	-	12,231	1,095	10%
Hamilton	31,392	34,950	-	34,950	-	34,950	3,558	11%
Hassell	2,105	2,778	-	2,778	-	2,778	674	32%
Jamesville	49,036	53,787	-	53,787	-	53,787	4,751	10%
Oak City	28,686	31,555	-	31,555	-	31,555	2,869	10%
Parmele	24,112	26,473	-	26,473	-	26,473	2,361	10%
Robersonville	210,359	229,880	-	229,880	-	229,880	19,521	9%
Williamston	1,108,032	1,236,302	-	1,236,302	-	1,236,302	128,269	12%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Martin Co.	4,498,366	4,348,746	573,174	4,921,919	526,186	5,448,106	949,740	21%
Bear Grass	6,047	6,792	-	6,792	-	6,792	745	12%
Everetts	11,488	12,852	-	12,852	-	12,852	1,364	12%
Hamilton	32,390	36,699	-	36,699	-	36,699	4,309	13%
Hassell	2,177	2,918	-	2,918	-	2,918	742	34%
Jamesville	50,584	56,493	-	56,493	-	56,493	5,909	12%
Oak City	29,592	33,159	-	33,159	-	33,159	3,567	12%
Parmele	24,874	27,807	-	27,807	-	27,807	2,933	12%
Robersonville	216,990	241,451	-	241,451	-	241,451	24,461	11%
Williamston	1,143,237	1,299,253	-	1,299,253	-	1,299,253	156,017	14%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Martin County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Martin Co.	4,634,696	4,527,553	595,929	5,123,482	544,603	5,668,085	1,033,389	22%
Bear Grass	6,239	7,071	-	7,071	-	7,071	832	13%
Everetts	11,851	13,382	-	13,382	-	13,382	1,531	13%
Hamilton	33,421	38,196	-	38,196	-	38,196	4,774	14%
Hassell	2,252	3,038	-	3,038	-	3,038	786	35%
Jamesville	52,185	58,807	-	58,807	-	58,807	6,623	13%
Oak City	30,529	34,528	-	34,528	-	34,528	3,999	13%
Parmele	25,661	28,947	-	28,947	-	28,947	3,286	13%
Robersonville	223,846	251,346	-	251,346	-	251,346	27,500	12%
Williamston	1,179,637	1,352,976	-	1,352,976	-	1,352,976	173,339	15%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
McDowell County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
McDowell Co.	51,041,033	7,361,259	14%	7,525,615	7,765,431	7,923,557
Marion		1,094,585		1,122,875	1,159,721	1,183,336
Old Fort		151,133		154,111	159,174	162,416

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
McDowell Co.	8,032,558	8,490,320	-	8,490,320	1,945,071	10,435,391	2,402,833	30%
Marion	1,212,757	1,261,549	-	1,261,549	-	1,261,549	48,791	4%
Old Fort	165,930	172,736	-	172,736	-	172,736	6,806	4%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
McDowell Co.	8,288,057	9,208,487	-	9,208,487	2,013,148	11,221,635	2,933,578	35%
Marion	1,252,385	1,352,156	-	1,352,156	-	1,352,156	99,771	8%
Old Fort	171,363	184,665	-	184,665	-	184,665	13,302	8%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
McDowell Co.	8,551,464	9,936,815	-	9,936,815	2,083,608	12,020,424	3,468,960	41%
Marion	1,293,287	1,444,308	-	1,444,308	-	1,444,308	151,021	12%
Old Fort	176,970	196,773	-	196,773	-	196,773	19,803	11%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
McDowell Co.	8,823,923	10,538,733	-	10,538,733	2,156,535	12,695,268	3,871,345	44%
Marion	1,335,602	1,523,674	-	1,523,674	-	1,523,674	188,073	14%
Old Fort	182,771	207,269	-	207,269	-	207,269	24,498	13%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Mecklenburg County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Mecklenburg Co.	1,684,721,895	220,994,971	13%	230,472,889	238,959,462	243,943,386
Charlotte		120,093,933		125,087,770	129,634,284	132,083,534
Cornelius		2,746,520		2,865,603	2,971,729	3,032,242
Davidson *		1,295,054		1,351,922	1,401,998	1,430,546
Huntersville		5,813,917		6,053,102	6,271,650	6,376,430
Matthews		2,339,793		2,441,399	2,531,817	2,583,372
Mint Hill *		1,402,389		1,463,819	1,518,038	1,548,949
Pineville		1,181,897		1,232,690	1,278,337	1,304,368
Stallings *		15,487		16,168	16,767	17,109
Weddington *		-		-	-	-

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Mecklenburg Co.	246,763,671	210,050,376	43,523,528	253,573,905	-	253,573,905	6,810,234	3%
Charlotte	134,561,403	103,505,520	33,886,974	137,392,494	-	137,392,494	2,831,091	2%
Cornelius	3,038,700	3,148,165	-	3,148,165	-	3,148,165	109,465	4%
Davidson *	1,441,912	1,485,958	-	1,485,958	-	1,485,958	44,046	3%
Huntersville	6,461,179	4,429,386	2,200,964	6,630,350	-	6,630,350	169,171	3%
Matthews	2,621,385	2,682,294	-	2,682,294	-	2,682,294	60,909	2%
Mint Hill *	1,561,126	1,608,796	-	1,608,796	-	1,608,796	47,670	3%
Pineville	1,311,921	1,353,780	-	1,353,780	-	1,353,780	41,859	3%
Stallings *	17,228	17,772	-	17,772	-	17,772	544	3%
Weddington *	-	-	-	-	-	-	-	-

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Mecklenburg Co.	255,837,048	210,094,418	45,289,434	255,383,852	-	255,383,852	(453,196)	(0%)
Charlotte	139,463,615	104,153,915	35,176,209	139,330,124	-	139,330,124	(133,492)	(0%)
Cornelius	3,150,362	3,167,484	-	3,167,484	-	3,167,484	17,122	1%
Davidson *	1,494,983	1,495,779	-	1,495,779	-	1,495,779	795	0%
Huntersville	6,695,053	4,458,479	2,282,428	6,740,907	-	6,740,907	45,855	1%
Matthews	2,718,020	2,698,909	-	2,698,909	-	2,698,909	(19,111)	(1%)
Mint Hill *	1,618,583	1,619,281	-	1,619,281	-	1,619,281	699	0%
Pineville	1,360,170	1,361,646	-	1,361,646	-	1,361,646	1,476	0%
Stallings *	17,862	17,890	-	17,890	-	17,890	28	0%
Weddington *	-	-	-	-	-	-	-	-

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Mecklenburg Co.	265,232,231	210,308,749	47,090,361	257,399,110	-	257,399,110	(7,833,121)	(3%)
Charlotte	144,539,274	104,896,682	36,499,312	141,395,994	-	141,395,994	(3,143,280)	(2%)
Cornelius	3,265,984	3,189,636	-	3,189,636	-	3,189,636	(76,348)	(2%)
Davidson *	1,549,938	1,507,003	-	1,507,003	-	1,507,003	(42,935)	(3%)
Huntersville	6,937,187	4,491,739	2,366,266	6,858,005	-	6,858,005	(79,182)	(1%)
Matthews	2,818,084	2,717,953	-	2,717,953	-	2,717,953	(100,132)	(4%)
Mint Hill *	1,678,078	1,631,272	-	1,631,272	-	1,631,272	(46,805)	(3%)
Pineville	1,410,131	1,370,689	-	1,370,689	-	1,370,689	(39,442)	(3%)
Stallings *	18,519	18,026	-	18,026	-	18,026	(493)	(3%)
Weddington *	-	-	-	-	-	-	-	-

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Mecklenburg County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Mecklenburg Co.	274,964,592	213,916,987	48,963,976	262,880,963	-	262,880,963	(12,083,629)	(4%)
Charlotte	149,796,262	107,088,160	37,872,777	144,960,937	-	144,960,937	(4,835,325)	(3%)
Cornelius	3,385,755	3,255,956	-	3,255,956	-	3,255,956	(129,799)	(4%)
Davidson *	1,606,865	1,538,892	-	1,538,892	-	1,538,892	(67,973)	(4%)
Huntersville	7,187,944	4,586,645	2,453,209	7,039,854	-	7,039,854	(148,090)	(2%)
Matthews	2,921,745	2,774,587	-	2,774,587	-	2,774,587	(147,157)	(5%)
Mint Hill *	1,739,709	1,665,675	-	1,665,675	-	1,665,675	(74,034)	(4%)
Pineville	1,461,884	1,398,839	-	1,398,839	-	1,398,839	(63,045)	(4%)
Stallings *	19,199	18,408	-	18,408	-	18,408	(791)	(4%)
Weddington *	-	-	-	-	-	-	-	-

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Mitchell County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Mitchell Co.	17,862,626	2,837,950	16%	2,920,565	3,013,668	3,075,034
Bakersville		42,783		44,045	45,481	46,407
Spruce Pine		372,219		383,596	396,095	404,161

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Mitchell Co.	3,104,709	3,336,264	-	3,336,264	831,700	4,167,964	1,063,254	34%
Bakersville	47,014	49,997	-	49,997	-	49,997	2,983	6%
Spruce Pine	408,251	435,698	-	435,698	-	435,698	27,447	7%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Mitchell Co.	3,204,051	3,484,638	-	3,484,638	860,809	4,345,447	1,141,396	36%
Bakersville	48,549	52,158	-	52,158	-	52,158	3,609	7%
Spruce Pine	421,587	454,791	-	454,791	-	454,791	33,203	8%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Mitchell Co.	3,306,801	3,626,269	-	3,626,269	890,937	4,517,207	1,210,406	37%
Bakersville	50,137	54,251	-	54,251	-	54,251	4,114	8%
Spruce Pine	435,383	473,318	-	473,318	-	473,318	37,935	9%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Mitchell Co.	3,413,093	3,754,649	-	3,754,649	922,120	4,676,770	1,263,676	37%
Bakersville	51,780	56,212	-	56,212	-	56,212	4,432	9%
Spruce Pine	449,657	490,605	-	490,605	-	490,605	40,948	9%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Montgomery County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Montgomery Co.	38,225,643	3,266,143	9%	3,349,549	3,454,397	3,523,666
Biscoe		286,875		294,978	304,567	310,768
Candor		141,924		145,955	150,700	153,768
Mount Gilead		197,545		203,283	209,890	214,164
Star		147,658		152,024	156,964	160,160
Troy		562,094		577,406	596,180	608,320

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Montgomery Co.	3,563,201	3,711,342	393,271	4,104,613	402,404	4,507,017	943,817	26%
Biscoe	314,846	351,292	-	351,292	-	351,292	36,446	12%
Candor	155,693	173,833	-	173,833	-	173,833	18,140	12%
Mount Gilead	214,177	242,187	-	242,187	-	242,187	28,011	13%
Star	159,987	181,165	-	181,165	-	181,165	21,178	13%
Troy	613,949	687,298	-	687,298	-	687,298	73,348	12%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Montgomery Co.	3,671,888	4,196,316	411,225	4,607,542	416,488	5,024,030	1,352,142	37%
Biscoe	324,877	386,126	-	386,126	-	386,126	61,248	19%
Candor	160,654	191,083	-	191,083	-	191,083	30,429	19%
Mount Gilead	221,024	266,292	-	266,292	-	266,292	45,268	20%
Star	165,103	199,240	-	199,240	-	199,240	34,137	21%
Troy	633,537	755,130	-	755,130	-	755,130	121,593	19%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Montgomery Co.	3,783,277	4,690,343	430,100	5,120,443	431,065	5,551,508	1,768,232	47%
Biscoe	335,192	421,676	-	421,676	-	421,676	86,484	26%
Candor	165,755	208,688	-	208,688	-	208,688	42,933	26%
Mount Gilead	228,067	290,896	-	290,896	-	290,896	62,829	28%
Star	170,365	217,692	-	217,692	-	217,692	47,327	28%
Troy	653,679	824,343	-	824,343	-	824,343	170,664	26%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Montgomery Co.	3,900,448	5,079,113	449,176	5,528,289	446,153	5,974,442	2,073,994	53%
Biscoe	345,983	450,932	-	450,932	-	450,932	104,949	30%
Candor	171,092	223,175	-	223,175	-	223,175	52,083	30%
Mount Gilead	235,432	311,134	-	311,134	-	311,134	75,702	32%
Star	175,868	232,865	-	232,865	-	232,865	56,997	32%
Troy	674,749	881,335	-	881,335	-	881,335	206,586	31%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Moore County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Moore Co.	122,331,286	13,769,247	11%	14,240,302	14,750,002	15,050,353
Aberdeen		1,400,903		1,451,939	1,503,626	1,534,244
Cameron		60,889		62,947	65,187	66,514
Candor		-		-	-	-
Carthage		472,171		488,534	505,924	516,226
Foxfire Village		195,771		202,607	209,819	214,092
Pinebluff		285,250		295,078	305,581	311,804
Pinehurst		3,179,586		3,289,715	3,406,813	3,476,185
Robbins		233,375		241,276	249,864	254,952
Southern Pines		2,645,822		2,736,561	2,833,968	2,891,676
Taylortown		152,752		157,913	163,534	166,864
Vass		152,613		157,754	163,369	166,696
Whisp. Pines		638,135		660,532	684,044	697,973

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Moore Co.	15,302,619	15,300,724	-	15,300,724	5,950,429	21,251,153	5,948,534	39%
Aberdeen	1,582,447	1,576,659	-	1,576,659	-	1,576,659	(5,788)	(0%)
Cameron	68,151	68,271	-	68,271	-	68,271	120	0%
Candor	-	-	-	-	-	-	-	-
Carthage	523,947	530,071	-	530,071	-	530,071	6,123	1%
Foxfire Village	217,981	219,859	-	219,859	-	219,859	1,878	1%
Pinebluff	316,855	320,136	-	320,136	-	320,136	3,281	1%
Pinehurst	3,537,100	3,569,380	-	3,569,380	-	3,569,380	32,280	1%
Robbins	258,777	261,694	-	261,694	-	261,694	2,917	1%
Southern Pines	2,951,457	2,968,740	-	2,968,740	-	2,968,740	17,283	1%
Taylortown	169,360	171,271	-	171,271	-	171,271	1,912	1%
Vass	169,333	171,091	-	171,091	-	171,091	1,758	1%
Whisp. Pines	710,376	716,836	-	716,836	-	716,836	6,460	1%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Moore Co.	15,845,034	15,738,011	-	15,738,011	6,158,694	21,896,705	6,051,671	38%
Aberdeen	1,638,378	1,629,042	-	1,629,042	-	1,629,042	(9,335)	(1%)
Cameron	70,559	70,438	-	70,438	-	70,438	(122)	(0%)
Candor	-	-	-	-	-	-	-	-
Carthage	542,454	547,151	-	547,151	-	547,151	4,697	1%
Foxfire Village	225,681	226,976	-	226,976	-	226,976	1,295	1%
Pinebluff	328,047	330,415	-	330,415	-	330,415	2,368	1%
Pinehurst	3,662,051	3,684,358	-	3,684,358	-	3,684,358	22,307	1%
Robbins	267,918	270,008	-	270,008	-	270,008	2,091	1%
Southern Pines	3,055,729	3,063,797	-	3,063,797	-	3,063,797	8,067	0%
Taylortown	175,342	176,706	-	176,706	-	176,706	1,364	1%
Vass	175,315	176,510	-	176,510	-	176,510	1,195	1%
Whisp. Pines	735,471	740,113	-	740,113	-	740,113	4,642	1%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Moore County (cont'd)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Moore Co.	16,404,997	16,182,743	-	16,182,743	6,374,248	22,556,991	6,151,995	38%
Aberdeen	1,696,151	1,682,700	-	1,682,700	-	1,682,700	(13,451)	(1%)
Cameron	73,047	72,651	-	72,651	-	72,651	(396)	(1%)
Candor	-	-	-	-	-	-	-	-
Carthage	561,574	564,617	-	564,617	-	564,617	3,043	1%
Foxfire Village	233,637	234,255	-	234,255	-	234,255	619	0%
Pinebluff	339,610	340,923	-	340,923	-	340,923	1,313	0%
Pinehurst	3,791,132	3,801,921	-	3,801,921	-	3,801,921	10,789	0%
Robbins	277,361	278,503	-	278,503	-	278,503	1,142	0%
Southern Pines	3,163,447	3,160,957	-	3,160,957	-	3,160,957	(2,490)	(0%)
Taylortown	181,522	182,258	-	182,258	-	182,258	737	0%
Vass	181,494	182,046	-	182,046	-	182,046	552	0%
Whisp. Pines	761,396	763,926	-	763,926	-	763,926	2,530	0%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Moore Co.	16,983,568	16,704,761	-	16,704,761	6,597,347	23,302,107	6,318,539	37%
Aberdeen	1,755,868	1,742,182		1,742,182	-	1,742,182	(13,685)	(1%)
Cameron	75,618	75,144	-	75,144	-	75,144	(474)	(1%)
Candor	-	-	-	-	-	-	-	-
Carthage	581,338	584,185	-	584,185	-	584,185	2,848	0%
Foxfire Village	241,860	242,398	-	242,398	-	242,398	538	0%
Pinebluff	351,563	352,712	-	352,712	-	352,712	1,149	0%
Pinehurst	3,924,564	3,933,660	-	3,933,660	-	3,933,660	9,096	0%
Robbins	287,122	288,068	-	288,068	-	288,068	946	0%
Southern Pines	3,274,793	3,270,064	-	3,270,064	-	3,270,064	(4,729)	(0%)
Taylortown	187,910	188,513	-	188,513	-	188,513	603	0%
Vass	187,881	188,286	-	188,286	-	188,286	405	0%
Whisp. Pines	788,194	790,534	-	790,534	-	790,534	2,339	0%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Nash County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Nash Co.	109,062,829	11,671,259	11%	11,980,911	12,354,874	12,606,453
Bailey		95,869		98,598	101,786	103,858
Castalia		45,176		46,447	47,949	48,926
Dortches		161,688		166,440	171,820	175,319
Middlesex		138,822		142,828	147,446	150,448
Momeyer		37,889		39,006	40,266	41,086
Nashville		918,781		945,347	975,910	995,782
Red Oak		589,403		606,723	626,335	639,089
Rocky Mount *		6,771,960		6,968,100	7,193,373	7,339,850
Sharpsburg *		211,706		217,787	224,828	229,406
Spring Hope		227,063		233,633	241,186	246,097
Whitakers *		57,749		59,402	61,323	62,572

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Nash Co.	12,700,548	13,649,883	-	13,649,883	5,476,169	19,126,052	6,425,504	51%
Bailey	104,807	111,533	-	111,533	-	111,533	6,725	6%
Castalia	49,366	52,530	-	52,530	-	52,530	3,164	6%
Dortches	177,549	188,380	-	188,380	-	188,380	10,831	6%
Middlesex	151,848	161,604	-	161,604	-	161,604	9,757	6%
Momeyer	41,476	44,149	-	44,149	-	44,149	2,674	6%
Nashville	1,007,212	1,069,658	-	1,069,658	-	1,069,658	62,447	6%
Red Oak	646,687	686,698	-	686,698	-	686,698	40,011	6%
Rocky Mount *	7,412,555	7,884,621	-	7,884,621	-	7,884,621	472,066	6%
Sharpsburg *	231,731	246,397	-	246,397	-	246,397	14,666	6%
Spring Hope	248,537	264,358	-	264,358	-	264,358	15,821	6%
Whitakers *	63,276	67,202	-	67,202	-	67,202	3,927	6%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Nash Co.	13,096,727	14,065,582	-	14,065,582	5,667,834	19,733,416	6,636,689	51%
Bailey	108,193	115,232	-	115,232	-	115,232	7,039	7%
Castalia	50,961	54,263	-	54,263	-	54,263	3,302	6%
Dortches	183,277	194,730	-	194,730	-	194,730	11,453	6%
Middlesex	156,753	167,001	-	167,001	-	167,001	10,249	7%
Momeyer	42,815	45,639	-	45,639	-	45,639	2,824	7%
Nashville	1,039,722	1,105,417	-	1,105,417	-	1,105,417	65,695	6%
Red Oak	667,554	709,839	-	709,839	-	709,839	42,285	6%
Rocky Mount *	7,651,937	8,148,425	-	8,148,425	-	8,148,425	496,488	6%
Sharpsburg *	239,215	254,608	-	254,608	-	254,608	15,393	6%
Spring Hope	256,564	273,199	-	273,199	-	273,199	16,635	6%
Whitakers *	65,318	69,438	-	69,438	-	69,438	4,119	6%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Nash Co.	13,505,912	14,421,853	-	14,421,853	5,866,209	20,288,062	6,782,149	50%
Bailey	111,693	118,622	-	118,622	-	118,622	6,930	6%
Castalia	52,610	55,849	-	55,849	-	55,849	3,240	6%
Dortches	189,196	200,564	-	200,564	-	200,564	11,368	6%
Middlesex	161,822	171,954	-	171,954	-	171,954	10,132	6%
Momeyer	44,199	47,008	-	47,008	-	47,008	2,809	6%
Nashville	1,073,321	1,138,233	-	1,138,233	-	1,138,233	64,912	6%
Red Oak	689,120	731,103	-	731,103	-	731,103	41,984	6%
Rocky Mount *	7,899,340	8,390,556	-	8,390,556	-	8,390,556	491,216	6%
Sharpsburg *	246,949	262,139	-	262,139	-	262,139	15,189	6%
Spring Hope	264,859	281,312	-	281,312	-	281,312	16,453	6%
Whitakers *	67,429	71,488	-	71,488	-	71,488	4,058	6%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Nash County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current La to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Nash Co.	13,928,689	14,756,806	-	14,756,806	6,071,526	20,828,332	6,899,643	50%
Bailey	115,311	121,941	-	121,941	-	121,941	6,630	6%
Castalia	54,314	57,404	-	57,404	-	57,404	3,090	6%
Dortches	195,315	206,246	-	206,246	-	206,246	10,930	6%
Middlesex	167,063	176,790	-	176,790	-	176,790	9,727	6%
Momeyer	45,630	48,341	-	48,341	-	48,341	2,711	6%
Nashville	1,108,054	1,170,271	-	1,170,271	-	1,170,271	62,216	6%
Red Oak	711,414	751,812	-	751,812	-	751,812	40,399	6%
Rocky Mount *	8,155,099	8,626,880	-	8,626,880	-	8,626,880	471,781	6%
Sharpsburg *	254,945	269,498	-	269,498	-	269,498	14,553	6%
Spring Hope	273,434	289,233	-	289,233	-	289,233	15,798	6%
Whitakers *	69,612	73,492	-	73,492	-	73,492	3,880	6%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
New Hanover County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
New Hanover Co.	335,166,028	53,531,424	16%	55,507,217	57,528,696	58,624,491
Carolina Beach		1,267,737		1,311,949	1,359,836	1,387,526
Kure Beach		674,892		700,587	726,174	740,961
Wilmington		18,499,881		19,204,277	19,905,672	20,311,006
Wrightsville B.		1,072,167		1,111,740	1,152,335	1,175,799

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
New Hanover Co.	59,699,181	49,524,872	9,153,125	58,677,996	8,096,346	66,774,342	7,075,161	12%
Carolina Beach	1,410,034	1,390,114	-	1,390,114	-	1,390,114	(19,920)	(1%)
Kure Beach	752,894	743,813	-	743,813	-	743,813	(9,080)	(1%)
Wilmington	20,670,682	20,389,225	-	20,389,225	-	20,389,225	(281,457)	(1%)
Wrightsville B.	1,190,990	1,179,478	-	1,179,478	-	1,179,478	(11,512)	(1%)

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
New Hanover Co.	61,870,437	48,956,815	9,496,112	58,452,927	8,379,718	66,832,645	4,962,208	8%
Carolina Beach	1,461,256	1,384,992	-	1,384,992	-	1,384,992	(76,264)	(5%)
Kure Beach	780,259	742,851	-	742,851	-	742,851	(37,408)	(5%)
Wilmington	21,422,189	20,362,888	-	20,362,888	-	20,362,888	(1,059,301)	(5%)
Wrightsville B.	1,234,246	1,176,930	-	1,176,930	-	1,176,930	(57,316)	(5%)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
New Hanover Co.	64,118,436	48,331,911	9,847,294	58,179,205	8,673,008	66,852,212	2,733,777	4%
Carolina Beach	1,514,287	1,378,688	-	1,378,688	-	1,378,688	(135,599)	(9%)
Kure Beach	808,591	741,418	-	741,418	-	741,418	(67,173)	(8%)
Wilmington	22,200,255	20,323,660	-	20,323,660	-	20,323,660	(1,876,596)	(8%)
Wrightsville B.	1,279,031	1,173,543	-	1,173,543	-	1,173,543	(105,488)	(8%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
New Hanover Co.	66,446,678	48,605,080	10,211,752	58,816,832	8,976,563	67,793,395	1,346,716	2%
Carolina Beach	1,569,211	1,394,020	-	1,394,020	-	1,394,020	(175,191)	(11%)
Kure Beach	837,934	751,091	-	751,091	-	751,091	(86,843)	(10%)
Wilmington	23,006,090	20,588,855	-	20,588,855	-	20,588,855	(2,417,235)	(11%)
Wrightsville B.	1,325,412	1,188,037	-	1,188,037	-	1,188,037	(137,376)	(10%)

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Northampton County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Northampton Co.	46,766,824	1,743,162	4%	1,748,898	1,788,326	1,824,741
Conway		122,318		124,576	128,111	130,720
Garysburg		153,127		155,852	160,277	163,540
Gaston		168,295		171,320	176,183	179,771
Jackson		74,083		75,405	77,546	79,125
Lasker		17,898		18,235	18,753	19,135
Rich Square		140,977		143,493	147,567	150,572
Seaboard		91,877		93,565	96,220	98,180
Severn		40,213		40,944	42,106	42,963
Woodland		116,833		118,889	122,264	124,754

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Northampton Co.	1,826,946	2,171,950	-	2,171,950	434,256	2,606,205	779,259	43%
Conway	132,405	147,236	-	147,236	-	147,236	14,831	11%
Garysburg	165,532	184,148	-	184,148	-	184,148	18,616	11%
Gaston	181,797	202,440	-	202,440	-	202,440	20,643	11%
Jackson	79,929	89,097	-	89,097	-	89,097	9,168	11%
Lasker	19,434	21,556	-	21,556	-	21,556	2,123	11%
Rich Square	152,704	169,550	-	169,550	-	169,550	16,846	11%
Seaboard	99,141	110,580	-	110,580	-	110,580	11,439	12%
Severn	43,472	48,386	-	48,386	-	48,386	4,914	11%
Woodland	126,096	140,462	-	140,462	-	140,462	14,366	11%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Northampton Co.	1,868,137	2,615,662	-	2,615,662	449,455	3,065,116	1,196,980	64%
Conway	136,156	166,810	-	166,810	-	166,810	30,654	23%
Garysburg	170,225	208,581	-	208,581	-	208,581	38,356	23%
Gaston	186,953	229,313	-	229,313	-	229,313	42,360	23%
Jackson	82,197	100,920	-	100,920	-	100,920	18,722	23%
Lasker	19,983	24,425	-	24,425	-	24,425	4,442	22%
Rich Square	157,028	192,049	-	192,049	-	192,049	35,021	22%
Seaboard	101,955	125,277	-	125,277	-	125,277	23,322	23%
Severn	44,704	54,813	-	54,813	-	54,813	10,108	23%
Woodland	129,674	159,087	-	159,087	-	159,087	29,413	23%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Northampton Co.	1,910,481	3,063,113	-	3,063,113	465,185	3,528,299	1,617,818	85%
Conway	140,026	186,612	-	186,612	-	186,612	46,586	33%
Garysburg	175,068	233,298	-	233,298	-	233,298	58,230	33%
Gaston	192,274	256,500	-	256,500	-	256,500	64,226	33%
Jackson	84,538	112,880	-	112,880	-	112,880	28,341	34%
Lasker	20,550	27,328	-	27,328	-	27,328	6,778	33%
Rich Square	161,491	214,810	-	214,810	-	214,810	53,319	33%
Seaboard	104,858	140,146	-	140,146	-	140,146	35,287	34%
Severn	45,976	61,315	-	61,315	-	61,315	15,339	33%
Woodland	133,366	177,928	-	177,928	-	177,928	44,562	33%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Northampton County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Northampton Co.	1,953,892	3,380,937	-	3,380,937	481,467	3,862,404	1,908,512	98%
Conway	144,016	201,557	-	201,557	-	201,557	57,541	40%
Garysburg	180,060	251,955	-	251,955	-	251,955	71,895	40%
Gaston	197,759	277,021	-	277,021	-	277,021	79,261	40%
Jackson	86,952	121,908	-	121,908	-	121,908	34,956	40%
Lasker	21,135	29,518	-	29,518	-	29,518	8,384	40%
Rich Square	166,091	231,991	-	231,991	-	231,991	65,901	40%
Seaboard	107,852	151,368	-	151,368	-	151,368	43,516	40%
Severn	47,287	66,222	-	66,222	-	66,222	18,935	40%
Woodland	137,173	192,151	-	192,151	-	192,151	54,979	40%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Onslow County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Onslow Co.	197,509,955	33,578,911	17%	34,952,390	36,233,002	36,936,277
Holly Ridge		410,829		427,642	443,252	452,278
Jacksonville		10,098,275		10,503,948	10,887,318	11,109,013
N. Topsail Bea.		1,015,720		1,055,741	1,094,270	1,116,552
Richlands		279,485		290,946	301,566	307,707
Surf City *		433,682		451,430	467,908	477,436
Swansboro		802,807		835,523	866,020	883,654

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Onslow Co.	37,573,911	33,730,475	5,173,415	38,903,890	4,496,319	43,400,209	5,826,298	16%
Holly Ridge	470,052	476,794	-	476,794	-	476,794	6,742	1%
Jacksonville	11,233,830	11,706,288	-	11,706,288	-	11,706,288	472,458	4%
N. Topsail Bea.	1,271,395	1,176,080	-	1,176,080	-	1,176,080	(95,315)	(7%)
Richlands	311,116	324,400	-	324,400	-	324,400	13,284	4%
Surf City *	481,449	503,315	-	503,315	-	503,315	21,866	5%
Swansboro	874,029	931,464	-	931,464	-	931,464	57,435	7%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Onslow Co.	38,957,584	36,060,766	5,382,629	41,443,395	4,653,690	46,097,084	7,139,501	18%
Holly Ridge	487,291	506,479	-	506,479	-	506,479	19,188	4%
Jacksonville	11,644,169	12,429,802	-	12,429,802	-	12,429,802	785,632	7%
N. Topsail Bea.	1,318,594	1,248,220	-	1,248,220	-	1,248,220	(70,374)	(5%)
Richlands	322,482	344,614	-	344,614	-	344,614	22,132	7%
Surf City *	499,030	534,652	-	534,652	-	534,652	35,622	7%
Swansboro	905,852	989,360	-	989,360	-	989,360	83,507	9%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Onslow Co.	40,389,927	38,591,738	5,600,405	44,192,143	4,816,569	49,008,712	8,618,785	21%
Holly Ridge	505,137	538,439	-	538,439	-	538,439	33,302	7%
Jacksonville	12,068,931	13,208,680	-	13,208,680	-	13,208,680	1,139,750	9%
N. Topsail Bea.	1,367,454	1,325,872	-	1,325,872	-	1,325,872	(41,582)	(3%)
Richlands	334,246	366,376	-	366,376	-	366,376	32,130	10%
Surf City *	517,228	568,389	-	568,389	-	568,389	51,161	10%
Swansboro	938,794	1,051,690	-	1,051,690	-	1,051,690	112,896	12%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Onslow Co.	41,873,986	41,007,898	5,824,775	46,832,673	4,985,149	51,817,822	9,943,836	24%
Holly Ridge	523,626	569,299	-	569,299	-	569,299	45,673	9%
Jacksonville	12,508,955	13,961,948	-	13,961,948	-	13,961,948	1,452,993	12%
N. Topsail Bea.	1,418,087	1,401,097	-	1,401,097	-	1,401,097	(16,990)	(1%)
Richlands	346,434	387,385	-	387,385	-	387,385	40,951	12%
Surf City *	536,081	600,965	-	600,965	-	600,965	64,884	12%
Swansboro	972,918	1,111,897	-	1,111,897	-	1,111,897	138,980	14%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Orange County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Orange Co.	241,278,879	23,643,646	10%	24,408,387	25,269,178	25,690,875
Carrboro		3,502,913		3,614,599	3,743,199	3,819,420
Chapel Hill *		9,732,757		10,046,077	10,403,500	10,615,344
Durham *		5,410		5,577	5,775	5,893
Hillsborough		1,095,281		1,129,851	1,170,048	1,193,874
Mebane *		328,639		339,615	351,699	358,860

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Orange Co.	26,282,168	16,532,617	10,325,303	26,857,920	-	26,857,920	575,752	2%
Carrboro	3,898,802	3,997,213	-	3,997,213	-	3,997,213	98,411	3%
Chapel Hill *	10,803,775	11,110,870	-	11,110,870	-	11,110,870	307,095	3%
Durham *	5,990	6,164	-	6,164	-	6,164	174	3%
Hillsborough	1,218,379	1,249,286	-	1,249,286	-	1,249,286	30,907	3%
Mebane *	366,965	375,795	-	375,795	-	375,795	8,830	2%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Orange Co.	27,213,609	17,914,889	10,741,286	28,656,175	-	28,656,175	1,442,566	5%
Carrboro	4,036,958	4,263,589	-	4,263,589	-	4,263,589	226,631	6%
Chapel Hill *	11,186,573	11,853,083	-	11,853,083	-	11,853,083	666,510	6%
Durham *	6,203	6,571	-	6,571	-	6,571	369	6%
Hillsborough	1,261,552	1,332,331	-	1,332,331	-	1,332,331	70,779	6%
Mebane *	379,970	401,133	-	401,133	-	401,133	21,163	6%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Orange Co.	28,177,390	19,387,375	11,174,360	30,561,735	-	30,561,735	2,384,344	8%
Carrboro	4,179,911	4,545,150	-	4,545,150	-	4,545,150	365,238	9%
Chapel Hill *	11,582,664	12,637,655	-	12,637,655	-	12,637,655	1,054,991	9%
Durham *	6,422	7,002	-	7,002	-	7,002	579	9%
Hillsborough	1,306,224	1,420,103	-	1,420,103	-	1,420,103	113,879	9%
Mebane *	393,426	427,923	-	427,923	-	427,923	34,497	9%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Orange Co.	29,175,421	20,703,507	11,619,466	32,322,973	-	32,322,973	3,147,552	11%
Carrboro	4,327,944	4,806,114	-	4,806,114	-	4,806,114	478,170	11%
Chapel Hill *	11,992,827	13,364,490	-	13,364,490	-	13,364,490	1,371,663	11%
Durham *	6,650	7,401	-	7,401	-	7,401	751	11%
Hillsborough	1,352,483	1,501,496	-	1,501,496	-	1,501,496	149,012	11%
Mebane *	407,361	452,697	-	452,697	-	452,697	45,335	11%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Pamlico County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Pamlico Co.	23,449,873	1,913,294	8%	1,956,057	2,017,383	2,058,463
Alliance		-		-	-	-
Arapahoe		-		-	-	-
Bayboro		22,297		22,896	23,640	24,121
Grantsboro		6,154		6,332	6,538	6,671
Mesic		7,962		8,190	8,456	8,628
Minnesott Bea.		33,980		34,842	35,975	36,707
Oriental		121,074		124,292	128,330	130,944
Stonewall		9,027		8,966	9,259	9,448
Vandemere		11,205		11,466	11,839	12,080

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pamlico Co.	2,079,102	2,344,776	-	2,344,776	463,637	2,808,414	729,312	35%
Alliance	1,693	-	-	-	-	-	(1,693)	(100%)
Arapahoe	-	-	-	-	-	-	-	-
Bayboro	24,285	26,851	-	26,851	-	26,851	2,566	11%
Grantsboro	6,740	7,434	-	7,434	-	7,434	694	10%
Mesic	8,706	9,613	-	9,613	-	9,613	907	10%
Minnesott Bea.	37,078	40,831	-	40,831	-	40,831	3,754	10%
Oriental	132,362	145,744	-	145,744	-	145,744	13,382	10%
Stonewall	9,564	10,335	-	10,335	-	10,335	771	8%
Vandemere	12,234	13,424	-	13,424	-	13,424	1,190	10%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pamlico Co.	2,144,325	2,613,255	-	2,613,255	479,865	3,093,119	948,795	44%
Alliance	1,735	-	-	-	-	-	(1,735)	(100%)
Arapahoe	-	-	-	-	-	-	-	-
Bayboro	25,075	29,363	-	29,363	-	29,363	4,289	17%
Grantsboro	6,959	8,137	-	8,137	-	8,137	1,178	17%
Mesic	8,989	10,520	-	10,520	-	10,520	1,532	17%
Minnesott Bea.	38,283	44,622	-	44,622	-	44,622	6,339	17%
Oriental	136,662	159,358	-	159,358	-	159,358	22,696	17%
Stonewall	9,877	11,126	-	11,126	-	11,126	1,249	13%
Vandemere	12,631	14,657	-	14,657	-	14,657	2,026	16%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pamlico Co.	2,211,618	2,889,118	-	2,889,118	496,660	3,385,778	1,174,160	53%
Alliance	1,778	-	-	-	-	-	(1,778)	(100%)
Arapahoe	-	-	-	-	-	-	-	-
Bayboro	25,890	31,946	-	31,946	-	31,946	6,056	23%
Grantsboro	7,185	8,860	-	8,860	-	8,860	1,675	23%
Mesic	9,281	11,454	-	11,454	-	11,454	2,173	23%
Minnesott Bea.	39,527	48,517	-	48,517	-	48,517	8,990	23%
Oriental	141,103	173,354	-	173,354	-	173,354	32,251	23%
Stonewall	10,200	11,933	-	11,933	-	11,933	1,733	17%
Vandemere	13,042	15,924	-	15,924	-	15,924	2,883	22%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Pamlico County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Pamlico Co.	2,281,241	3,109,241	-	3,109,241	514,043	3,623,284	1,342,043	59%
Alliance	1,823	-	-	-	-	-	(1,823)	(100%)
Arapahoe	-	-	-	-	-	-	-	-
Bayboro	26,734	34,083	-	34,083	-	34,083	7,349	27%
Grantsboro	7,418	9,457	-	9,457	-	9,457	2,039	27%
Mesic	9,583	12,225	-	12,225	-	12,225	2,642	28%
Minnesott Bea.	40,815	51,744	-	51,744	-	51,744	10,929	27%
Oriental	145,698	184,939	-	184,939	-	184,939	39,241	27%
Stonewall	10,535	12,620	-	12,620	-	12,620	2,085	20%
Vandemere	13,467	16,975	-	16,975	-	16,975	3,509	26%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Pasquotank County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Pasquotank Co.	56,226,954	6,520,462	12%	6,652,010	6,858,318	6,997,972
Elizabeth City *		2,773,147		2,842,281	2,933,265	2,992,994

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pasquotank Co.	7,073,873	7,323,386	-	7,323,386	2,397,583	9,720,969	2,647,096	37%
Elizabeth City *	3,028,706	3,139,330	-	3,139,330	-	3,139,330	110,624	4%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pasquotank Co.	7,298,695	7,488,343	-	7,488,343	2,481,498	9,969,841	2,671,146	37%
Elizabeth City *	3,127,356	3,226,817	-	3,226,817	-	3,226,817	99,461	3%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pasquotank Co.	7,532,195	7,626,652	-	7,626,652	2,568,351	10,195,002	2,662,807	35%
Elizabeth City *	3,229,721	3,306,917	-	3,306,917	-	3,306,917	77,196	2%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pasquotank Co.	7,774,778	7,782,791	-	7,782,791	2,658,243	10,441,034	2,666,257	34%
Elizabeth City *	3,335,962	3,393,156	-	3,393,156	-	3,393,156	57,194	2%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Pender County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Pender Co.	76,991,414	7,531,907	10%	7,866,805	8,173,273	8,339,703
Atkinson		61,707		64,255	66,682	68,040
Burgaw		789,476		821,310	852,327	869,682
Saint Helena		80,075		83,346	86,493	88,255
Surf City *		325,210		338,679	351,472	358,629
Topsail Beach		75,580		78,688	81,660	83,323
Wallace *		-		-	-	-
Watha		39,391		41,038	42,588	43,456

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pender Co.	8,486,781	9,577,164	-	9,577,164	1,929,918	11,507,081	3,020,300	36%
Atkinson	69,305	76,161	-	76,161	-	76,161	6,856	10%
Burgaw	882,080	972,972	-	972,972	-	972,972	90,892	10%
Saint Helena	89,897	98,764	-	98,764	-	98,764	8,867	10%
Surf City *	365,311	401,462	-	401,462	-	401,462	36,151	10%
Topsail Beach	84,741	93,260	-	93,260	-	93,260	8,518	10%
Wallace *	-	-	-	-	-	-	-	-
Watha	44,182	48,656	-	48,656	-	48,656	4,474	10%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pender Co.	8,812,456	10,947,724	-	10,947,724	1,997,465	12,945,189	4,132,734	47%
Atkinson	71,894	84,831	-	84,831	-	84,831	12,937	18%
Burgaw	915,009	1,083,237	-	1,083,237	-	1,083,237	168,228	18%
Saint Helena	93,256	109,984	-	109,984	-	109,984	16,728	18%
Surf City *	378,961	447,189	-	447,189	-	447,189	68,228	18%
Topsail Beach	87,906	103,868	-	103,868	-	103,868	15,961	18%
Wallace *	-	-	-	-	-	-	-	-
Watha	45,833	54,208	-	54,208	-	54,208	8,376	18%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pender Co.	9,148,975	12,443,738	-	12,443,738	2,067,376	14,511,114	5,362,140	59%
Atkinson	74,571	94,241	-	94,241	-	94,241	19,669	26%
Burgaw	949,050	1,202,910	-	1,202,910	-	1,202,910	253,859	27%
Saint Helena	96,728	122,161	-	122,161	-	122,161	25,433	26%
Surf City *	393,072	496,820	-	496,820	-	496,820	103,748	26%
Topsail Beach	91,179	115,381	-	115,381	-	115,381	24,202	27%
Wallace *	-	-	-	-	-	-	-	-
Watha	47,539	60,235	-	60,235	-	60,235	12,695	27%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pender Co.	9,497,763	13,726,084	-	13,726,084	2,139,734	15,865,818	6,368,055	67%
Atkinson	77,345	102,468	-	102,468	-	102,468	25,123	32%
Burgaw	984,318	1,307,605	-	1,307,605	-	1,307,605	323,287	33%
Saint Helena	100,325	132,811	-	132,811	-	132,811	32,486	32%
Surf City *	407,692	540,211	-	540,211	-	540,211	132,519	33%
Topsail Beach	94,569	125,448	-	125,448	-	125,448	30,879	33%
Wallace *	-	-	-	-	-	-	-	-
Watha	49,307	65,502	-	65,502	-	65,502	16,195	33%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Perquimans County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Perquimans Co.	17,014,306	1,391,004	8%	1,429,678	1,479,666	1,509,796
Hertford		375,005		386,309	399,834	407,976
Winfall		104,588		107,807	111,582	113,854

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Perquimans Co.	1,539,529	1,780,132	-	1,780,132	335,223	2,115,355	575,826	37%
Hertford	414,938	459,548	-	459,548	-	459,548	44,610	11%
Winfall	116,061	128,278	-	128,278	-	128,278	12,217	11%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Perquimans Co.	1,595,786	2,140,252	-	2,140,252	346,956	2,487,208	891,422	56%
Hertford	429,835	523,549	-	523,549	-	523,549	93,714	22%
Winfall	120,228	146,177	-	146,177	-	146,177	25,949	22%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Perquimans Co.	1,654,296	2,529,683	-	2,529,683	359,099	2,888,782	1,234,486	75%
Hertford	445,297	592,391	-	592,391	-	592,391	147,095	33%
Winfall	124,554	165,430	-	165,430	-	165,430	40,876	33%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Perquimans Co.	1,715,281	2,847,235	-	2,847,235	371,668	3,218,903	1,503,621	88%
Hertford	461,367	650,172	-	650,172	-	650,172	188,804	41%
Winfall	129,050	181,586	-	181,586	-	181,586	52,536	41%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Person County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Person Co.	57,701,331	6,357,999	11%	6,517,115	6,727,038	6,864,019
Roxboro		1,216,335		1,249,109	1,290,315	1,316,589

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Person Co.	6,942,752	7,484,576	-	7,484,576	1,799,773	9,284,350	2,341,598	34%
Roxboro	1,335,270	1,421,808	-	1,421,808	-	1,421,808	86,538	6%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Person Co.	7,165,708	8,036,130	-	8,036,130	1,862,765	9,898,895	2,733,187	38%
Roxboro	1,379,180	1,513,756	-	1,513,756	-	1,513,756	134,576	10%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Person Co.	7,395,999	8,591,956	-	8,591,956	1,927,962	10,519,918	3,123,919	42%
Roxboro	1,424,561	1,606,745	-	1,606,745	-	1,606,745	182,184	13%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Person Co.	7,634,124	9,059,987	-	9,059,987	1,995,441	11,055,428	3,421,304	45%
Roxboro	1,471,499	1,688,126	-	1,688,126	-	1,688,126	216,628	15%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Pitt County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Pitt Co.	228,090,458	24,777,434	11%	25,574,052	26,453,834	26,942,649
Ayden		881,554		909,842	941,364	960,533
Bethel		280,405		289,330	299,354	305,450
Falkland		17,093		17,650	18,262	18,634
Farmville		829,464		856,002	885,659	903,693
Fountain		76,217		78,639	81,364	83,021
Greenville		15,166,585		15,663,352	16,206,004	16,536,002
Grifton *		433,721		447,559	463,065	472,494
Grimesland		78,871		81,378	84,197	85,912
Simpson		73,805		76,137	78,775	80,379
Winterville		1,659,868		1,713,274	1,772,631	1,808,727

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pitt Co.	27,423,889	23,014,295	4,917,723	27,932,018	4,332,635	32,264,653	4,840,764	18%
Ayden	974,673	999,309	-	999,309	-	999,309	24,635	3%
Bethel	309,697	317,740	-	317,740	-	317,740	8,043	3%
Falkland	18,890	19,390	-	19,390	-	19,390	500	3%
Farmville	917,011	940,130	-	940,130	-	940,130	23,119	3%
Fountain	84,247	86,359	-	86,359	-	86,359	2,112	3%
Greenville	16,809,441	17,209,206	-	17,209,206	-	17,209,206	399,765	2%
Grifton *	479,667	491,524	-	491,524	-	491,524	11,857	2%
Grimesland	87,094	89,366	-	89,366	-	89,366	2,272	3%
Simpson	81,527	83,603	-	83,603	-	83,603	2,076	3%
Winterville	1,835,461	1,881,823	-	1,881,823	-	1,881,823	46,362	3%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pitt Co.	28,368,361	24,085,750	5,108,322	29,194,072	4,484,277	33,678,349	5,309,988	19%
Ayden	1,008,344	1,043,733	-	1,043,733	-	1,043,733	35,389	4%
Bethel	320,396	331,818	-	331,818	-	331,818	11,422	4%
Falkland	19,543	20,258	-	20,258	-	20,258	715	4%
Farmville	948,690	981,873	-	981,873	-	981,873	33,183	3%
Fountain	87,158	90,183	-	90,183	-	90,183	3,025	3%
Greenville	17,390,063	17,980,723	-	17,980,723	-	17,980,723	590,660	3%
Grifton *	496,237	513,324	-	513,324	-	513,324	17,087	3%
Grimesland	90,103	93,323	-	93,323	-	93,323	3,221	4%
Simpson	84,344	87,296	-	87,296	-	87,296	2,953	4%
Winterville	1,898,867	1,965,571	-	1,965,571	-	1,965,571	66,703	4%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Pitt Co.	29,345,326	25,178,229	5,305,322	30,483,551	4,641,227	35,124,778	5,779,452	20%
Ayden	1,043,177	1,089,177	-	1,089,177	-	1,089,177	46,000	4%
Bethel	331,464	346,216	-	346,216	-	346,216	14,752	4%
Falkland	20,218	21,145	-	21,145	-	21,145	927	5%
Farmville	981,462	1,024,570	-	1,024,570	-	1,024,570	43,108	4%
Fountain	90,169	94,094	-	94,094	-	94,094	3,925	4%
Greenville	17,990,724	18,770,299	-	18,770,299	-	18,770,299	779,575	4%
Grifton *	513,379	535,621	-	535,621	-	535,621	22,241	4%
Grimesland	93,216	97,371	-	97,371	-	97,371	4,155	4%
Simpson	87,257	91,073	-	91,073	-	91,073	3,816	4%
Winterville	1,964,462	2,051,244	-	2,051,244	-	2,051,244	86,782	4%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Pitt County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Pitt Co.	30,356,568	26,244,828	5,508,230	31,753,058	4,803,670	36,556,728	6,200,161	20%
Ayden	1,079,231	1,134,389	-	1,134,389	-	1,134,389	55,158	5%
Bethel	342,921	360,554	-	360,554	-	360,554	17,633	5%
Falkland	20,917	22,027	-	22,027	-	22,027	1,110	5%
Farmville	1,015,383	1,067,064	-	1,067,064	-	1,067,064	51,681	5%
Fountain	93,285	97,989	-	97,989	-	97,989	4,704	5%
Greenville	18,612,449	19,554,096	-	19,554,096	-	19,554,096	941,647	5%
Grifton *	531,122	557,818	-	557,818	-	557,818	26,696	5%
Grimesland	96,437	101,401	-	101,401	-	101,401	4,964	5%
Simpson	90,273	94,837	-	94,837	-	94,837	4,563	5%
Winterville	2,032,357	2,136,458	-	2,136,458	-	2,136,458	104,101	5%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Polk County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Polk Co.	26,343,060	2,415,026	9%	2,485,805	2,566,968	2,619,239
Columbus		179,252		184,657	190,848	194,734
Saluda *		127,164		131,148	135,544	138,304
Tryon		303,004		312,681	323,161	329,741

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Polk Co.	2,650,254	3,062,617	-	3,062,617	614,909	3,677,526	1,027,271	39%
Columbus	197,507	219,478	-	219,478	-	219,478	21,971	11%
Saluda *	140,454	155,961	-	155,961	-	155,961	15,507	11%
Tryon	335,280	371,941	-	371,941	-	371,941	36,661	11%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Polk Co.	2,735,960	3,527,221	-	3,527,221	636,431	4,163,652	1,427,692	52%
Columbus	204,082	244,526	-	244,526	-	244,526	40,444	20%
Saluda *	145,129	173,840	-	173,840	-	173,840	28,712	20%
Tryon	346,436	414,675	-	414,675	-	414,675	68,239	20%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Polk Co.	2,824,502	4,014,646	-	4,014,646	658,706	4,673,351	1,848,849	65%
Columbus	210,880	270,750	-	270,750	-	270,750	59,870	28%
Saluda *	149,961	192,560	-	192,560	-	192,560	42,599	28%
Tryon	357,969	459,422	-	459,422	-	459,422	101,453	28%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Polk Co.	2,915,671	4,400,735	-	4,400,735	681,760	5,082,495	2,166,824	74%
Columbus	217,894	292,275	-	292,275	-	292,275	74,382	34%
Saluda *	154,947	207,918	-	207,918	-	207,918	52,971	34%
Tryon	369,867	496,124	-	496,124	-	496,124	126,257	34%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Randolph County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Randolph Co.	126,089,079	17,282,073	14%	17,745,423	18,305,042	18,664,017
Archdale *		1,882,517		1,938,062	2,001,232	2,041,983
Asheboro		4,251,955		4,377,629	4,520,313	4,612,359
Franklinville		194,638		200,182	206,708	210,918
High Point *		1,843		1,898	1,960	1,999
Liberty		445,006		457,756	472,679	482,304
Ramseur		282,607		290,618	300,093	306,203
Randleman		689,446		709,288	732,410	747,324
Seagrove		37,977		39,070	40,344	41,165
Staley		66,458		68,392	70,622	72,060
Thomasville *		46,174		47,598	49,149	50,150
Trinity		1,105,175		1,136,590	1,173,645	1,197,544

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Randolph Co.	18,864,978	18,509,175	2,454,265	20,963,440	2,357,642	23,321,082	4,456,104	24%
Archdale *	2,070,533	2,253,767	-	2,253,767	-	2,253,767	183,234	9%
Asheboro	4,675,283	5,090,858	-	5,090,858	-	5,090,858	415,575	9%
Franklinville	213,146	232,675	-	232,675	-	232,675	19,528	9%
High Point *	2,021	2,207	-	2,207	-	2,207	186	9%
Liberty	488,310	532,100	-	532,100	-	532,100	43,790	9%
Ramseur	310,178	337,766	-	337,766	-	337,766	27,588	9%
Randleman	758,071	824,534	-	824,534	-	824,534	66,463	9%
Seagrove	41,698	45,418	-	45,418	-	45,418	3,720	9%
Staley	72,970	79,518	-	79,518	-	79,518	6,547	9%
Thomasville *	51,363	55,388	-	55,388	-	55,388	4,025	8%
Trinity	1,213,415	1,321,036	-	1,321,036	-	1,321,036	107,620	9%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Randolph Co.	19,461,144	20,564,681	2,559,789	23,124,470	2,440,160	25,564,630	6,103,486	31%
Archdale *	2,137,884	2,448,979	-	2,448,979	-	2,448,979	311,095	15%
Asheboro	4,827,371	5,531,931	-	5,531,931	-	5,531,931	704,560	15%
Franklinville	220,086	252,714	-	252,714	-	252,714	32,628	15%
High Point *	2,087	2,398	-	2,398	-	2,398	311	15%
Liberty	504,203	577,971	-	577,971	-	577,971	73,768	15%
Ramseur	320,272	366,833	-	366,833	-	366,833	46,561	15%
Randleman	782,731	895,664	-	895,664	-	895,664	112,933	14%
Seagrove	43,055	49,336	-	49,336	-	49,336	6,281	15%
Staley	75,345	86,390	-	86,390	-	86,390	11,045	15%
Thomasville *	53,030	60,221	-	60,221	-	60,221	7,191	14%
Trinity	1,252,902	1,434,773	-	1,434,773	-	1,434,773	181,871	15%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Randolph Co.	20,076,889	22,668,761	2,670,122	25,338,883	2,525,565	27,864,448	7,787,559	39%
Archdale *	2,207,489	2,649,093	-	2,649,093	-	2,649,093	441,604	20%
Asheboro	4,984,551	5,984,086	-	5,984,086	-	5,984,086	999,535	20%
Franklinville	227,259	273,252	-	273,252	-	273,252	45,993	20%
High Point *	2,155	2,594	-	2,594	-	2,594	439	20%
Liberty	520,627	624,984	-	624,984	-	624,984	104,357	20%
Ramseur	330,705	396,623	-	396,623	-	396,623	65,918	20%
Randleman	808,217	968,568	-	968,568	-	968,568	160,351	20%
Seagrove	44,458	53,352	-	53,352	-	53,352	8,894	20%
Staley	77,799	93,434	-	93,434	-	93,434	15,635	20%
Thomasville *	54,752	65,177	-	65,177	-	65,177	10,425	19%
Trinity	1,293,710	1,551,337	-	1,551,337	-	1,551,337	257,627	20%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Randolph County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Randolph Co.	20,713,298	24,341,666	2,782,244	27,123,910	2,613,960	29,737,870	9,024,571	44%
Archdale *	2,279,460	2,816,124	-	2,816,124	-	2,816,124	536,665	24%
Asheboro	5,147,073	6,361,475	-	6,361,475	-	6,361,475	1,214,402	24%
Franklinville	234,676	290,407	-	290,407	-	290,407	55,732	24%
High Point *	2,225	2,758	-	2,758	-	2,758	533	24%
Liberty	537,610	664,250	-	664,250	-	664,250	126,640	24%
Ramseur	341,492	421,510	-	421,510	-	421,510	80,018	23%
Randleman	834,569	1,029,453	-	1,029,453	-	1,029,453	194,883	23%
Seagrove	45,908	56,705	-	56,705	-	56,705	10,798	24%
Staley	80,336	99,315	-	99,315	-	99,315	18,979	24%
Thomasville *	56,532	69,309	-	69,309	-	69,309	12,777	23%
Trinity	1,335,906	1,648,711	-	1,648,711	-	1,648,711	312,805	23%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Richmond County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Richmond Co.	57,806,937	5,427,846	9%	5,524,499	5,695,519	5,811,496
Dobbins Hgts.		158,151		161,955	167,214	170,619
Ellerbe		193,315		198,010	204,440	208,603
Hamlet		1,197,063		1,226,270	1,266,088	1,291,869
Hoffman		107,411		110,021	113,594	115,907
Norman		25,734		26,363	27,219	27,773
Rockingham		1,748,249		1,790,219	1,848,355	1,885,992

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Richmond Co.	5,897,676	6,224,426	-	6,224,426	2,010,741	8,235,167	2,337,491	40%
Dobbins Heights	173,049	181,628	-	181,628	-	181,628	8,579	5%
Ellerbe	211,747	222,085	-	222,085	-	222,085	10,338	5%
Hamlet	1,311,141	1,375,424	-	1,375,424	-	1,375,424	64,283	5%
Hoffman	117,594	123,399	-	123,399	-	123,399	5,804	5%
Norman	28,273	29,570	-	29,570	-	29,570	1,297	5%
Rockingham	1,914,231	2,007,643	-	2,007,643	-	2,007,643	93,412	5%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Richmond Co.	6,079,997	6,751,892	-	6,751,892	2,081,117	8,833,009	2,753,012	45%
Dobbins Heights	178,659	194,125	-	194,125	-	194,125	15,465	9%
Ellerbe	218,610	237,391	-	237,391	-	237,391	18,781	9%
Hamlet	1,353,642	1,470,294	-	1,470,294	-	1,470,294	116,653	9%
Hoffman	121,407	131,904	-	131,904	-	131,904	10,498	9%
Norman	29,188	31,611	-	31,611	-	31,611	2,422	8%
Rockingham	1,976,285	2,145,740	-	2,145,740	-	2,145,740	169,455	9%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Richmond Co.	6,268,379	7,282,323	-	7,282,323	2,153,956	9,436,279	3,167,901	51%
Dobbins Heights	184,461	206,763	-	206,763	-	206,763	22,303	12%
Ellerbe	225,707	252,872	-	252,872	-	252,872	27,165	12%
Hamlet	1,397,584	1,566,251	-	1,566,251	-	1,566,251	168,667	12%
Hoffman	125,348	140,507	-	140,507	-	140,507	15,159	12%
Norman	30,135	33,674	-	33,674	-	33,674	3,539	12%
Rockingham	2,040,446	2,285,398	-	2,285,398	-	2,285,398	244,952	12%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Richmond Co.	6,462,965	7,712,426	-	7,712,426	2,229,344	9,941,771	3,478,806	54%
Dobbins Heights	190,458	217,632	-	217,632	-	217,632	27,174	14%
Ellerbe	233,043	266,181	-	266,181	-	266,181	33,137	14%
Hamlet	1,443,011	1,648,732	-	1,648,732	-	1,648,732	205,721	14%
Hoffman	129,423	147,903	-	147,903	-	147,903	18,480	14%
Norman	31,114	35,448	-	35,448	-	35,448	4,334	14%
Rockingham	2,106,773	2,405,497	-	2,405,497	-	2,405,497	298,724	14%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Robeson County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Robeson Co.	132,528,875	17,913,571	14%	18,301,497	18,858,587	19,233,869
Fairmont		486,721		498,841	514,708	525,189
Lumber Bridge		17,283		17,723	18,286	18,659
Lumberton		3,957,853		4,056,605	4,185,639	4,270,870
Marietta		32,236		33,039	34,090	34,785
Maxton *		406,326		416,267	429,509	438,255
McDonald		20,654		21,163	21,836	22,280
Orrum		16,913		17,344	17,895	18,259
Parkton		80,161		82,151	84,764	86,490
Pembroke		524,760		536,184	553,255	564,520
Proctorville		21,510		22,057	22,758	23,222
Raynham		17,466		17,911	18,480	18,857
Red Springs *		630,778		646,829	667,400	680,991
Rennert		71,027		72,818	75,134	76,664
Rowland		188,882		193,522	199,678	203,744
St Pauls		414,358		424,470	437,973	446,892

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Robeson Co.	19,454,865	18,937,787	2,273,871	21,211,658	2,153,078	23,364,736	3,909,871	20%
Fairmont	532,979	571,672	-	571,672	-	571,672	38,693	7%
Lumber Bridge	18,854	20,315	-	20,315	-	20,315	1,461	8%
Lumberton	4,333,247	4,648,973	-	4,648,973	-	4,648,973	315,726	7%
Marietta	35,344	37,864	-	37,864	-	37,864	2,519	7%
Maxton *	444,344	476,955	-	476,955	-	476,955	32,611	7%
McDonald	22,574	24,250	-	24,250	-	24,250	1,675	7%
Orrum	18,501	19,880	-	19,880	-	19,880	1,379	7%
Parkton	87,732	94,142	-	94,142	-	94,142	6,410	7%
Pembroke	582,015	613,660	-	613,660	-	613,660	31,645	5%
Proctorville	23,529	25,283	-	25,283	-	25,283	1,754	7%
Raynham	19,106	20,531	-	20,531	-	20,531	1,425	7%
Red Springs *	691,138	741,436	-	741,436	-	741,436	50,298	7%
Rennert	77,726	83,460	-	83,460	-	83,460	5,734	7%
Rowland	206,636	221,745	-	221,745	-	221,745	15,109	7%
St Pauls	453,044	486,341	-	486,341	-	486,341	33,297	7%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Robeson Co.	20,048,923	21,033,324	2,373,105	23,406,429	2,228,436	25,634,865	5,585,941	28%
Fairmont	549,910	620,928	-	620,928	-	620,928	71,019	13%
Lumber Bridge	19,453	22,070	-	22,070	-	22,070	2,617	13%
Lumberton	4,470,906	5,049,638	-	5,049,638	-	5,049,638	578,732	13%
Marietta	36,467	41,126	-	41,126	-	41,126	4,660	13%
Maxton *	458,465	517,958	-	517,958	-	517,958	59,494	13%
McDonald	23,292	26,336	-	26,336	-	26,336	3,045	13%
Orrum	19,089	21,598	-	21,598	-	21,598	2,509	13%
Parkton	90,519	102,250	-	102,250	-	102,250	11,730	13%
Pembroke	600,432	665,684	-	665,684	-	665,684	65,252	11%
Proctorville	24,277	27,467	-	27,467	-	27,467	3,191	13%
Raynham	19,713	22,305	-	22,305	-	22,305	2,592	13%
Red Springs *	713,089	805,497	-	805,497	-	805,497	92,409	13%
Rennert	80,196	90,663	-	90,663	-	90,663	10,467	13%
Rowland	213,202	240,818	-	240,818	-	240,818	27,616	13%
St Pauls	467,442	528,139	-	528,139	-	528,139	60,696	13%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Robeson County (cont'd)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Robeson Co.	20,662,132	23,156,456	2,476,843	25,633,298	2,306,431	27,939,729	7,277,597	35%
Fairmont	567,400	670,982	-	670,982	-	670,982	103,581	18%
Lumber Bridge	20,073	23,854	-	23,854	-	23,854	3,781	19%
Lumberton	4,613,118	5,456,793	-	5,456,793	-	5,456,793	843,676	18%
Marietta	37,626	44,442	-	44,442	-	44,442	6,816	18%
Maxton *	473,053	559,621	-	559,621	-	559,621	86,568	18%
McDonald	24,033	28,456	-	28,456	-	28,456	4,423	18%
Orrum	19,696	23,343	-	23,343	-	23,343	3,647	19%
Parkton	93,399	110,489	-	110,489	-	110,489	17,090	18%
Pembroke	619,457	718,510	-	718,510	-	718,510	99,053	16%
Proctorville	25,049	29,687	-	29,687	-	29,687	4,638	19%
Raynham	20,340	24,107	-	24,107	-	24,107	3,767	19%
Red Springs *	735,766	870,604	-	870,604	-	870,604	134,839	18%
Rennert	82,747	97,982	-	97,982	-	97,982	15,235	18%
Rowland	219,985	260,199	-	260,199	-	260,199	40,213	18%
St Pauls	482,317	570,607	-	570,607	-	570,607	88,291	18%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Robeson Co.	21,295,615	24,814,349	2,581,950	27,396,298	2,387,156	29,783,454	8,487,840	40%
Fairmont	585,480	712,197	-	712,197	-	712,197	126,717	22%
Lumber Bridge	20,713	25,322	-	25,322	-	25,322	4,609	22%
Lumberton	4,760,116	5,792,048	-	5,792,048	-	5,792,048	1,031,933	22%
Marietta	38,825	47,172	-	47,172	-	47,172	8,348	22%
Maxton *	488,132	593,938	-	593,938	-	593,938	105,806	22%
McDonald	24,799	30,202	-	30,202	-	30,202	5,403	22%
Orrum	20,324	24,780	-	24,780	-	24,780	4,456	22%
Parkton	96,375	117,274	-	117,274	-	117,274	20,899	22%
Pembroke	639,120	762,103	-	762,103	-	762,103	122,982	19%
Proctorville	25,847	31,514	-	31,514	-	31,514	5,667	22%
Raynham	20,988	25,591	-	25,591	-	25,591	4,603	22%
Red Springs *	759,206	924,196	-	924,196	-	924,196	164,990	22%
Rennert	85,384	104,008	-	104,008	-	104,008	18,624	22%
Rowland	226,997	276,161	-	276,161	-	276,161	49,164	22%
St Pauls	497,692	605,590	-	605,590	-	605,590	107,898	22%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Rockingham County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Rockingham Co.	103,115,680	10,174,511	10%	10,370,613	10,676,019	10,893,412
Eden		2,654,280		2,719,506	2,805,210	2,862,332
Madison		380,925		390,364	402,666	410,865
Mayodan		422,631		433,204	446,854	455,953
Reidsville		2,458,662		2,519,166	2,598,556	2,651,470
Stoneville		179,669		184,154	189,957	193,825
Wentworth		476,079		487,811	503,184	513,430

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rockingham Co.	10,997,691	12,118,221	-	12,118,221	3,879,958	15,998,180	5,000,489	45%
Eden	2,898,233	3,121,403	-	3,121,403	-	3,121,403	223,170	8%
Madison	416,157	448,098	-	448,098	-	448,098	31,941	8%
Mayodan	461,605	497,329	-	497,329	-	497,329	35,724	8%
Reidsville	2,683,550	2,891,504	-	2,891,504	-	2,891,504	207,954	8%
Stoneville	196,234	211,409	-	211,409	-	211,409	15,175	8%
Wentworth	519,824	559,920	-	559,920	-	559,920	40,097	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rockingham Co.	11,327,582	13,175,290	-	13,175,290	4,015,757	17,191,047	5,863,464	52%
Eden	2,990,482	3,341,990	-	3,341,990	-	3,341,990	351,509	12%
Madison	429,401	479,811	-	479,811	-	479,811	50,410	12%
Mayodan	476,296	532,584	-	532,584	-	532,584	56,288	12%
Reidsville	2,768,977	3,095,895	-	3,095,895	-	3,095,895	326,917	12%
Stoneville	202,479	226,390	-	226,390	-	226,390	23,910	12%
Wentworth	536,369	599,509	-	599,509	-	599,509	63,139	12%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rockingham Co.	11,670,576	14,233,052	-	14,233,052	4,156,308	18,389,360	6,718,784	58%
Eden	3,086,219	3,564,099	-	3,564,099	-	3,564,099	477,880	15%
Madison	443,145	511,745	-	511,745	-	511,745	68,600	15%
Mayodan	491,543	568,089	-	568,089	-	568,089	76,546	16%
Reidsville	2,857,634	3,301,697	-	3,301,697	-	3,301,697	444,063	16%
Stoneville	208,961	241,476	-	241,476	-	241,476	32,515	16%
Wentworth	553,541	639,371	-	639,371	-	639,371	85,830	16%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rockingham Co.	12,026,801	15,079,024	-	15,079,024	4,301,779	19,380,803	7,354,002	61%
Eden	3,185,512	3,752,659	-	3,752,659	-	3,752,659	567,147	18%
Madison	457,400	538,850	-	538,850	-	538,850	81,449	18%
Mayodan	507,356	598,216	-	598,216	-	598,216	90,860	18%
Reidsville	2,949,584	3,476,408	-	3,476,408	-	3,476,408	526,824	18%
Stoneville	215,683	254,279	-	254,279	-	254,279	38,595	18%
Wentworth	571,350	673,210	-	673,210	-	673,210	101,860	18%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Rowan County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Rowan Co.	140,162,722	17,036,910	12%	17,598,169	18,175,721	18,525,780
China Grove		663,872		685,995	708,927	723,363
Cleveland		138,737		143,336	148,127	151,144
East Spencer		242,730		250,732	259,115	264,391
Faith		129,138		133,454	137,915	140,723
Granite Quarry		472,493		488,486	504,814	515,093
Kannapolis *		1,502,676		1,552,686	1,604,591	1,637,265
Landis		493,263		509,730	526,769	537,495
Rockwell		336,089		347,310	358,920	366,229
Salisbury		5,361,379		5,538,188	5,723,332	5,839,874
Spencer		518,502		535,632	553,538	564,810

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rowan Co.	18,708,222	18,236,274	2,730,617	20,966,892	2,551,619	23,518,511	4,810,289	26%
China Grove	731,095	805,537	-	805,537	-	805,537	74,442	10%
Cleveland	152,717	168,295	-	168,295	-	168,295	15,579	10%
East Spencer	266,912	294,362	-	294,362	-	294,362	27,450	10%
Faith	142,242	156,718	-	156,718	-	156,718	14,477	10%
Granite Quarry	521,374	573,789	-	573,789	-	573,789	52,415	10%
Kannapolis *	1,654,217	1,823,209	-	1,823,209	-	1,823,209	168,992	10%
Landis	543,418	598,576	-	598,576	-	598,576	55,157	10%
Rockwell	370,397	407,847	-	407,847	-	407,847	37,451	10%
Salisbury	5,904,304	6,501,918	-	6,501,918	-	6,501,918	597,613	10%
Spencer	571,463	628,863	-	628,863	-	628,863	57,400	10%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rowan Co.	19,322,984	19,970,654	2,844,186	22,814,840	2,640,926	25,455,766	6,132,782	32%
China Grove	755,478	868,188	-	868,188	-	868,188	112,710	15%
Cleveland	157,810	181,369	-	181,369	-	181,369	23,558	15%
East Spencer	275,816	317,200	-	317,200	-	317,200	41,384	15%
Faith	146,985	168,915	-	168,915	-	168,915	21,930	15%
Granite Quarry	538,757	618,577	-	618,577	-	618,577	79,820	15%
Kannapolis *	1,709,391	1,964,967	-	1,964,967	-	1,964,967	255,577	15%
Landis	561,541	645,149	-	645,149	-	645,149	83,608	15%
Rockwell	382,749	439,582	-	439,582	-	439,582	56,833	15%
Salisbury	6,101,220	7,006,395	-	7,006,395	-	7,006,395	905,175	15%
Spencer	590,520	677,676	-	677,676	-	677,676	87,156	15%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rowan Co.	19,958,419	21,754,486	2,962,554	24,717,040	2,733,358	27,450,398	7,491,979	38%
China Grove	780,689	932,659	-	932,659	-	932,659	151,971	19%
Cleveland	163,077	194,821	-	194,821	-	194,821	31,744	19%
East Spencer	285,023	340,699	-	340,699	-	340,699	55,677	20%
Faith	151,890	181,466	-	181,466	-	181,466	29,576	19%
Granite Quarry	556,730	664,673	-	664,673	-	664,673	107,943	19%
Kannapolis *	1,766,438	2,110,841	-	2,110,841	-	2,110,841	344,403	19%
Landis	580,279	693,076	-	693,076	-	693,076	112,797	19%
Rockwell	395,520	472,239	-	472,239	-	472,239	76,719	19%
Salisbury	6,304,823	7,525,472	-	7,525,472	-	7,525,472	1,220,649	19%
Spencer	610,223	727,902	-	727,902	-	727,902	117,679	19%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Rowan County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rowan Co.	20,615,691	23,225,081	3,083,414	26,308,495	2,829,026	29,137,521	8,521,829	41%
China Grove	806,770	988,076	-	988,076	-	988,076	181,306	22%
Cleveland	168,525	206,386	-	206,386	-	206,386	37,861	22%
East Spencer	294,547	360,906	-	360,906	-	360,906	66,359	23%
Faith	156,964	192,254	-	192,254	-	192,254	35,290	22%
Granite Quarry	575,323	704,273	-	704,273	-	704,273	128,950	22%
Kannapolis *	1,825,455	2,236,234	-	2,236,234	-	2,236,234	410,779	23%
Landis	599,663	734,270	-	734,270	-	734,270	134,606	22%
Rockwell	408,732	500,307	-	500,307	-	500,307	91,575	22%
Salisbury	6,515,453	7,971,813	-	7,971,813	-	7,971,813	1,456,360	22%
Spencer	630,607	771,088	-	771,088	-	771,088	140,482	22%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Rutherford County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Rutherford Co.	71,370,383	9,911,713	14%	10,159,910	10,472,692	10,685,944
Bostic		16,051		16,491	17,019	17,365
Chimney Rk. V.		20,831		21,289	21,972	22,419
Ellenboro		22,311		22,910	23,644	24,125
Forest City		728,128		749,335	773,318	789,065
Lake Lure		839,296		861,979	889,585	907,700
Ruth		29,332		30,148	31,113	31,746
Rutherfordton		624,472		641,055	661,588	675,060
Spindale		502,430		516,370	532,904	543,755

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rutherford Co.	10,720,848	11,775,976	-	11,775,976	3,011,639	14,787,616	4,066,768	38%
Bostic	17,266	18,888	-	18,888	-	18,888	1,622	9%
Chimney Rock V.	22,291	24,313	-	24,313	-	24,313	2,022	9%
Ellenboro	23,877	26,232	-	26,232	-	26,232	2,355	10%
Forest City	885,183	859,066	-	859,066	-	859,066	(26,117)	(3%)
Lake Lure	917,341	987,099	-	987,099	-	987,099	69,758	8%
Ruth	31,370	34,538	-	34,538	-	34,538	3,168	10%
Rutherfordton	676,036	733,922	-	733,922	-	733,922	57,885	9%
Spindale	539,866	591,550	-	591,550	-	591,550	51,684	10%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rutherford Co.	11,053,630	12,667,159	-	12,667,159	3,117,047	15,784,205	4,730,576	43%
Bostic	17,824	20,130	-	20,130	-	20,130	2,306	13%
Chimney Rock V.	23,013	25,842	-	25,842	-	25,842	2,829	12%
Ellenboro	24,650	27,950	-	27,950	-	27,950	3,300	13%
Forest City	912,774	916,359	-	916,359	-	916,359	3,585	0%
Lake Lure	946,839	1,051,835	-	1,051,835	-	1,051,835	104,996	11%
Ruth	32,385	36,817	-	36,817	-	36,817	4,432	14%
Rutherfordton	697,838	781,870	-	781,870	-	781,870	84,032	12%
Spindale	557,317	630,570	-	630,570	-	630,570	73,253	13%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rutherford Co.	11,398,411	13,555,098	-	13,555,098	3,226,143	16,781,241	5,382,830	47%
Bostic	18,402	21,374	-	21,374	-	21,374	2,973	16%
Chimney Rock V.	23,760	27,370	-	27,370	-	27,370	3,610	15%
Ellenboro	25,450	29,671	-	29,671	-	29,671	4,220	17%
Forest City	941,358	973,830	-	973,830	-	973,830	32,472	3%
Lake Lure	977,391	1,116,704	-	1,116,704	-	1,116,704	139,313	14%
Ruth	33,437	39,102	-	39,102	-	39,102	5,665	17%
Rutherfordton	720,419	829,905	-	829,905	-	829,905	109,487	15%
Spindale	575,390	669,685	-	669,685	-	669,685	94,295	16%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Rutherford County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Rutherford Co.	11,755,508	14,283,295	-	14,283,295	3,339,058	17,622,354	5,866,846	50%
Bostic	19,000	22,443		22,443	-	22,443	3,443	18%
Chimney Rock V.	24,533	28,692	-	28,692	-	28,692	4,158	17%
Ellenboro	26,279	31,149	-	31,149	-	31,149	4,870	19%
Forest City	970,962	1,023,049	-	1,023,049	-	1,023,049	52,087	5%
Lake Lure	1,009,027	1,172,414	-	1,172,414	-	1,172,414	163,387	16%
Ruth	34,526	41,062	-	41,062	-	41,062	6,536	19%
Rutherfordton	743,800	871,185	-	871,185	-	871,185	127,385	17%
Spindale	594,104	703,244	-	703,244	-	703,244	109,140	18%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Sampson County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Sampson Co.	74,424,433	9,035,858	12%	9,320,379	9,625,112	9,818,864
Autryville		37,073		38,326	39,604	40,410
Clinton		1,608,910		1,660,230	1,715,587	1,750,521
Faison*		-		-	-	-
Falcon *		-		-	-	-
Garland		116,777		120,481	124,498	127,033
Harrells *		33,408		34,478	35,627	36,353
Newton Grove		105,712		108,978	112,612	114,905
Roseboro		222,665		229,741	237,401	242,235
Salemburg		81,252		83,835	86,631	88,395
Turkey		55,181		56,963	58,863	60,061

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Sampson Co.	9,922,364	10,156,562	1,058,513	11,215,075	1,005,226	12,220,301	2,297,937	23%
Autryville	40,876	45,296	-	45,296	-	45,296	4,420	11%
Clinton	1,773,675	1,960,236	-	1,960,236	-	1,960,236	186,561	11%
Faison*	-	-	-	-	-	-	-	-
Falcon *	-	-	-	-	-	-	-	-
Garland	128,697	142,239	-	142,239	-	142,239	13,542	11%
Harrells *	36,828	40,710	-	40,710	-	40,710	3,882	11%
Newton Grove	116,138	128,604	-	128,604	-	128,604	12,466	11%
Roseboro	245,186	271,239	-	271,239	-	271,239	26,052	11%
Salemburg	89,610	98,979	-	98,979	-	98,979	9,370	10%
Turkey	60,985	67,271	-	67,271	-	67,271	6,286	10%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Sampson Co.	10,246,690	11,372,387	1,106,190	12,478,577	1,040,409	13,518,986	3,272,296	32%
Autryville	42,235	49,673	-	49,673	-	49,673	7,438	18%
Clinton	1,832,642	2,147,888	-	2,147,888	-	2,147,888	315,247	17%
Faison*	-	-	-	-	-	-	-	-
Falcon *	-	-	-	-	-	-	-	-
Garland	132,976	155,843	-	155,843	-	155,843	22,867	17%
Harrells *	38,053	44,609	-	44,609	-	44,609	6,556	17%
Newton Grove	120,001	140,854	-	140,854	-	140,854	20,853	17%
Roseboro	253,339	297,188	-	297,188	-	297,188	43,850	17%
Salemburg	92,589	108,450	-	108,450	-	108,450	15,861	17%
Turkey	63,011	73,724	-	73,724	-	73,724	10,712	17%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Sampson Co.	10,581,961	12,636,936	1,156,354	13,793,289	1,076,824	14,870,113	4,288,152	41%
Autryville	43,640	54,222	-	54,222	-	54,222	10,581	24%
Clinton	1,893,617	2,342,846	-	2,342,846	-	2,342,846	449,229	24%
Faison*	-	-	-	-	-	-	-	-
Falcon *	-	-	-	-	-	-	-	-
Garland	137,400	169,976	-	169,976	-	169,976	32,576	24%
Harrells *	39,319	48,660	-	48,660	-	48,660	9,341	24%
Newton Grove	123,996	153,579	-	153,579	-	153,579	29,583	24%
Roseboro	261,769	324,148	-	324,148	-	324,148	62,379	24%
Salemburg	95,669	118,289	-	118,289	-	118,289	22,620	24%
Turkey	65,107	80,428	-	80,428	-	80,428	15,321	24%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Sampson County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Sampson Co.	10,928,794	13,658,982	1,207,215	14,866,196	1,114,512	15,980,709	5,051,915	46%
Autryville	45,094	58,025	-	58,025	-	58,025	12,931	29%
Clinton	1,956,703	2,506,058	-	2,506,058	-	2,506,058	549,355	28%
Faison*	-	-	-	-	-	-	-	-
Falcon *	-	-	-	-	-	-	-	-
Garland	141,978	181,810	-	181,810	-	181,810	39,832	28%
Harrells *	40,629	52,051	-	52,051	-	52,051	11,423	28%
Newton Grove	128,129	164,238	-	164,238	-	164,238	36,109	28%
Roseboro	270,492	346,720	-	346,720	-	346,720	76,228	28%
Salemburg	98,856	126,526	-	126,526	-	126,526	27,670	28%
Turkey	67,275	86,039	-	86,039	-	86,039	18,764	28%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Scotland County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Scotland Co.	45,767,406	5,242,339	11%	5,378,359	5,541,329	5,654,166
East Laurinburg		5,257		5,402	5,573	5,687
Gibson		37,934		39,004	40,241	41,060
Laurinburg		1,297,845		1,337,468	1,379,824	1,407,921
Maxton *		35,077		36,062	37,205	37,962
Wagram		62,607		64,375	66,416	67,768

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Scotland Co.	5,745,875	6,284,110	-	6,284,110	1,593,975	7,878,085	2,132,210	37%
East Laurinburg	5,742	6,220	-	6,220	-	6,220	478	8%
Gibson	41,722	44,929	-	44,929	-	44,929	3,207	8%
Laurinburg	1,383,790	1,542,596	-	1,542,596	-	1,542,596	158,805	11%
Maxton *	38,516	41,536	-	41,536	-	41,536	3,020	8%
Wagram	68,409	74,155	-	74,155	-	74,155	5,745	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Scotland Co.	5,920,094	6,758,321	-	6,758,321	1,649,764	8,408,085	2,487,991	42%
East Laurinburg	5,925	6,626	-	6,626	-	6,626	702	12%
Gibson	43,044	47,877	-	47,877	-	47,877	4,833	11%
Laurinburg	1,428,110	1,645,766	-	1,645,766	-	1,645,766	217,656	15%
Maxton *	39,737	44,258	-	44,258	-	44,258	4,521	11%
Wagram	70,582	79,021	-	79,021	-	79,021	8,439	12%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Scotland Co.	6,100,298	7,225,871	-	7,225,871	1,707,505	8,933,376	2,833,078	46%
East Laurinburg	6,113	7,030	-	7,030	-	7,030	916	15%
Gibson	44,411	50,806	-	50,806	-	50,806	6,395	14%
Laurinburg	1,473,965	1,748,431	-	1,748,431	-	1,748,431	274,466	19%
Maxton *	41,000	46,963	-	46,963	-	46,963	5,962	15%
Wagram	72,829	83,857	-	83,857	-	83,857	11,028	15%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Scotland Co.	6,286,248	7,601,142	-	7,601,142	1,767,268	9,368,410	3,082,162	49%
East Laurinburg	6,308	7,371	-	7,371	-	7,371	1,063	17%
Gibson	45,824	53,281	-	53,281	-	53,281	7,457	16%
Laurinburg	1,521,338	1,834,887	-	1,834,887	-	1,834,887	313,549	21%
Maxton *	42,305	49,248	-	49,248	-	49,248	6,943	16%
Wagram	75,150	87,941	-	87,941	-	87,941	12,791	17%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Stanly County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Stanly Co.	79,022,043	6,866,656	9%	7,043,707	7,277,934	7,426,132
Albemarle		2,721,060		2,799,240	2,894,065	2,952,996
Badin		336,817		346,483	358,220	365,514
Locust *		471,676		486,306	502,775	513,013
Misenheimer		115,368		118,571	122,588	125,084
New London		103,385		106,359	109,961	112,201
Norwood		405,791		417,468	431,610	440,399
Oakboro		322,976		332,550	343,814	350,815
Red Cross		127,305		130,985	135,422	138,180
Richfield		105,829		108,902	112,591	114,883
Stanfield *		256,862		264,440	273,397	278,964

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Stanly Co.	7,514,113	8,198,301	-	8,198,301	2,877,340	11,075,641	3,561,528	47%
Albemarle	2,991,421	3,208,683	-	3,208,683	-	3,208,683	217,261	7%
Badin	370,214	397,155	-	397,155	-	397,155	26,941	7%
Locust *	520,526	558,120	-	558,120	-	558,120	37,594	7%
Misenheimer	126,945	135,844	-	135,844	-	135,844	8,899	7%
New London	113,731	121,917	-	121,917	-	121,917	8,186	7%
Norwood	445,952	478,542	-	478,542	-	478,542	32,591	7%
Oakboro	355,837	381,378	-	381,378	-	381,378	25,541	7%
Red Cross	139,993	150,158	-	150,158	-	150,158	10,165	7%
Richfield	116,405	124,851	-	124,851	-	124,851	8,446	7%
Stanfield *	283,002	303,245	-	303,245	-	303,245	20,242	7%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Stanly Co.	7,761,848	8,808,514	-	8,808,514	2,978,047	11,786,561	4,024,713	52%
Albemarle	3,092,117	3,411,811	-	3,411,811	-	3,411,811	319,694	10%
Badin	382,676	422,290	-	422,290	-	422,290	39,614	10%
Locust *	538,038	594,143	-	594,143	-	594,143	56,105	10%
Misenheimer	131,217	144,372	-	144,372	-	144,372	13,154	10%
New London	117,559	129,637	-	129,637	-	129,637	12,078	10%
Norwood	460,964	508,848	-	508,848	-	508,848	47,885	10%
Oakboro	367,811	405,710	-	405,710	-	405,710	37,899	10%
Red Cross	144,705	159,678	-	159,678	-	159,678	14,973	10%
Richfield	120,323	132,776	-	132,776	-	132,776	12,453	10%
Stanfield *	292,526	322,569	-	322,569	-	322,569	30,043	10%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Stanly Co.	8,017,807	9,431,887	-	9,431,887	3,082,279	12,514,166	4,496,360	56%
Albemarle	3,196,220	3,619,744	-	3,619,744	-	3,619,744	423,523	13%
Badin	395,560	448,019	-	448,019	-	448,019	52,459	13%
Locust *	556,143	631,053	-	631,053	-	631,053	74,910	13%
Misenheimer	135,635	153,098	-	153,098	-	153,098	17,464	13%
New London	121,516	137,539	-	137,539	-	137,539	16,023	13%
Norwood	476,484	539,872	-	539,872	-	539,872	63,388	13%
Oakboro	380,191	430,627	-	430,627	-	430,627	50,436	13%
Red Cross	149,577	169,425	-	169,425	-	169,425	19,848	13%
Richfield	124,374	140,889	-	140,889	-	140,889	16,515	13%
Stanfield *	302,371	342,356	-	342,356	-	342,356	39,985	13%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Stanly County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% ~~Point of Collection~~					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Stanly Co.	8,282,629	9,967,465	-	9,967,465	3,190,159	13,157,623	4,874,994	59%
Albemarle	3,303,942	3,806,178	-	3,806,178	-	3,806,178	502,236	15%
Badin	408,892	471,089	-	471,089	-	471,089	62,197	15%
Locust *	574,877	664,027	-	664,027	-	664,027	89,149	16%
Misenheimer	140,205	160,935	-	160,935	-	160,935	20,730	15%
New London	125,612	144,625	-	144,625	-	144,625	19,013	15%
Norwood	492,543	567,686	-	567,686	-	567,686	75,142	15%
Oakboro	393,000	452,935	-	452,935	-	452,935	59,934	15%
Red Cross	154,618	178,161	-	178,161	-	178,161	23,543	15%
Richfield	128,565	148,159	-	148,159	-	148,159	19,594	15%
Stanfield *	312,559	360,076	-	360,076	-	360,076	47,517	15%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Stokes County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Stokes Co.	50,925,248	5,343,100	10%	5,418,918	5,565,228	5,678,551
Danbury		10,063		10,263	10,572	10,787
King *		710,181		725,049	746,879	762,088
Tobaccoville *		-		-	-	-
Walnut Cove		139,295		142,164	146,445	149,427

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Stokes Co.	5,721,441	6,699,383	-	6,699,383	1,118,147	7,817,529	2,096,088	37%
Danbury	10,694	12,190	-	12,190	-	12,190	1,495	14%
King *	773,955	861,586	-	861,586	-	861,586	87,630	11%
Tobaccoville *	-	-	-	-	-	-	-	-
Walnut Cove	150,735	168,910	-	168,910	-	168,910	18,175	12%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Stokes Co.	5,879,002	7,849,592	-	7,849,592	1,157,282	9,006,874	3,127,872	53%
Danbury	11,022	13,701	-	13,701	-	13,701	2,679	24%
King *	797,461	968,807	-	968,807	-	968,807	171,346	21%
Tobaccoville *	-	-	-	-	-	-	-	-
Walnut Cove	155,325	189,906	-	189,906	-	189,906	34,581	22%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Stokes Co.	6,042,694	9,031,430	-	9,031,430	1,197,787	10,229,216	4,186,523	69%
Danbury	11,362	15,255	-	15,255	-	15,255	3,892	34%
King *	821,840	1,079,020	-	1,079,020	-	1,079,020	257,180	31%
Tobaccoville *	-	-	-	-	-	-	-	-
Walnut Cove	160,086	211,488	-	211,488	-	211,488	51,402	32%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Stokes Co.	6,212,940	9,922,944	-	9,922,944	1,239,709	11,162,653	4,949,714	80%
Danbury	11,715	16,478	-	16,478	-	16,478	4,763	41%
King *	847,142	1,165,803	-	1,165,803	-	1,165,803	318,660	38%
Tobaccoville *	-	-	-	-	-	-	-	-
Walnut Cove	165,027	228,483	-	228,483	-	228,483	63,456	38%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Surry County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Surry Co.	82,468,812	15,139,426	18%	15,543,672	16,049,715	16,366,382
Dobson		378,438		388,940	401,771	409,952
Elkin *		925,472		950,634	981,998	1,001,994
Mount Airy		2,470,684		2,538,713	2,622,464	2,675,864
Pilot Mountain		353,385		363,315	375,299	382,941

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Surry Co.	16,595,947	15,037,472	2,052,845	17,090,318	1,967,234	19,057,551	2,461,604	15%
Dobson	415,889	428,694	-	428,694	-	428,694	12,805	3%
Elkin *	1,016,240	1,047,517	-	1,047,517	-	1,047,517	31,277	3%
Mount Airy	2,714,031	2,797,905	-	2,797,905	-	2,797,905	83,874	3%
Pilot Mountain	388,858	400,515	-	400,515	-	400,515	11,657	3%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Surry Co.	17,137,194	15,418,418	2,134,037	17,552,455	2,036,087	19,588,541	2,451,348	14%
Dobson	429,585	441,190	-	441,190	-	441,190	11,605	3%
Elkin *	1,049,714	1,077,724	-	1,077,724	-	1,077,724	28,010	3%
Mount Airy	2,803,420	2,879,120	-	2,879,120	-	2,879,120	75,700	3%
Pilot Mountain	401,660	412,265	-	412,265	-	412,265	10,605	3%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Surry Co.	17,696,816	15,752,434	2,217,303	17,969,737	2,107,350	20,077,087	2,380,271	13%
Dobson	443,748	452,807	-	452,807	-	452,807	9,058	2%
Elkin *	1,084,329	1,105,763	-	1,105,763	-	1,105,763	21,434	2%
Mount Airy	2,895,858	2,954,581	-	2,954,581	-	2,954,581	58,723	2%
Pilot Mountain	414,899	423,200	-	423,200	-	423,200	8,301	2%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Surry Co.	18,275,395	16,114,003	2,302,837	18,416,840	2,181,107	20,597,947	2,322,552	13%
Dobson	458,394	465,158	-	465,158	-	465,158	6,764	1%
Elkin *	1,120,123	1,135,691	-	1,135,691	-	1,135,691	15,568	1%
Mount Airy	2,991,442	3,034,932	-	3,034,932	-	3,034,932	43,490	1%
Pilot Mountain	428,588	434,798	-	434,798	-	434,798	6,210	1%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Swain County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Swain Co.	22,334,235	2,311,508	10%	2,393,369	2,477,909	2,528,366
Bryson City		324,771		336,104	347,953	355,039

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Swain Co.	2,568,407	2,803,942	-	2,803,942	607,652	3,411,595	843,188	33%
Bryson City	360,137	388,167	-	388,167	-	388,167	28,030	8%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Swain Co.	2,658,670	3,086,832	-	3,086,832	628,920	3,715,752	1,057,082	40%
Bryson City	372,779	421,040	-	421,040	-	421,040	48,260	13%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Swain Co.	2,751,991	3,387,228	-	3,387,228	650,933	4,038,160	1,286,169	47%
Bryson City	385,853	455,815	-	455,815	-	455,815	69,962	18%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Swain Co.	2,848,617	3,645,630	-	3,645,630	673,715	4,319,346	1,470,729	52%
Bryson City	399,389	486,493	-	486,493	-	486,493	87,104	22%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Transylvania County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Transylvania Co.	49,448,970	5,672,278	11%	5,804,987	5,995,855	6,117,947
Brevard		1,284,102		1,318,507	1,362,661	1,390,409
Rosman		26,453		27,161	28,071	28,642

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Transylvania Co.	6,239,130	6,440,174	-	6,440,174	1,660,229	8,100,403	1,861,273	30%
Brevard	1,397,352	1,464,035	-	1,464,035	-	1,464,035	66,682	5%
Rosman	28,357	30,158	-	30,158	-	30,158	1,801	6%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Transylvania Co.	6,451,811	6,859,297	-	6,859,297	1,718,337	8,577,634	2,125,823	33%
Brevard	1,445,378	1,549,704	-	1,549,704	-	1,549,704	104,326	7%
Rosman	29,333	31,922	-	31,922	-	31,922	2,590	9%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Transylvania Co.	6,673,559	7,297,509	-	7,297,509	1,778,479	9,075,988	2,402,430	36%
Brevard	1,495,336	1,639,048	-	1,639,048	-	1,639,048	143,712	10%
Rosman	30,347	33,762	-	33,762	-	33,762	3,415	11%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Transylvania Co.	6,903,788	7,697,735	-	7,697,735	1,840,726	9,538,460	2,634,673	38%
Brevard	1,547,154	1,722,654	-	1,722,654	-	1,722,654	175,500	11%
Rosman	31,399	35,484	-	35,484	-	35,484	4,084	13%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Tyrrell County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Tyrrell Co.	Not Available	531,374	Not Available	537,450	552,583	563,835
Columbia		65,000		66,215	68,240	69,629

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Tyrrell Co.	568,671	653,210	-	653,210	115,894	769,104	200,433	35%
Columbia	69,629	78,073	-	78,073	-	78,073	8,444	12%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Tyrrell Co.	584,617	747,709	-	747,709	119,950	867,659	283,042	48%
Columbia	71,762	86,684	-	86,684	-	86,684	14,923	21%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Tyrrell Co.	600,931	843,271	-	843,271	124,149	967,420	366,490	61%
Columbia	73,954	95,413	-	95,413	-	95,413	21,459	29%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Tyrrell Co.	617,823	915,104	-	915,104	128,494	1,043,598	425,775	69%
Columbia	76,224	102,280	-	102,280	-	102,280	26,057	34%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Union County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Union Co.	302,246,032	29,569,276	10%	30,737,038	31,903,442	32,553,083
Fairview		22,262		23,106	23,963	24,451
Hemby Bridge		-		-	-	-
Indian Trail		1,622,227		1,691,742	1,754,569	1,790,297
Lake Park		158,792		164,889	171,009	174,491
Marshville		189,632		197,017	204,329	208,490
Marvin		138,639		143,991	149,335	152,376
Mineral Springs		18,527		19,239	19,953	20,359
Mint Hill *		1,439		1,494	1,550	1,581
Monroe		5,042,062		5,235,502	5,429,797	5,540,363
Stallings *		899,424		934,008	968,671	988,396
Unionville		26,622		27,636	28,662	29,245
Waxhaw		1,204,161		1,251,370	1,297,816	1,324,243
Weddington *		262,371		274,755	284,966	290,768
Wesley Chapel		40,788		42,361	43,933	44,828
Wingate		133,793		138,900	144,054	146,987

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Union Co.	33,119,659	35,728,308	-	35,728,308	9,033,423	44,761,731	11,642,073	35%
Fairview	24,806	26,518	-	26,518	-	26,518	1,713	7%
Hemby Bridge	-	-	-	-	-	-	-	-
Indian Trail	1,830,933	1,946,389	-	1,946,389	-	1,946,389	115,456	6%
Lake Park	176,685	189,287	-	189,287	-	189,287	12,602	7%
Marshville	218,744	226,231	-	226,231	-	226,231	7,486	3%
Marvin	154,604	165,315	-	165,315	-	165,315	10,711	7%
Mineral Springs	20,538	22,086	-	22,086	-	22,086	1,548	8%
Mint Hill *	1,602	1,715	-	1,715	-	1,715	113	7%
Monroe	5,614,348	6,010,096	-	6,010,096	-	6,010,096	395,748	7%
Stallings *	1,002,913	1,072,242	-	1,072,242	-	1,072,242	69,328	7%
Unionville	29,672	31,721	-	31,721	-	31,721	2,049	7%
Waxhaw	1,365,309	1,437,115	-	1,437,115	-	1,437,115	71,807	5%
Weddington *	296,137	316,791	-	316,791	-	316,791	20,655	7%
Wesley Chapel	45,549	48,633	-	48,633	-	48,633	3,085	7%
Wingate	149,206	159,434	-	159,434	-	159,434	10,228	7%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Union Co.	34,371,622	39,590,422	-	39,590,422	9,349,593	48,940,016	14,568,394	42%
Fairview	25,723	28,880	-	28,880	-	28,880	3,157	12%
Hemby Bridge	-	-	-	-	-	-	-	-
Indian Trail	1,898,776	2,124,499	-	2,124,499	-	2,124,499	225,724	12%
Lake Park	183,217	206,190	-	206,190	-	206,190	22,973	13%
Marshville	226,878	246,494	-	246,494	-	246,494	19,615	9%
Marvin	160,322	180,094	-	180,094	-	180,094	19,773	12%
Mineral Springs	21,297	24,058	-	24,058	-	24,058	2,761	13%
Mint Hill *	1,661	1,868	-	1,868	-	1,868	207	12%
Monroe	5,821,921	6,546,683	-	6,546,683	-	6,546,683	724,763	12%
Stallings *	1,040,002	1,168,019	-	1,168,019	-	1,168,019	128,017	12%
Unionville	30,769	34,549	-	34,549	-	34,549	3,779	12%
Waxhaw	1,415,937	1,566,024	-	1,566,024	-	1,566,024	150,087	11%
Weddington *	307,109	346,455	-	346,455	-	346,455	39,346	13%
Wesley Chapel	47,234	52,980	-	52,980	-	52,980	5,747	12%
Wingate	154,724	173,653	-	173,653	-	173,653	18,929	12%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Union County (cont'd)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Union Co.	35,668,022	43,806,680	-	43,806,680	9,676,829	53,483,509	17,815,486	50%
Fairview	26,672	31,440	-	31,440	-	31,440	4,767	18%
Hemby Bridge	-	-	-	-	-	-	-	-
Indian Trail	1,969,018	2,317,590	-	2,317,590	-	2,317,590	348,572	18%
Lake Park	189,979	224,510	-	224,510	-	224,510	34,531	18%
Marshville	235,300	268,457	-	268,457	-	268,457	33,157	14%
Marvin	166,241	196,114	-	196,114	-	196,114	29,873	18%
Mineral Springs	22,083	26,196	-	26,196	-	26,196	4,114	19%
Mint Hill *	1,722	2,034	-	2,034	-	2,034	312	18%
Monroe	6,036,832	7,128,282	-	7,128,282	-	7,128,282	1,091,450	18%
Stallings *	1,078,401	1,271,830	-	1,271,830	-	1,271,830	193,429	18%
Unionville	31,905	37,614	-	37,614	-	37,614	5,708	18%
Waxhaw	1,468,356	1,705,752	-	1,705,752	-	1,705,752	237,396	16%
Weddington *	318,470	378,620	-	378,620	-	378,620	60,150	19%
Wesley Chapel	48,978	57,692	-	57,692	-	57,692	8,714	18%
Wingate	160,437	189,064	-	189,064	-	189,064	28,627	18%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Union Co.	37,015,506	47,562,842	-	47,562,842	10,015,518	57,578,360	20,562,854	56%
Fairview	27,658	33,765	-	33,765	-	33,765	6,107	22%
Hemby Bridge	-	-	-	-	-	-	-	-
Indian Trail	2,041,950	2,492,237	-	2,492,237	-	2,492,237	450,287	22%
Lake Park	197,000	241,146	-	241,146	-	241,146	44,146	22%
Marshville	244,047	288,391	-	288,391	-	288,391	44,345	18%
Marvin	172,387	210,658	-	210,658	-	210,658	38,271	22%
Mineral Springs	22,898	28,138	-	28,138	-	28,138	5,239	23%
Mint Hill *	1,786	2,185	-	2,185	-	2,185	399	22%
Monroe	6,259,947	7,656,417	-	7,656,417	-	7,656,417	1,396,471	22%
Stallings *	1,118,267	1,366,092	-	1,366,092	-	1,366,092	247,825	22%
Unionville	33,085	40,398	-	40,398	-	40,398	7,313	22%
Waxhaw	1,522,785	1,832,540	-	1,832,540	-	1,832,540	309,754	20%
Weddington *	330,266	407,607	-	407,607	-	407,607	77,341	23%
Wesley Chapel	50,789	61,970	-	61,970	-	61,970	11,181	22%
Wingate	166,368	203,061	-	203,061	-	203,061	36,694	22%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Vance County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Vance Co.	58,675,223	7,334,181	12%	7,496,390	7,731,424	7,888,857
Henderson		2,395,725		2,456,553	2,536,062	2,587,703
Kittrell		3,408		3,500	3,613	3,687
Middleburg		6,341		6,498	6,708	6,845

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Vance Co.	7,941,744	8,363,530	-	8,363,530	2,409,256	10,772,787	2,831,042	36%
Henderson	2,668,002	2,738,294	-	2,738,294	-	2,738,294	70,292	3%
Kittrell	3,713	3,904	-	3,904	-	3,904	191	5%
Middleburg	6,925	7,241	-	7,241	-	7,241	315	5%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Vance Co.	8,192,662	8,747,714	-	8,747,714	2,493,580	11,241,294	3,048,632	37%
Henderson	2,754,252	2,860,165	-	2,860,165	-	2,860,165	105,914	4%
Kittrell	3,834	4,081	-	4,081	-	4,081	248	6%
Middleburg	7,151	7,560	-	7,560	-	7,560	410	6%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Vance Co.	8,452,705	9,115,203	-	9,115,203	2,580,855	11,696,058	3,243,353	38%
Henderson	2,843,610	2,978,997	-	2,978,997	-	2,978,997	135,387	5%
Kittrell	3,959	4,254	-	4,254	-	4,254	296	7%
Middleburg	7,384	7,872	-	7,872	-	7,872	488	7%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Vance Co.	8,721,923	9,444,520	-	9,444,520	2,671,185	12,115,706	3,393,783	39%
Henderson	2,936,116	3,089,797	-	3,089,797	-	3,089,797	153,681	5%
Kittrell	4,088	4,415	-	4,415	-	4,415	327	8%
Middleburg	7,625	8,163	-	8,163	-	8,163	537	7%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Wake County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Wake Co.	1,142,723,258	128,648,278	11%	134,091,430	139,126,799	141,959,802
Angier*		18,955		19,714	20,443	20,860
Apex		7,000,237		7,288,993	7,558,626	7,712,541
Cary *		24,788,189		25,801,666	26,756,041	27,300,867
Clayton*		-		-	-	-
Durham *		-		-	-	-
Fuquay-Varina		3,399,080		3,541,826	3,672,866	3,747,655
Garner		4,727,560		4,918,880	5,100,807	5,204,674
Holly Springs		4,654,445		4,849,261	5,028,668	5,131,066
Knightdale		2,165,927		2,256,469	2,339,950	2,387,598
Morrisville *		3,536,463		3,684,829	3,821,159	3,898,968
Raleigh *		73,733,184		76,710,120	79,547,223	81,167,022
Rolesville		725,241		755,732	783,693	799,651
Wake Forest *		5,437,787		5,660,439	5,869,815	5,989,341
Wendell		1,074,837		1,118,731	1,160,111	1,183,734
Zebulon *		802,073		834,125	864,972	882,585

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wake Co.	144,185,966	146,620,549	-	146,620,549	71,193,866	217,814,415	73,628,449	51%
Angier*	21,241	21,633	-	21,633	-	21,633	391	2%
Apex	7,841,799	8,004,561	-	8,004,561	-	8,004,561	162,761	2%
Cary *	27,687,204	28,327,803	-	28,327,803	-	28,327,803	640,599	2%
Clayton*	-	-	-	-	-	-	-	-
Durham *	-	-	-	-	-	-	-	-
Fuquay-Varina	3,805,349	3,891,451	-	3,891,451	-	3,891,451	86,102	2%
Garner	5,274,315	5,398,976	-	5,398,976	-	5,398,976	124,661	2%
Holly Springs	5,229,247	5,327,456	-	5,327,456	-	5,327,456	98,209	2%
Knightdale	2,427,389	2,478,897	-	2,478,897	-	2,478,897	51,508	2%
Morrisville *	3,964,446	4,048,458	-	4,048,458	-	4,048,458	84,012	2%
Raleigh *	82,355,029	84,191,937	-	84,191,937	-	84,191,937	1,836,908	2%
Rolesville	819,000	830,360	-	830,360	-	830,360	11,360	1%
Wake Forest *	6,076,521	6,214,877	-	6,214,877	-	6,214,877	138,356	2%
Wendell	1,199,241	1,228,221	-	1,228,221	-	1,228,221	28,980	2%
Zebulon *	893,301	915,229	-	915,229	-	915,229	21,928	2%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wake Co.	149,568,445	148,767,982	-	148,767,982	73,685,651	222,453,634	72,885,189	49%
Angier*	22,024	22,072	-	22,072	-	22,072	49	0%
Apex	8,130,516	8,173,643	-	8,173,643	-	8,173,643	43,126	1%
Cary *	28,705,941	28,919,231	-	28,919,231	-	28,919,231	213,290	1%
Clayton*	-	-	-	-	-	-	-	-
Durham *	-	-	-	-	-	-	-	-
Fuquay-Varina	3,945,434	3,975,602	-	3,975,602	-	3,975,602	30,168	1%
Garner	5,468,332	5,510,180	-	5,510,180	-	5,510,180	41,848	1%
Holly Springs	5,421,896	5,442,161	-	5,442,161	-	5,442,161	20,265	0%
Knightdale	2,516,768	2,532,181	-	2,532,181	-	2,532,181	15,413	1%
Morrisville *	4,110,430	4,135,890	-	4,135,890	-	4,135,890	25,460	1%
Raleigh *	85,385,237	85,920,680	-	85,920,680	-	85,920,680	535,443	1%
Rolesville	849,206	848,343	-	848,343	-	848,343	(863)	(0%)
Wake Forest *	6,300,126	6,344,883	-	6,344,883	-	6,344,883	44,757	1%
Wendell	1,243,356	1,253,824	-	1,253,824	-	1,253,824	10,468	1%
Zebulon *	926,149	933,767	-	933,767	-	933,767	7,618	1%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Wake County (cont'd)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Wake Co.	155,142,463	151,212,332	-	151,212,332	76,264,649	227,476,981	72,334,519	47%
Angier*	22,833	22,551	-	22,551	-	22,551	(282)	(1%)
Apex	8,429,472	8,357,874	-	8,357,874	-	8,357,874	(71,597)	(1%)
Cary *	29,760,799	29,563,621	-	29,563,621	-	29,563,621	(197,178)	(1%)
Clayton*	-	-	-	-	-	-	-	-
Durham *	-	-	-	-	-	-	-	-
Fuquay-Varina	4,090,487	4,067,302	-	4,067,302	-	4,067,302	(23,184)	(1%)
Garner	5,669,228	5,631,335	-	5,631,335	-	5,631,335	(37,893)	(1%)
Holly Springs	5,621,379	5,567,153	-	5,567,153	-	5,567,153	(54,226)	(1%)
Knightdale	2,609,317	2,590,244	-	2,590,244	-	2,590,244	(19,073)	(1%)
Morrisville *	4,261,591	4,231,164	-	4,231,164	-	4,231,164	(30,427)	(1%)
Raleigh *	88,522,889	87,804,099	-	87,804,099	-	87,804,099	(718,790)	(1%)
Rolesville	880,483	867,939	-	867,939	-	867,939	(12,544)	(1%)
Wake Forest *	6,531,659	6,486,531	-	6,486,531	-	6,486,531	(45,128)	(1%)
Wendell	1,289,036	1,281,719	-	1,281,719	-	1,281,719	(7,316)	(1%)
Zebulon *	960,162	953,962	-	953,962	-	953,962	(6,200)	(1%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	**Subtotal**	Potential Addt'l Under Sen. Plan	**Total Potential Revenue**		
Wake Co.	160,917,961	155,447,987	-	155,447,987	78,933,912	234,381,898	73,463,937	46%
Angier*	23,672	23,242	-	23,242	-	23,242	(430)	(2%)
Apex	8,739,162	8,618,997	-	8,618,997	-	8,618,997	(120,166)	(1%)
Cary *	30,853,523	30,481,932	-	30,481,932	-	30,481,932	(371,590)	(1%)
Clayton*	-	-	-	-	-	-	-	-
Durham *	-	-	-	-	-	-	-	-
Fuquay-Varina	4,240,747	4,195,874	-	4,195,874	-	4,195,874	(44,873)	(1%)
Garner	5,877,334	5,805,092	-	5,805,092	-	5,805,092	(72,242)	(1%)
Holly Springs	5,828,026	5,742,754	-	5,742,754	-	5,742,754	(85,272)	(1%)
Knightdale	2,705,189	2,671,879	-	2,671,879	-	2,671,879	(33,310)	(1%)
Morrisville *	4,418,180	4,364,828	-	4,364,828	-	4,364,828	(53,352)	(1%)
Raleigh *	91,773,170	90,509,191	-	90,509,191	-	90,509,191	(1,263,979)	(1%)
Rolesville	912,885	895,397	-	895,397	-	895,397	(17,488)	(2%)
Wake Forest *	6,771,504	6,688,210	-	6,688,210	-	6,688,210	(83,293)	(1%)
Wendell	1,336,354	1,321,502	-	1,321,502	-	1,321,502	(14,853)	(1%)
Zebulon *	995,395	983,155	-	983,155	-	983,155	(12,240)	(1%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Warren County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Warren Co.	32,925,431	2,251,910	7%	2,285,635	2,350,272	2,398,130
Macon		20,650		21,118	21,770	22,214
Norlina		193,115		197,517	203,618	207,764
Warrenton		148,777		152,242	156,944	160,140

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Warren Co.	2,413,450	2,907,950	-	2,907,950	471,067	3,379,016	965,566	40%
Macon	22,453	25,572	-	25,572	-	25,572	3,119	14%
Norlina	210,187	239,193	-	239,193	-	239,193	29,007	14%
Warrenton	162,095	184,409	-	184,409	-	184,409	22,314	14%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Warren Co.	2,482,618	3,434,318	-	3,434,318	487,554	3,921,872	1,439,254	58%
Macon	23,151	28,940	-	28,940	-	28,940	5,788	25%
Norlina	216,722	270,702	-	270,702	-	270,702	53,981	25%
Warrenton	167,134	208,741	-	208,741	-	208,741	41,607	25%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Warren Co.	2,554,096	3,978,616	-	3,978,616	504,618	4,483,234	1,929,138	76%
Macon	23,873	32,421	-	32,421	-	32,421	8,547	36%
Norlina	223,479	303,278	-	303,278	-	303,278	79,798	36%
Warrenton	172,343	233,897	-	233,897	-	233,897	61,553	36%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Warren Co.	2,628,301	4,392,383	-	4,392,383	522,280	4,914,663	2,286,362	87%
Macon	24,622	35,171	-	35,171	-	35,171	10,549	43%
Norlina	230,486	329,011	-	329,011	-	329,011	98,525	43%
Warrenton	177,745	253,766	-	253,766	-	253,766	76,021	43%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Washington County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Washington Co.	17,925,243	1,716,548	10%	1,745,920	1,797,027	1,833,619
Creswell		25,226		25,813	26,619	27,161
Plymouth		405,545		414,750	427,706	436,416
Roper		54,237		55,476	57,209	58,374

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Washington Co.	1,865,492	2,045,337	-	2,045,337	487,084	2,532,421	666,929	36%
Creswell	27,142	29,728	-	29,728	-	29,728	2,585	10%
Plymouth	430,831	477,521	-	477,521	-	477,521	46,690	11%
Roper	58,746	63,877	-	63,877	-	63,877	5,131	9%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Washington Co.	1,919,945	2,248,950	-	2,248,950	504,132	2,753,082	833,137	43%
Creswell	27,993	32,122	-	32,122	-	32,122	4,129	15%
Plymouth	444,403	515,855	-	515,855	-	515,855	71,452	16%
Roper	60,583	69,009	-	69,009	-	69,009	8,426	14%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Washington Co.	1,975,930	2,451,712	-	2,451,712	521,776	2,973,489	997,558	50%
Creswell	28,870	34,522	-	34,522	-	34,522	5,651	20%
Plymouth	458,397	554,253	-	554,253	-	554,253	95,855	21%
Roper	62,477	74,150	-	74,150	-	74,150	11,673	19%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Washington Co.	2,034,032	2,609,483	-	2,609,483	540,038	3,149,521	1,115,489	55%
Creswell	29,780	36,493	-	36,493	-	36,493	6,713	23%
Plymouth	472,904	585,811	-	585,811	-	585,811	112,908	24%
Roper	64,440	78,375	-	78,375	-	78,375	13,935	22%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Watauga County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Watauga Co.	58,458,531	9,977,204	17%	10,282,145	10,630,752	10,847,223
Beech Mtn. *		1,331,429		1,373,291	1,420,180	1,449,099
Blowing Rock *		1,191,331		1,228,771	1,270,725	1,296,601
Boone		2,161,272		2,229,745	2,305,875	2,352,829
Seven Devils *		244,389		252,206	260,816	266,127

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Watauga Co.	11,007,223	10,860,053	-	10,860,053	3,997,963	14,858,016	3,850,793	35%
Beech Mountain	1,471,853	1,466,238	-	1,466,238	-	1,466,238	(5,616)	(0%)
Blowing Rock *	1,316,866	1,311,926	-	1,311,926	-	1,311,926	(4,939)	(0%)
Boone	2,386,520	2,380,927	-	2,380,927	-	2,380,927	(5,593)	(0%)
Seven Devils *	269,857	269,344	-	269,344	-	269,344	(513)	(0%)

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Watauga Co.	11,379,667	10,823,646	-	10,823,646	4,137,892	14,961,538	3,581,872	31%
Beech Mountain	1,521,999	1,475,161	-	1,475,161	-	1,475,161	(46,838)	(3%)
Blowing Rock *	1,361,731	1,319,899	-	1,319,899	-	1,319,899	(41,832)	(3%)
Boone	2,467,839	2,395,736	-	2,395,736	-	2,395,736	(72,103)	(3%)
Seven Devils *	279,052	271,065	-	271,065	-	271,065	(7,987)	(3%)

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Watauga Co.	11,764,622	10,745,605	-	10,745,605	4,282,718	15,028,324	3,263,701	28%
Beech Mountain	1,573,844	1,480,064	-	1,480,064	-	1,480,064	(93,780)	(6%)
Blowing Rock *	1,408,117	1,324,274	-	1,324,274	-	1,324,274	(83,843)	(6%)
Boone	2,551,914	2,404,039	-	2,404,039	-	2,404,039	(147,875)	(6%)
Seven Devils *	288,559	272,054	-	272,054	-	272,054	(16,505)	(6%)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Watauga Co.	12,163,153	10,796,963	-	10,796,963	4,432,613	15,229,577	3,066,423	25%
Beech Mountain	1,627,514	1,499,141	-	1,499,141	-	1,499,141	(128,373)	(8%)
Blowing Rock *	1,456,136	1,341,334	-	1,341,334	-	1,341,334	(114,802)	(8%)
Boone	2,638,949	2,435,270	-	2,435,270	-	2,435,270	(203,680)	(8%)
Seven Devils *	298,401	275,623	-	275,623	-	275,623	(22,778)	(8%)

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Wayne County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Wayne Co.	120,615,121	17,429,349	14%	18,007,659	18,598,098	18,976,806
Eureka		30,224		31,300	32,346	33,004
Fremont		143,143		147,860	152,803	155,914
Goldsboro		6,384,112		6,595,646	6,816,105	6,954,899
Mount Olive *		600,003		620,106	640,832	653,881
Pikeville		109,499		113,154	116,936	119,317
Seven Springs		10,108		10,431	10,780	11,000
Walnut Creek		268,716		277,694	286,976	292,819

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wayne Co.	19,130,759	20,766,632	-	20,766,632	6,171,308	26,937,940	7,807,181	41%
Eureka	33,472	35,782	-	35,782	-	35,782	2,310	7%
Fremont	159,285	168,771	-	168,771	-	168,771	9,486	6%
Goldsboro	7,075,474	7,529,197	-	7,529,197	-	7,529,197	453,722	6%
Mount Olive *	667,463	708,031	-	708,031	-	708,031	40,568	6%
Pikeville	122,485	129,188	-	129,188	-	129,188	6,703	5%
Seven Springs	11,161	11,900	-	11,900	-	11,900	739	7%
Walnut Creek	297,833	317,050	-	317,050	-	317,050	19,217	6%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wayne Co.	19,762,693	22,133,038	-	22,133,038	6,387,304	28,520,342	8,757,649	44%
Eureka	34,595	37,936	-	37,936	-	37,936	3,342	10%
Fremont	164,625	178,679	-	178,679	-	178,679	14,054	9%
Goldsboro	7,312,817	7,971,966	-	7,971,966	-	7,971,966	659,150	9%
Mount Olive *	689,840	749,819	-	749,819	-	749,819	59,979	9%
Pikeville	126,588	136,803	-	136,803	-	136,803	10,215	8%
Seven Springs	11,536	12,592	-	12,592	-	12,592	1,057	9%
Walnut Creek	307,823	335,745	-	335,745	-	335,745	27,922	9%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wayne Co.	20,423,324	23,541,116	-	23,541,116	6,610,859	30,151,975	9,728,651	48%
Eureka	35,765	40,159	-	40,159	-	40,159	4,393	12%
Fremont	170,193	188,888	-	188,888	-	188,888	18,695	11%
Goldsboro	7,560,266	8,428,220	-	8,428,220	-	8,428,220	867,954	11%
Mount Olive *	713,172	792,886	-	792,886	-	792,886	79,714	11%
Pikeville	130,866	144,650	-	144,650	-	144,650	13,784	11%
Seven Springs	11,926	13,305	-	13,305	-	13,305	1,379	12%
Walnut Creek	318,239	355,011	-	355,011	-	355,011	36,772	12%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wayne Co.	21,114,551	24,810,747	-	24,810,747	6,842,239	31,652,987	10,538,436	50%
Eureka	36,987	42,209	-	42,209	-	42,209	5,222	14%
Fremont	176,003	198,356	-	198,356	-	198,356	22,354	13%
Goldsboro	7,818,422	8,851,199	-	8,851,199	-	8,851,199	1,032,777	13%
Mount Olive *	737,516	832,782	-	832,782	-	832,782	95,266	13%
Pikeville	135,331	151,922	-	151,922	-	151,922	16,591	12%
Seven Springs	12,334	13,968	-	13,968	-	13,968	1,634	13%
Walnut Creek	329,106	372,863	-	372,863	-	372,863	43,756	13%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Wilkes County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Wilkes Co.	77,254,488	12,676,231	16%	13,029,118	13,447,796	13,719,437
Elkin *		17,995		18,522	19,129	19,518
N. Wilkesboro		956,806		984,319	1,016,573	1,037,274
Ronda		93,728		96,438	99,598	101,626
Wilkesboro		770,636		793,165	819,152	835,833

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wilkes Co.	13,881,442	13,458,850	1,430,981	14,889,831	1,361,152	16,250,983	2,369,541	17%
Elkin *	19,800	21,062	-	21,062	-	21,062	1,261	6%
N. Wilkesboro	1,063,643	1,118,970	-	1,118,970	-	1,118,970	55,327	5%
Ronda	102,796	109,638	-	109,638	-	109,638	6,842	7%
Wilkesboro	846,481	901,876	-	901,876	-	901,876	55,396	7%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wilkes Co.	14,327,944	14,497,514	1,492,329	15,989,843	1,408,792	17,398,636	3,070,692	21%
Elkin *	20,447	22,487	-	22,487	-	22,487	2,039	10%
N. Wilkesboro	1,098,334	1,194,374	-	1,194,374	-	1,194,374	96,041	9%
Ronda	106,159	117,034	-	117,034	-	117,034	10,875	10%
Wilkesboro	874,165	962,871	-	962,871	-	962,871	88,705	10%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wilkes Co.	14,789,282	15,544,758	1,556,076	17,100,833	1,458,100	18,558,933	3,769,652	25%
Elkin *	21,116	23,929	-	23,929	-	23,929	2,813	13%
N. Wilkesboro	1,134,188	1,270,675	-	1,270,675	-	1,270,675	136,487	12%
Ronda	109,635	124,519	-	124,519	-	124,519	14,884	14%
Wilkesboro	902,780	1,024,603	-	1,024,603	-	1,024,603	121,823	13%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wilkes Co.	15,266,496	16,417,959	1,620,978	18,038,936	1,509,134	19,548,070	4,281,574	28%
Elkin *	21,809	25,179	-	25,179	-	25,179	3,370	15%
N. Wilkesboro	1,171,279	1,336,811	-	1,336,811	-	1,336,811	165,531	14%
Ronda	113,232	131,006	-	131,006	-	131,006	17,774	16%
Wilkesboro	932,383	1,078,078	-	1,078,078	-	1,078,078	145,695	16%

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Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Wilson County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Wilson Co.	107,032,675	11,735,656	11%	12,090,683	12,518,425	12,773,335
Black Creek		56,330		58,111	60,162	61,388
Elm City		122,041		125,888	130,331	132,985
Kenly *		9,315		9,607	9,946	10,149
Lucama		60,107		61,999	64,187	65,494
Saratoga		41,893		43,393	44,925	45,840
Sharpsburg *		18,957		19,566	20,257	20,670
Sims		24,277		25,054	25,938	26,466
Stantonsburg		56,923		58,714	60,786	62,024
Wilson		6,621,643		6,831,044	7,072,163	7,216,172

* Jurisdiction spans multiple counties.

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wilson Co.	12,975,297	13,659,128	-	13,659,128	4,852,559	18,511,687	5,536,390	43%
Black Creek	62,004	65,388	-	65,388	-	65,388	3,385	5%
Elm City	135,398	141,642	-	141,642	-	141,642	6,244	5%
Kenly *	10,958	10,808	-	10,808	-	10,808	(150)	(1%)
Lucama	66,306	69,756	-	69,756	-	69,756	3,450	5%
Saratoga	46,534	48,956	-	48,956	-	48,956	2,422	5%
Sharpsburg *	21,599	22,024	-	22,024	-	22,024	425	2%
Sims	26,803	28,198	-	28,198	-	28,198	1,395	5%
Stantonsburg	63,707	66,059	-	66,059	-	66,059	2,353	4%
Wilson	7,327,148	7,686,452	-	7,686,452	-	7,686,452	359,304	5%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wilson Co.	13,450,708	14,285,961	-	14,285,961	5,022,399	19,308,360	5,857,652	44%
Black Creek	64,247	68,310	-	68,310	-	68,310	4,063	6%
Elm City	140,302	147,962	-	147,962	-	147,962	7,660	5%
Kenly *	11,358	11,290	-	11,290	-	11,290	(68)	(1%)
Lucama	68,706	72,867	-	72,867	-	72,867	4,161	6%
Saratoga	48,220	51,277	-	51,277	-	51,277	3,057	6%
Sharpsburg *	22,384	23,015	-	23,015	-	23,015	631	3%
Sims	27,774	29,465	-	29,465	-	29,465	1,691	6%
Stantonsburg	66,017	69,005	-	69,005	-	69,005	2,988	5%
Wilson	7,592,454	8,029,962	-	8,029,962	-	8,029,962	437,507	6%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wilson Co.	13,934,970	14,938,367	-	14,938,367	5,198,183	20,136,550	6,201,579	45%
Black Creek	66,542	71,345	-	71,345	-	71,345	4,803	7%
Elm City	145,318	154,526	-	154,526	-	154,526	9,209	6%
Kenly *	11,766	11,790	-	11,790	-	11,790	24	0%
Lucama	71,161	76,097	-	76,097	-	76,097	4,937	7%
Saratoga	49,943	53,693	-	53,693	-	53,693	3,750	8%
Sharpsburg *	23,186	24,046	-	24,046	-	24,046	860	4%
Sims	28,766	30,781	-	30,781	-	30,781	2,015	7%
Stantonsburg	68,378	72,063	-	72,063	-	72,063	3,685	5%
Wilson	7,863,804	8,386,745	-	8,386,745	-	8,386,745	522,941	7%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Wilson County (cont'd)

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Wilson Co.	14,412,598	15,533,120	-	15,533,120	5,380,119	20,913,239	6,500,641	45%
Black Creek	68,836	74,198	-	74,198	-	74,198	5,362	8%
Elm City	150,325	160,698	-	160,698	-	160,698	10,373	7%
Kenly *	12,170	12,260	-	12,260	-	12,260	90	1%
Lucama	73,614	79,135	-	79,135	-	79,135	5,522	8%
Saratoga	51,664	55,934	-	55,934	-	55,934	4,270	8%
Sharpsburg *	23,984	25,012	-	25,012	-	25,012	1,029	4%
Sims	29,758	32,017	-	32,017	-	32,017	2,259	8%
Stantonsburg	70,733	74,940	-	74,940	-	74,940	4,207	6%
Wilson	8,134,835	8,722,099	-	8,722,099	-	8,722,099	587,264	7%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Yadkin County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Yadkin Co.	38,565,027	4,842,704	13%	4,947,374	5,093,671	5,197,392
Boonville		123,674		127,028	131,024	133,693
East Bend		74,344		76,435	78,839	80,444
Jonesville		245,572		250,540	258,440	263,703
Yadkinville		337,939		347,029	357,949	365,238

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Yadkin Co.	5,239,482	6,025,788	-	6,025,788	1,138,733	7,164,520	1,925,038	37%
Boonville	135,805	150,154	-	150,154	-	150,154	14,348	11%
East Bend	81,076	90,392	-	90,392	-	90,392	9,316	11%
Jonesville	273,237	295,197	-	295,197	-	295,197	21,960	8%
Yadkinville	370,976	410,165	-	410,165	-	410,165	39,190	11%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Yadkin Co.	5,395,673	6,872,503	-	6,872,503	1,178,588	8,051,091	2,655,417	49%
Boonville	140,091	166,463	-	166,463	-	166,463	26,372	19%
East Bend	83,640	100,250	-	100,250	-	100,250	16,611	20%
Jonesville	281,826	326,334	-	326,334	-	326,334	44,508	16%
Yadkinville	382,683	454,675	-	454,675	-	454,675	71,992	19%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Yadkin Co.	5,557,350	7,743,557	-	7,743,557	1,219,839	8,963,396	3,406,046	61%
Boonville	144,526	183,249	-	183,249	-	183,249	38,722	27%
East Bend	86,293	110,399	-	110,399	-	110,399	24,105	28%
Jonesville	290,716	358,350	-	358,350	-	358,350	67,634	23%
Yadkinville	394,801	500,485	-	500,485	-	500,485	105,684	27%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Yadkin Co.	5,724,781	8,418,166	-	8,418,166	1,262,533	9,680,699	3,955,918	69%
Boonville	149,119	196,777	-	196,777	-	196,777	47,659	32%
East Bend	89,041	118,574	-	118,574	-	118,574	29,534	33%
Jonesville	299,921	384,237	-	384,237	-	384,237	84,316	28%
Yadkinville	407,347	537,409	-	537,409	-	537,409	130,062	32%

Senate Proposal to Modify Local Option Sales Tax Distribution Formula:
Yancey County

	FY 2013-14 General Fund (GF) Revenue	FY 2013-14 Sales Tax Distribution $	FY 2013-14 Sales Tax Distribution As % of GF	FY 2014-15 Projected	FY 2015-16 Projected Current Law	FY 2015-16 Projected Senate Plan
Yancey Co.	Not Available	2,625,234	Not Available	2,692,513	2,778,124	2,834,694
Burnsville		358,052		368,351	380,433	388,179

FY 2016-17

	Current Law (All Articles)	SENATE PROPOSAL: 40% Per Capita; 60% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Yancey Co.	2,868,171	3,201,070	-	3,201,070	658,030	3,859,100	990,929	35%
Burnsville	393,832	429,372	-	429,372	-	429,372	35,540	9%

FY 2017-18

	Current Law (All Articles)	SENATE PROPOSAL: 55% Per Capita; 45% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Yancey Co.	2,959,288	3,555,216	-	3,555,216	681,061	4,236,277	1,276,989	43%
Burnsville	406,728	468,215	-	468,215	-	468,215	61,487	15%

FY 2018-19

	Current Law (All Articles)	SENATE PROPOSAL: 70% Per Capita; 30% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Yancey Co.	3,053,281	3,919,858	-	3,919,858	704,898	4,624,757	1,571,476	51%
Burnsville	420,046	508,223	-	508,223	-	508,223	88,177	21%

FY 2019-20

	Current Law (All Articles)	SENATE PROPOSAL: 80% Per Capita; 20% Point of Collection					Change From Current Law to Total Potential Revenue	
		Art. 39, 40, 42 2¢	Other Levied Articles	Subtotal	Potential Addt'l Under Sen. Plan	Total Potential Revenue		
Yancey Co.	3,150,583	4,213,783	-	4,213,783	729,570	4,943,352	1,792,769	57%
Burnsville	433,831	541,664	-	541,664	-	541,664	107,833	25%

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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H 4

HOUSE BILL 117
Committee Substitute Favorable 3/3/15
Committee Substitute #2 Favorable 3/3/15
Fourth Edition Engrossed 3/5/15

Short Title: NC Competes Act. (Public)

Sponsors:

Referred to:

February 27, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE NORTH CAROLINA COMPETES ACT.

The General Assembly of North Carolina enacts:

PART I. JDIG MODIFICATIONS

SECTION 1.(a) Section 15.19(a1) of S.L. 2013-360 reads as rewritten:

"**SECTION 15.19.(a1)** Notwithstanding G.S. 143B-437.52(c), for the ~~2013-2015 fiscal biennium,~~period from July 1, 2013, to December 31, 2015, the maximum total liability for grants awarded, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is ~~twenty-two million five hundred thousand dollars ($22,500,000) and, for the period from July 1, 2015, to December 31, 2015, the maximum total liability for grants awarded, including amounts transferred to the Utility Account pursuant to G.S. 143B-437.61, is seven million five hundred thousand dollars ($7,500,000).~~forty-five million dollars ($45,000,000). No agreement may be entered into that, when considered together with other existing agreements governing grants awarded during an applicable time period provided in this subsection, could cause the State's potential total annual liability for grants awarded in that time period to exceed the designated maximum amount."

SECTION 1.(b) The title of Part 2G of Article 10 of Chapter 143B of the General Statutes reads as rewritten:

"Part 2G. ~~Job Development Investment Grant Program.~~Job Growth Reimbursement Opportunities – People Program."

SECTION 1.(c) G.S. 143B-437.52(a) is amended by adding a new subdivision to read:

"(6) For a project located in a development tier three area, the affected local governments have participated in recruitment and offered incentives in a manner appropriate to the project."

SECTION 1.(d) G.S. 143B-437.52(b) is repealed.

SECTION 1.(e) G.S. 143B-437.53 reads as rewritten:

"**§ 143B-437.53. Eligible projects.**

(a) Minimum Number of Eligible Positions. – A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions as set out in the table below. If the project will be located in more than one development tier area, the location with the highest development tier area designation determines the minimum number of eligible positions that must be created.

Development Tier Area	Number of Eligible Positions
Tier One	10
Tier Two	20
Tier Three	~~20~~50

...

(c) Health Insurance. – A business is eligible for a grant under this Part only if the business provides health insurance for all of the applicable full-time employees of the project with respect to which the grant is made. For the purposes of this subsection, an applicable full-time employee is one who earns from the business less than one hundred fifty thousand dollars ($150,000) in taxable compensation on an annualized basis or three and one-half times the annualized average State wage for all insured private employers in the State employing between 250 and 1,000 employees, whichever is greater. For the purposes of this subsection, a business provides health insurance if it pays at least fifty percent (50%) of the premiums for health care ~~coverage that equals or exceeds the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125.~~coverage.

Each year that a business receives a grant under this Part, the business must provide with the submission required under G.S. 143B-437.58 a certification that the business continues to provide health insurance, as required by this subsection, for all applicable full-time employees of the project with respect to which the grant is made. If the business ceases to provide the required health insurance, the Committee shall amend or terminate the agreement as provided in G.S. 143B-437.59."

SECTION 1.(f) G.S. 143B-437.56(d) reads as rewritten:

"(d) For any eligible position that is located in a development tier three area, ~~seventy-five percent (75%)~~seventy percent (70%) of the annual grant approved for disbursement shall be payable to the business, and ~~twenty-five percent (25%)~~thirty percent (30%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. For any eligible position that is located in a development tier two area, eighty-five percent (85%) of the annual grant approved for disbursement shall be payable to the business, and fifteen percent (15%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. A position is located in the development tier area that has been assigned to the county in which the project is located at the time the application is filed with the Committee."

SECTION 1.(g) G.S. 143B-437.57(a) reads as rewritten:

"(a) Terms. – Each community economic development agreement shall include at least the following:

...

(10) A provision that requires the business to maintain operations at the project location or another location approved by the Committee for at least one hundred fifty percent (150%) of the term of the grant and a provision to ~~permit~~ require the Committee to recapture ~~all or part~~ an appropriate portion of the grant ~~at its discretion~~ if the business does not remain at the site for the required term.

(11) A provision that requires the business to maintain employment levels in this State at the greater of the level of ~~the year immediately preceding the base period.~~employment on the date of the application or the level of employment on the date of the award.

...."

SECTION 1.(h) G.S. 143B-437.62 reads as rewritten:

"**§ 143B-437.62. Expiration.**

The authority of the Committee to award new grants expires January 1, ~~2016.~~2020."

SECTION 1.(i) The Revisor of Statutes shall make the conforming statutory changes necessary to the General Statutes to reflect renaming of the Job Development Investment Grant Program to the Job Growth Reimbursement Opportunities – People Program, as provided in this section.

SECTION 1.(j) The Department of Commerce shall study the factors that have contributed to the termination of grants awarded pursuant to Part 2G of Article 10 of Chapter 143B of the General Statutes. In conducting the study required by this subsection, the Department shall examine the efforts of other states that have permitted similar economic development programs to incent businesses to create jobs for the purpose of determining best practices for remediating underperformance of participating businesses in order to lower the incidence of community economic development agreements under G.S. 143B-437.57 ending in termination. The Department shall submit the report to the House of Representatives Finance Committee, the Senate Finance Committee, the House Committee on Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division no later than March 1, 2016.

SECTION 1.(k) This Part is effective when it becomes law.

PART II. ONE NC MODIFICATIONS

SECTION 2.(a) The title of Part 2H of Article 10 of Chapter 143B of the General Statutes reads as rewritten:

"Part 2H. ~~One North Carolina Fund.~~Job Growth Reimbursement Opportunities – Capital Program."

SECTION 2.(b) The title of Part 2I of Article 10 of Chapter 143B of the General Statutes reads as rewritten:

"Part 2I. ~~One North Carolina~~Job Growth Reimbursement Opportunities – Capital Small Business Program."

SECTION 2.(c) The Revisor of Statutes shall make the conforming statutory changes necessary to the General Statutes to reflect renaming of the One North Carolina Fund to the Job Growth Reimbursement Opportunities – Capital Program and the renaming of the One North Carolina Small Business Program to the Job Growth Reimbursement Opportunities – Capital Small Business Program, as provided in this section.

SECTION 2.(d) This Part is effective when it becomes law.

PART III. SITE INFRASTRUCTURE DEVELOPMENT FUND

SECTION 3.(a) Of the funds appropriated to the Department of Commerce for the 2014-2015 fiscal year, twenty million dollars ($20,000,000) shall be transferred to the Site Infrastructure Development Fund for uses consistent with G.S. 143B-437.02. The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer the unencumbered cash balance of the Job Catalyst Fund (Budget Code 14600-1912) to the Site Infrastructure Development Fund (Budget Code 24600-2583).

SECTION 3.(b) The tagline of G.S. 143B-437.02 reads as rewritten:

"**§ 143B-437.02. Site ~~infrastructure development.~~Acceleration Fund.**"

SECTION 3.(c) G.S. 143B-437.02(e) reads as rewritten:

"(e) Health Insurance. – A business is eligible for consideration for site development under this section only if the business provides health insurance for all of the full-time employees of the project with respect to which the application is made. For the purposes of this subsection, a business provides health insurance if it pays at least fifty percent (50%) of the premiums for health care ~~coverage that equals or exceeds the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125.~~coverage.

Each year that a contract for site development under this section is in effect, the business must provide the Department of Commerce a certification that the business continues to provide health insurance for all full-time employees of the project governed by the contract. If the business ceases to provide health insurance to all full-time employees of the project, Department shall provide for reimbursement of an appropriate portion of the site development funds provided to the business."

SECTION 3.(d) The Revisor of Statutes shall make the conforming statutory changes necessary to the General Statutes to reflect renaming of the Site Infrastructure Development Fund to the Site Acceleration Fund, as provided in this section.

SECTION 3.(e) This Part is effective when it becomes law.

PART III-A. INDUSTRIAL DEVELOPMENT FUND UTILITY ACCOUNT MODIFICATION

SECTION 3A.(a) G.S. 143B-437.01(a) reads as rewritten:

"(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special account to be known as the Industrial Development Fund Utility Account ("Utility Account") to provide funds to assist the local government units of the most economically distressed counties in the State in retaining or creating ~~jobs.~~jobs, including expanding the existing job base. The Department of Commerce shall adopt rules providing for the administration of the program. Those rules shall include the following provisions, which shall apply to each grant from the account:

(1) The funds shall be used for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, electrical utility distribution lines or equipment, or transportation infrastructure for existing or new or proposed buildings. To be eligible for funding, the water, gas, telecommunications, high-speed broadband, electrical utility lines or facilities, or transportation infrastructure shall be located on the site of the building or, if not located on the site, shall be directly related to the operation of the job creation activity. To be eligible for funding, the sewer infrastructure shall be located on the site of the building or, if not located on the site, shall be directly related to the operation of the job creation activity, even if the sewer infrastructure is located in a county other than the county in which the building is located.

...

(2) The funds shall be used by the city and county governments for projects that are reasonably anticipated to result in the creation of new ~~jobs.~~jobs, including expanding the existing job base, or retention of existing jobs. There shall be no maximum funding amount per new job to be created or per project.

...."

SECTION 3A.(b) This Part is effective when it becomes law and applies to grants awarded on or after that date.

PART IV. SINGLE SALES FACTOR MODIFICATION

SECTION 4.(a) G.S. 105-130.4(s1) reads as rewritten:

"(s1) All apportionable income of a qualified capital intensive corporation shall be apportioned by multiplying the income by the sales factor as determined under subsection (l) of this section. A "qualified capital intensive corporation" is a corporation that satisfies all of the conditions of this subsection. A corporation that is subject to this subsection must list on its return the property, payroll, and sales factors ~~it used in determining whether it is a~~of the qualified capital intensive corporation. ~~If the corporation fails to invest one billion dollars~~

~~($1,000,000,000) in private funds within nine years as required by subdivision (2) of this subsection, the benefit of this subsection expires and the corporation must apportion income as it would otherwise be required to do under this section absent this subsection.~~ If a corporation fails to satisfy the conditions of this subsection, the corporation forfeits the benefit of this subsection and must apportion income as it would otherwise be required to do absent this subsection. A corporation that forfeits the benefit of this subsection is liable for all past taxes avoided as a result of the benefit plus interest at the rate established under G.S. 105-241.21, computed from the date additional taxes would have been due if the benefit had not been allowed. The past taxes and interest are due 30 days after the date the benefit is forfeited; a corporation that fails to pay the past taxes and interest by the due date is subject to the penalties provided in G.S. 105-236. Notwithstanding G.S. 105-241.8(b)(3), if a corporation forfeits the benefit of this subsection, the period for proposing an assessment of any tax due as a result of the forfeiture is three years after the date of the discovery of the forfeiture.

The conditions are:

~~(1) The corporation's property factor as a percentage of the sum of the factors in the formula set out in subsection (i) of this section, including the doubling of the sales factor, exceeds seventy-five percent (75%) or the corporation's average property factor for the preceding three years as a percentage of the average sum of the factors in the formula set out in subsection (i) of this section, including the doubling of the sales factors, for the preceding three years exceeds seventy-five percent (75%).~~

(2) The Secretary of Commerce makes a written determination that the corporation has invested or is expected to invest at least one billion dollars ($1,000,000,000) in private funds to construct a facility in this State within nine years after the time that construction begins. For the purposes of this subsection, costs of construction include costs of acquiring and improving land for the facility, costs for renovations or repairs to existing buildings, and costs of equipping or reequipping the facility.

(3) The corporation maintains the average number of employees it has at the facility during the first two years after the facility is placed in service for the remainder of time in which the corporation must complete the investment required under subdivision (2) of this subsection.

~~(4) The facility that satisfies the condition of subdivision (2) of this subsection is located in a county that was designated as a development tier one or two area at the time construction of the facility began.~~

(5) The corporation satisfies a wage standard at the facility that satisfies the condition of subdivision (2) of this subsection. For the purposes of this subdivision, the wage standard ~~that must be~~is satisfied ~~is the one established under G.S. 105-129.83(c).~~if the corporation pays an average weekly wage that is at least equal to the lesser of one hundred ten percent (110%) of the average wage for all insured private employers in the State and ninety percent (90%) of the average wage for all insured private employers in the county.

(6) The corporation provides health insurance for all of its full-time employees at the facility that satisfies the condition of subdivision (2) of this subsection. For the purposes of this subdivision, a company provides health insurance if it ~~satisfies the provisions of G.S. 105-129.83(d).~~pays at least fifty percent (50%) of the premiums for health care coverage."

SECTION 4.(b) Section 4 of S.L. 2009-54 is repealed.

SECTION 4.(c) Section 6 of S.L. 2009-54 reads as rewritten:

"**SECTION 6.** This act is effective for taxable years beginning on or after January 1, 2010. ~~If no corporation has qualified as a qualified capital intensive corporation under G.S. 105-130.4(s1) prior to January 1, 2019, then G.S. 105-130.4(s1) is repealed for taxable years beginning on or after January 1, 2019.~~"

SECTION 4.(d) Subsection (c) of this section is effective when it becomes law. The remainder of this Part is effective when it becomes law and applies to corporations receiving a written determination from the Secretary of Commerce on or after that date.

PART V. EXTEND SALES TAX REFUND FOR PASSENGER AIR CARRIERS

SECTION 5.(a) G.S. 105-164.14A(a)(1) reads as rewritten:

"(a) Refund. – The following taxpayers are allowed an annual refund of sales and use taxes paid under this Article:

(1) Passenger air carrier. – An interstate passenger air carrier is allowed a refund of the sales and use tax paid by it on fuel in excess of two million five hundred thousand dollars ($2,500,000). The amount of sales and use tax paid does not include a refund allowed to the interstate passenger air carrier under G.S. 105-164.14(a). This subdivision is repealed for purchases made on or after January 1, ~~2016.~~2020."

SECTION 5.(b) This Part is effective when it becomes law.

PART VI. DATACENTER INFRASTRUCTURE ACT

SECTION 6.(a) G.S. 105-164.3 reads as rewritten:

"**§ 105-164.3. Definitions.**

The following definitions apply in this Article:

...

(33) Qualifying datacenter. – A datacenter that satisfies each of the following conditions:

a. The datacenter meets the wage standard and health insurance requirements of G.S. 143B-437.08A.

b. The Secretary of Commerce has made a written determination that at least seventy-five million dollars ($75,000,000) in private funds has been or will be invested by one or more owners, users, or tenants of the datacenter within five years of the date the owner, user, or tenant of the datacenter makes its first real or tangible property investment in the datacenter on or after January 1, 2012. Investments in real or tangible property in the datacenter made prior to January 1, 2012, may not be included in the investment required by this subdivision.

(33a) Purchase price. – The term has the same meaning as the term "sales price" when applied to an item subject to use tax.

~~(33a)~~(33b) Real property contractor. – A person that contracts to perform construction, reconstruction, installation, repair, or any other service with respect to real property and to furnish tangible personal property to be installed or applied to real property in connection with the contract and the labor to install or apply the tangible personal property that becomes part of real property. The term includes a general contractor, a subcontractor, or a builder for purposes of G.S. 105-164.4H.

~~(33b)~~(33c) Related member. – Defined in G.S. 105-130.7A.

~~(33c)~~(33d) Remote sale. – A sale of tangible personal property or digital property ordered by mail, by telephone, via the Internet, or by another similar method, to a purchaser who is in this State at the time the order is remitted, from a retailer who receives the order in another state and delivers the property or

causes it to be delivered to a person in this State. It is presumed that a resident of this State who remits an order was in this State at the time the order was remitted.

...."

SECTION 6.(b) G.S. 105-164.13 is amended by adding a new subdivision to read:

"(55a) Sales of electricity for use at a qualifying datacenter and datacenter support equipment to be located and used at the qualifying datacenter. As used in this subdivision, "datacenter support equipment" is property that is capitalized for tax purposes under the Code and is used either:

a. For the provision of a service or function included in the business of an owner, user, or tenant of the datacenter.

b. For the generation, transformation, transmission, distribution, or management of electricity, including exterior substations, generators, transformers, unit substations, uninterruptible power supply systems, batteries, power distribution units, remote power panels, and other capital equipment used for these purposes.

c. For HVAC and mechanical systems, including chillers, cooling towers, air handlers, pumps, and other capital equipment used for these purposes.

d. For hardware and software for distributed and mainframe computers and servers, data storage devices, network connectivity equipment, and peripheral components and equipment.

e. To provide related computer engineering or computer science research.

If the level of investment required by G.S. 105-164.3(33) is not timely made, the exemption provided under this subdivision is forfeited. If the level of investment required by G.S. 105-164.3(33) is timely made but any specific datacenter support equipment is not located and used at the qualifying datacenter, the exemption provided for such datacenter support equipment under this subdivision is forfeited. If the level of investment required by G.S. 105-164.3(33) is timely made but any portion of electricity is not used at the qualifying datacenter, the exemption provided for such electricity under this subdivision is forfeited. A taxpayer that forfeits an exemption under this subdivision is liable for all past taxes avoided as a result of the forfeited exemption, computed from the date the taxes would have been due if the exemption had not been allowed, plus interest at the rate established under G.S. 105-241.21. If the forfeiture is triggered due to the lack of a timely investment required by G.S. 105-164.3(33), interest is computed from the date the taxes would have been due if the exemption had not been allowed. For all other forfeitures, interest is computed from the time as of which the datacenter support equipment or electricity was put to a disqualifying use. The past taxes and interest are due 30 days after the date the exemption is forfeited. A taxpayer that fails to pay the past taxes and interest by the due date is subject to the provisions of G.S. 105-236."

SECTION 6.(c) This Part becomes effective July 1, 2015, and applies to sales made on or after that date.

PART VII. EFFECTIVE DATE

SECTION 7. Except as otherwise provided, this act is effective when it becomes law.

SENATE COMMERCE

COMMITTEE MEETING

JUNE 10, 2015

SENATE SERGEANT-AT-ARMS

JIM HAMILTON

HAL ROACH

Senate Pages Attending

COMMITTEE: Commerce **ROOM:** 1027

DATE: 6-10 **TIME:** 3 PM

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!....*or else!*

	Page Name	Hometown	Sponsoring Senator
1.	Jack Galida (Galida)	Cornelius	Tarte
2.	Lena Brewer	Charlotte	Rucho
3.	"Breece" Brice "MY-YOU" Mayeux	Charlotte	Newton
4.	Barbi Bunting	Newport	Sanderson
5.	Victoria Parker	Winston-Salem	Krawiec
6.	Joah Bickley ~~[illegible]~~	Lake Lure	Hise
7.	Blake Wiseman	Wake Forest	Berger
8.	Taylor Payne	Burlington	Gunn
9.			
10.			

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 10, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Daniel VanLiere	Valant Health
Ryan Blackledge	Cone Health
Henry Capers	ATT
Trey Rhea	AT&T
David Heinen	NC Center for Nonprofits
TJ Bryhee	NP
Kent Swer	TWC
Sammy Roberson	TWC
Elizabeth Biser	Brooks Pierce
Janisa [illegible]	NCBA
Jamie Brown	COR

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 10, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Kelli Kulcsa	Duke Energy
John Hocmani	NCDOC
Susan Fleetwood	NC DOC
Ashley Jones	NC DOC
Kathy Hawkins	Duke Energy
Tracy Kimbrell	Parker Poe
Tim Hayes	FSP
Chris Nida	NCLM
Rose Williams	NCLM
Jonathan Meyer	NCLM
Sarah Collins	NCLM

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 10, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Erin Wynia	NCLM
[illegible]	NCWC
[illegible]	mwc
Joyce Peters	CSS
[illegible] Todd	DOT
Jeff Moore	Commerce/DWS
Sabra Faires	Citizen
[illegible]	McGuireWoods
David Crawford	AIA NC
Brian Merwald	WM
Rick Techni	LWV

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 10, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Bill Scroggin	TJ
Linda Millsaps	NCACC
Cassandra Skinner	NCACC
Chris Dixon	Wake Co
[illegible]	MFS
Julie White	NCMMC
John McMillan	MFDS
Courtney Lakamy	R Cloud + Assoc.
[illegible]	Smith Anderson
Wm Nielsen	Smith Anderson
Kara Weishaar	SA
Alan Miller	KLG
Andy Ellis	NCA
Elizabeth Roberson	NCA

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 10, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Carson Hicks	NVI
Butch Gunnells	NC Bev
Erica Nelson	NCHA
Tim Hall	Enviva
[illegible]	Mercury
Tom Holt	NCICU
Patrick Buffkin	NCAEC
Dana Fenton	City of Charlotte
Tony McEwen	City of Wilmington
Catherine Konieczny	John Locke Foundation
Lanier Hodgson	UNC Health Care

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 10, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Cedric Johnson	NC Budget & Tax Center
Patrick McHugh	NC Budget + Tax Center
Nathan Batts	NCBA
Johanna Reese	NCACC
Le Bron James	CAV
Gerry Cohe	Nelson Mullins
Christine Cray	Wakemed
Susan Vick	Duke Energy
JAKE PARKER	NCFB
[illegible]	Brubaker & Assoc.
[illegible]	FSP

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 10, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Hugh Johnson	NCACC
Joe Fleming	NCACC
Dana Simpson	SA
Nelson Freeman	NCDOR
Eric Wynne	NCDOR
Lenne Collins	NCDOR
Tyson Williamson	City of Raleigh
Matthew Dockham	NC DENR
Preston Howard	NCMA
Will Culpepper	MVA
J Peters	CSS

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 10, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Wendy Kelly	Focus Carolina
Isabel Villa Garcia	NCAR
Cindy Thomas	Focus Carolina
Seth Pcher	NCAR
Ryan J Minor	Gov's Office
Gigi McCook	Scotland County
Laurie Amorie	LOLLC
Lori Kroll	Novant Health

Senate Committee on Commerce
Tuesday, June 30, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on Tuesday, June 30, 2015 in Room 1027/1028 of the Legislative Building. Twenty Four members were present.

Senator Rick Gunn, Chair, presided.

Chandler Euliss from Graham, Lily Foster from Summerfield, Kelsey Robertson from Reidsville, Cheyenne Doss from Stoneville, Claudia Benfield from Reidsville, Meredith Boyd from Pinetown, and Mary Grace Wilder from Washington served as pages.

HB 201 Zoning Changes/Citizen Input. (Representatives Stam, Goodman, and Jackson)
Senator Jackson moved to consider the PCS. Senator Gunn introduced Senator Wells to speak on the bill. Senator Wells and Staff Attorney Ericka Churchill responded to questions from members regarding the bill. Senator Gunn invited the public to speak on the bill. Tom Miller, an attorney from Durham, NC, Marcel Dawson, resident from Charlotte, NC, David Cox of Raleigh, NC, Michael Carpenter, Executive Vice President and General Counsel of the North Carolina Home Builders Association, and Joe Padilla, Executive Public Policy Director of Real Estate and Building Industry of Charlotte, spoke on the bill. Senator Ford moved for an unfavorable report - favorable to the PCS amended and it carried. Senator Wells will manage the bill when handled in session.

HB 168 Exempt Builders' Inventory. (Representatives Fraley, Hager, Millis, Brody, and Collins)
Senator Harrington moved to consider the PCS. Senator Gunn introduced Representative Millis to present the residential portion of the bill and Senator Brown presented the commercial portion of the bill to the committee. Questions were responded to by Senator Brown, Staff Attorney Greg Roney from Research, and Rodney Bizzell from Fiscal Research. Rose Williams, Director of Government Affairs from the North Carolina League of Municipalities, and Johanna Reese from the North Carolina Association of County Commissioners spoke on the bill. Senator Waddell moved for an unfavorable report – favorable to the PCS and it carried with a serial referral to Finance. Senator Brown will manage the bill when handled in session.

The meeting adjourned at 12:00 noon.

Senator Rick Gunn
Presiding

Karen Johns, Committee Clerk

Senate Committee on Commerce
Tuesday, June 30, 2015, 11:00AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills:

BILL NO.	SHORT TITLE	SPONSOR
HB 201	Zoning Changes/Citizen Input.	Representative Stam Representative Goodman Representative Jackson
HB 168	Exempt Builders' Inventory.	Representative Fraley Representative Hager Representative Millis Representative Brody Representative Collins

Adjournment

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, June 30, 2015

Senator Gunn,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1, BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL

HB **168** **(CS#1)** Exempt Builders Inventory.

Draft Number:	H168-PCS30398-TM-36
Sequential Referral:	Finance
Recommended Referral:	None
Long Title Amended:	Yes

HB **201** **(CS#1)** Zoning Changes/Citizen Input.

Draft Number:	H201-PCS10406-ST-67
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 2

Senator Harry Brown will handle HB 168
Senator W. Wells will handle HB 201

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H D

HOUSE BILL 201
Committee Substitute Favorable 3/19/15
Third Edition Engrossed 3/25/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H201-PCS10406-ST-67

Short Title: Zoning Changes/Citizen Input. (Public)

Sponsors:

Referred to:

March 11, 2015

A BILL TO BE ENTITLED

AN ACT TO AMEND THE PROCESS BY WHICH THE CITY COUNCILS RECEIVE CITIZEN INPUT IN ZONING ORDINANCE AMENDMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-385(a) reads as rewritten:

"**§ 160A-385. Changes.**

(a) ~~Qualified Protests.~~Citizen Comments.

(1) Zoning ordinances may from time to time be amended, supplemented, changed, modified or repealed. ~~In case, however, of a qualified protest against a zoning map amendment, that amendment shall not become effective except by favorable vote of three-fourths of all the members of the city council. For the purposes of this subsection, vacant positions on the council and members who are excused from voting shall not be considered "members of the council" for calculation of the requisite supermajority.~~If any resident or property owner in the city submits a written statement regarding a proposed amendment, modification, or repeal to a zoning ordinance to the clerk to the board at least two business days prior to the proposed vote on such change, the clerk to the board shall deliver such written statement to the city council. If the proposed change is the subject of a quasi-judicial proceeding under G.S. 160A-388, the clerk shall provide only the names and addresses of the individuals providing written comment, and the provision of such names and addresses to all members of the board shall not disqualify any member of the board from voting.

~~(2) To qualify as a protest under this section, the petition must be signed by the owners of either (i) twenty percent (20%) or more of the area included in the proposed change or (ii) five percent (5%) of a 100-foot wide buffer extending along the entire boundary of each discrete or separate area proposed to be rezoned. A street right-of-way shall not be considered in computing the 100-foot buffer area as long as that street right-of-way is 100 feet wide or less. When less than an entire parcel of land is subject to the proposed zoning map amendment, the 100-foot buffer shall be measured from the property line of that parcel. In the absence of evidence to the contrary, the city may rely on the county tax listing to determine the "owners" of potentially qualifying areas.~~

~~(3) The foregoing provisions concerning protests shall not be applicable to any amendment which initially zones property added to the territorial coverage of the ordinance as a result of annexation or otherwise, or to an amendment to an adopted (i) special use district, (ii) conditional use district, or (iii) conditional district if the amendment does not change the types of uses that are permitted within the district or increase the approved density for residential development, or increase the total approved size of nonresidential development, or reduce the size of any buffers or screening approved for the special use district, conditional use district, or conditional district.~~"

SECTION 2. G.S. 160A-386 is repealed.

SECTION 3. G.S. 122C-403(3) reads as rewritten:

"(3) Regulate the development of the reservation in accordance with the powers granted in Article 19, Parts 2, 3, 3C, 5, 6, and 7, of Chapter 160A of the General Statutes. The Secretary may not, however, grant a special use permit, a conditional use permit, or a special exception under Part 3 of that Article. In addition, the Secretary is not required to notify landowners of zoning classification actions under G.S. 160A-384, ~~and the protest petition requirements in G.S. 160A-385, and 160A-386 do not apply,~~ but the Secretary shall give the mayor of the Town of Butner at least 14 days' advance written notice of any proposed zoning change. The Secretary may designate Advisory establish a board to act like a Board of Adjustment to make recommendations to the Secretary concerning implementation of plans for the development of the reservation. When acting as a Board of Adjustment, Advisory that board shall be subject to subsections (b), (c), (d), (f), and (g) of G.S. 160A-388."

SECTION 4. This act also repeals any local act authority for submission, review, or action by any municipality upon any zoning protest petition, whether or not enacted as a provision in a municipal charter.

SECTION 5. G.S. 160A-75 reads as rewritten:

"**§ 160A-75. Voting.**

No member shall be excused from voting except upon matters involving the consideration of the member's own financial interest or official conduct or on matters on which the member is prohibited from voting under G.S. 14-234, 160A-381(d), or 160A-388(e)(2). In all other ~~cases,~~cases except votes taken under G.S. 160A-385, a failure to vote by a member who is physically present in the council chamber, or who has withdrawn without being excused by a majority vote of the remaining members present, shall be recorded as an affirmative vote. The question of the compensation and allowances of members of the council is not a matter involving a member's own financial interest or official conduct.

An affirmative vote equal to a majority of all the members of the council not excused from voting on the question in issue, including the mayor's vote in case of an equal division, shall be required to adopt an ordinance, take any action having the effect of an ordinance, authorize or commit the expenditure of public funds, or make, ratify, or authorize any contract on behalf of the city. In addition, no ordinance nor any action having the effect of any ordinance may be finally adopted on the date on which it is introduced except by an affirmative vote equal to or greater than two thirds of all the actual membership of the council, excluding vacant seats and not including the mayor unless the mayor has the right to vote on all questions before the council. For purposes of this section, an ordinance shall be deemed to have been introduced on the date the subject matter is first voted on by the council."

SECTION 6. This act becomes effective August 1, 2015, and applies to zoning ordinance changes initiated on or after that date.

HOUSE BILL 201:
Zoning Changes/Citizen Input

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	June 29, 2015
Introduced by:	Reps. Stam, Goodman, Jackson, Fraley	**Prepared by:**	R. Erika Churchill Committee Counsel
Analysis of:	PCS to Third Edition H201-CSST-67		

SUMMARY: ***The proposed committee substitute for House Bill 201 would remove the qualified protest petition process and implement a mechanism for citizen input into proposed zoning ordinance amendments, changes, modifications, repeals, or supplementations.***

CURRENT LAW:

Zoning Amendments. The city zoning statutes allow property owners within an area around the parcel affected by a proposed zoning change to sign protest petitions. There is no corresponding county provision. If enough qualified owners sign, the zoning change is subject to a ¾ majority vote of the city council. For calculating the ¾ majority, vacant seats and members excused from voting are not counted.

The ¾ majority vote requirement after submission of a qualified protest petition statute only applies to amendments to the zoning map, except for any amendment that:

- Initially zones property added to the territorial coverage of the ordinance
- Is adopted to amend an existing (i) special use district, (ii) conditional use district, or (iii) conditional district, if that amendment does not do any of the following:
    - Change the types of uses that are permitted within the district.
    - Increase the approved density for residential development.
    - Increase the total approved size of nonresidential development.
    - Reduce the size of any buffers or screening approved for the special use district, conditional use district, or conditional district.

To qualify as a protest under this section, the petition must meet one of the following criteria:

1. Be signed by 20% or more of owners of the area included in the proposed change. OR
2. Be signed by 5% of the owners of a 100-foot-wide buffer extending along the entire boundary of each discrete or separate area proposed to be rezoned. A street right-of-way shall not be considered in computing the 100-foot buffer area as long as that street right-of-way is 100 feet wide or less. When less than an entire parcel of land is subject to the proposed zoning map amendment, the 100-foot buffer shall be measured from the property line of that parcel.

In the absence of evidence to the contrary, the city may rely on the county tax listing to determine the "owners" of potentially qualifying areas.

Voting by the City Council members. The members of the city council are required to recuse themselves from voting upon:

O. Walker Reagan
Director

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

- Matters involving the consideration of the member's own financial interest or official conduct
- Matters on which the member is prohibited from voting by statute:
    - Certain public contracts – G.S. 14-234.
    - Zoning map or text amendments here the outcome is reasonably likely to have a direct, substantial, and readily identifiable financial impact on the member. – G.S. 160A-381(d).
    - Certain quasi-judicial matters – G.S. 160A-388(e)(2).

Otherwise, if the member is physically present in the council chamber, has withdrawn without being excused by a majority vote of the remaining members present, and fails to cast a vote, that member is to be recorded as an affirmative vote on the matter.

BILL ANALYSIS: The bill would remove the qualified protest petition, and the resulting ¾ majority vote requirement, from the statutes and substitute a process for citizens to submit comments on the proposed zoning change to the board. Citizens would be allowed to submit written comment to the clerk to the board, and if the clerk receives those comments at least 2 business days prior to the meeting in which the proposed change will be voted, the clerk is to provide all the comments to the board prior to the vote. If the proposed change is part of a quasi-judicial proceeding and written comments are submitted, the clerk is to provide only the names and address of those submitting comments and the provision of that information to the board does not disqualify any member of the board from voting on the proposed change.

The bill would exempt present but not voting members from being recorded as "Aye" on zoning change matters.

EFFECTIVE DATE: August 1, 2015, and applies to zoning ordinance changes adopted on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H 4

HOUSE BILL 201
Committee Substitute Favorable 3/19/15
Third Edition Engrossed 3/25/15
Senate Commerce Committee Substitute Adopted 6/30/15

Short Title: Zoning Changes/Citizen Input. (Public)

Sponsors:

Referred to:

March 11, 2015

A BILL TO BE ENTITLED

AN ACT TO AMEND THE PROCESS BY WHICH THE CITY COUNCILS RECEIVE CITIZEN INPUT IN ZONING ORDINANCE AMENDMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-385(a) reads as rewritten:

"**§ 160A-385. Changes.**

(a) ~~Qualified Protests.~~Citizen Comments.

(1) Zoning ordinances may from time to time be amended, supplemented, changed, modified or repealed. ~~In case, however, of a qualified protest against a zoning map amendment, that amendment shall not become effective except by favorable vote of three-fourths of all the members of the city council. For the purposes of this subsection, vacant positions on the council and members who are excused from voting shall not be considered "members of the council" for calculation of the requisite supermajority.~~If any resident or property owner in the city submits a written statement regarding a proposed amendment, modification, or repeal to a zoning ordinance to the clerk to the board at least two business days prior to the proposed vote on such change, the clerk to the board shall deliver such written statement to the city council. If the proposed change is the subject of a quasi-judicial proceeding under G.S. 160A-388, the clerk shall provide only the names and addresses of the individuals providing written comment, and the provision of such names and addresses to all members of the board shall not disqualify any member of the board from voting.

~~(2) To qualify as a protest under this section, the petition must be signed by the owners of either (i) twenty percent (20%) or more of the area included in the proposed change or (ii) five percent (5%) of a 100-foot-wide buffer extending along the entire boundary of each discrete or separate area proposed to be rezoned. A street right-of-way shall not be considered in computing the 100-foot buffer area as long as that street right-of-way is 100 feet wide or less. When less than an entire parcel of land is subject to the proposed zoning map amendment, the 100-foot buffer shall be measured from the property line of that parcel. In the absence of evidence to the contrary, the city may rely on the county tax listing to determine the "owners" of potentially qualifying areas.~~

~~(3) The foregoing provisions concerning protests shall not be applicable to any amendment which initially zones property added to the territorial coverage of the ordinance as a result of annexation or otherwise, or to an amendment to an adopted (i) special use district, (ii) conditional use district, or (iii) conditional district if the amendment does not change the types of uses that are permitted within the district or increase the approved density for residential development, or increase the total approved size of nonresidential development, or reduce the size of any buffers or screening approved for the special use district, conditional use district, or conditional district.~~"

SECTION 2. G.S. 160A-386 is repealed.

SECTION 3. G.S. 122C-403(3) reads as rewritten:

"(3) Regulate the development of the reservation in accordance with the powers granted in Article 19, Parts 2, 3, 3C, 5, 6, and 7, of Chapter 160A of the General Statutes. The Secretary may not, however, grant a special use permit, a conditional use permit, or a special exception under Part 3 of that Article. In addition, the Secretary is not required to notify landowners of zoning classification actions under G.S. 160A-384, ~~and the protest petition requirements in G.S. 160A-385, and 160A-386 do not apply,~~ but the Secretary shall give the mayor of the Town of Butner at least 14 days' advance written notice of any proposed zoning change. The Secretary may designate Advisory establish a board to act like a Board of Adjustment to make recommendations to the Secretary concerning implementation of plans for the development of the reservation. When acting as a Board of Adjustment, Advisory that board shall be subject to subsections (b), (c), (d), (f), and (g) of G.S. 160A-388."

SECTION 4. This act also repeals any local act authority for submission, review, or action by any municipality upon any zoning protest petition, whether or not enacted as a provision in a municipal charter.

SECTION 5. G.S. 160A-75 reads as rewritten:

"**§ 160A-75. Voting.**

No member shall be excused from voting except upon matters involving the consideration of the member's own financial interest or official conduct or on matters on which the member is prohibited from voting under G.S. 14-234, 160A-381(d), or 160A-388(e)(2). In all other ~~cases,~~cases except votes taken under G.S. 160A-385, a failure to vote by a member who is physically present in the council chamber, or who has withdrawn without being excused by a majority vote of the remaining members present, shall be recorded as an affirmative vote. The question of the compensation and allowances of members of the council is not a matter involving a member's own financial interest or official conduct.

An affirmative vote equal to a majority of all the members of the council not excused from voting on the question in issue, including the mayor's vote in case of an equal division, shall be required to adopt an ordinance, take any action having the effect of an ordinance, authorize or commit the expenditure of public funds, or make, ratify, or authorize any contract on behalf of the city. In addition, no ordinance nor any action having the effect of any ordinance may be finally adopted on the date on which it is introduced except by an affirmative vote equal to or greater than two thirds of all the actual membership of the council, excluding vacant seats and not including the mayor unless the mayor has the right to vote on all questions before the council. For purposes of this section, an ordinance shall be deemed to have been introduced on the date the subject matter is first voted on by the council."

SECTION 6. This act becomes effective August 1, 2015, and applies to zoning ordinance changes initiated on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H D

HOUSE BILL 168
Committee Substitute Favorable 6/16/15
Third Edition Engrossed 6/17/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H168-PCS30398-TM-36

Short Title: Exempt Builders' Inventory. (Public)

Sponsors:

Referred to:

March 9, 2015

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM PROPERTY TAX THE INCREASE IN VALUE OF REAL PROPERTY HELD FOR SALE BY A BUILDER, TO THE EXTENT THE INCREASE IS ATTRIBUTABLE TO SUBDIVISION OR IMPROVEMENTS BY THE BUILDER.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-273(3a) is reenacted and reads as rewritten:

"(3a) "Builder" means a taxpayer ~~licensed as a general contractor under G.S. 87-1 and~~ engaged in the business of buying real property, making improvements to it, and then reselling it."

SECTION 2. Article 12 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-277.02. Certain real property held for sale classified for taxation at reduced valuation.**

(a) Residential Real Property. – Residential real property held for sale by a builder is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. For purposes of this subsection, "residential real property" is real property that is intended to be sold and used as an individual's residence immediately or after construction of a residence, and the term excludes property that is either occupied by a tenant or used for commercial purposes such as residences shown to prospective buyers as models. Any increase in value of this classified property attributable to subdivision of, improvements other than buildings, or the construction of either a new single-family residence or a duplex on the property by the builder is excluded from taxation under this Subchapter as long as the builder continues to hold the property for sale. In no event shall this exclusion extend for more than three years from the time the improved property was first subject to being listed for taxation by the builder.

(b) Commercial Property. – Commercial real property held for sale by a builder is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. For purposes of this subsection, "commercial real property" is real property that is intended to be sold and used for commercial purposes immediately or after improvement. Any increase in value of this classified property attributable to subdivision of or other improvements made to the property, by the builder, is excluded from taxation under this Subchapter as long as the builder continues to hold the property for sale. The exclusion authorized by this subsection ends at the earlier of the following:

(1) Five years from the time the improved property was first subject to being listed for taxation by the builder.
(2) Issuance of a building permit.
(3) Sale of the property.

(c) The builder must apply for any exclusion under this section annually as provided in G.S. 105-282.1.

(d) In appraising property classified under this section, the assessor shall specify what portion of the value is an increase attributable to subdivision or other improvement by the builder."

SECTION 3. This act is effective for taxes imposed for taxable years beginning on or after July 1, 2016, and applies to subdivision of or other improvements made on or after July 1, 2015.

HOUSE BILL 168: Exempt Builders' Inventory

This Bill Analysis reflects the contents of the bill as it was presented in committee.

2015-2016 General Assembly

Committee:	Senate Re-ref to Commerce. If fav, re-ref to Finance. If fav, re-ref to Appropriations/Base Budget	**Date:**	June 30, 2015
Introduced by:	Reps. Hager, Millis, Brody, Collins	**Prepared by:**	Greg Roney Committee Counsel
Analysis of:	PCS to Third Edition H168-CSTM-36		

SUMMARY: ***The Proposed Committee Substitute (PCS) for House Bill 168 would exempt the increase value of certain improvements to real property held for sale by a builder:***

- ***For residential real property, a builder may exclude for 3 years the increase in value due to subdivision, improvements, and buildings that are either a new single-family residence or a duplex.***
- ***For commercial property, a builder may exclude for 5 years the increase in value due to subdivision and improvements – excluding buildings.***

Compared to the third edition of the bill, the PCS clarifies subsection (a) exempting residential property that subdivision and other improvements are exempted from taxation. The PCS adds subsection (b) exempting commercial property. Subsection (c) and (d) contain the same language as the third edition of the bill.

[As introduced, this bill was identical to S321, as introduced by Sens. Brown, Tucker, Gunn, which is currently in Senate Re-ref to Commerce. If fav, re-ref to Finance.]

CURRENT LAW: G.S. 105-273(3a) defines "builder" to mean a taxpayer licensed as a general contractor who is engaged in the business of buying real property, making improvements to it, and then reselling it.

Former G.S. 105-277.1D provided a deferral of property tax on a residence constructed by a builder. The term "residence" was limited to a new structure that is intended to be sold and used as an individual's residence, that is unoccupied, and that has a certificate of occupancy. The section allowed an optional deferral of property tax for the increase in value of the property attributable to the construction of a residence. The deferred taxes became a lien on the property. The deferred taxes were due when the property loses its eligibility for deferral because: (1) the builder transferred the residence, (2) the residence was occupied, (3) five years from the time the improved property was first subject to being listed for taxation by the owner, or (4) three years from the time the improved property first received the property tax deferral.[1]

[1] S.L. 2009-308 enacted former G.S. 105-277.1D effective for taxes imposed for taxable years beginning on or after July 1, 2010 and repealed effective for taxes imposed for taxable years beginning on or after July 1, 2013. However, S.L. 2010-95 amended S.L. 2009-308 to extend the deferral after the repeal of the section for residences receiving the property tax deferral in the year immediately prior to the repeal. These residences remain eligible for continued deferral for subsequent taxable years until a disqualifying event.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

BILL ANALYSIS: The PCS for House Bill 168 allows a property tax exemption for any increase in the value of certain real property held for sale by a builder. The PCS reenacts the definition of builder from former law and deletes the requirement that the builder hold a general contractor's license. The definition of builder requires the person be engaged in the business of buying real property, making improvements, and reselling the property.

Residential real property is real property intended to be sold and used as an individual's residence. The excluded value must be attributable to subdivision, improvements other than buildings, new single-family residence, or duplex.

Commercial real property is real property intended to be sold and used for commercial purposes. The excluded value must be attributable to subdivision or improvements other than buildings.

The builder must continuously hold the property for sale. The exclusion is allowed starting at the time property is improved and should be listed for taxation by the builder. The exclusion ends when the property is sold or 3 years for residential (5 years for commercial) from the time the builder should have listed the property. The builder must apply for this exclusion annually.

EFFECTIVE DATE: The PCS for House Bill 168 would become effective for taxes imposed for taxable years beginning on July 1, 2016, and apply to subdivision of or other improvements made on or after July 1, 2015. Therefore, the PCS would apply to subdivision or improvements to real property as of January 1, 2016, assuming the requirements of the statute are met.

HOUSE BILL 168

Committee Substitute Favorable 6/16/15
Third Edition Engrossed 6/17/15
Senate Commerce Committee Substitute Adopted 6/30/15

Short Title: Exempt Builders' Inventory. (Public)

Sponsors:

Referred to:

March 9, 2015

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM PROPERTY TAX THE INCREASE IN VALUE OF REAL PROPERTY HELD FOR SALE BY A BUILDER, TO THE EXTENT THE INCREASE IS ATTRIBUTABLE TO SUBDIVISION OR IMPROVEMENTS BY THE BUILDER.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-273(3a) is reenacted and reads as rewritten:

"(3a) "Builder" means a taxpayer ~~licensed as a general contractor under G.S. 87-1 and~~ engaged in the business of buying real property, making improvements to it, and then reselling it."

SECTION 2. Article 12 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-277.02. Certain real property held for sale classified for taxation at reduced valuation.**

(a) Residential Real Property. – Residential real property held for sale by a builder is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. For purposes of this subsection, "residential real property" is real property that is intended to be sold and used as an individual's residence immediately or after construction of a residence, and the term excludes property that is either occupied by a tenant or used for commercial purposes such as residences shown to prospective buyers as models. Any increase in value of this classified property attributable to subdivision of, improvements other than buildings, or the construction of either a new single-family residence or a duplex on the property by the builder is excluded from taxation under this Subchapter as long as the builder continues to hold the property for sale. In no event shall this exclusion extend for more than three years from the time the improved property was first subject to being listed for taxation by the builder.

(b) Commercial Property. – Commercial real property held for sale by a builder is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. For purposes of this subsection, "commercial real property" is real property that is intended to be sold and used for commercial purposes immediately or after improvement. Any increase in value of this classified property attributable to subdivision of or other improvements made to the property, by the builder, is excluded from taxation under this Subchapter as long as the builder continues to hold the property for sale. The exclusion authorized by this subsection ends at the earlier of the following:

(1) Five years from the time the improved property was first subject to being listed for taxation by the builder.
(2) Issuance of a building permit.
(3) Sale of the property.

(c) The builder must apply for any exclusion under this section annually as provided in G.S. 105-282.1.

(d) In appraising property classified under this section, the assessor shall specify what portion of the value is an increase attributable to subdivision or other improvement by the builder."

SECTION 3. This act is effective for taxes imposed for taxable years beginning on or after July 1, 2016, and applies to subdivision of or other improvements made on or after July 1, 2015.

6:30 PM

Sgt. at Arms

Larry Hancock

Hay Ranch

Jim Hamilton

Steve Mehring

Senate Pages Attending

COMMITTEE: Commerce **ROOM:** 1027

DATE: 6-30 **TIME:** 11 AM

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Chandler Euliss	Graham	Gunn
2. [redacted]	[redacted]	[redacted]
3. Lily Foster	Summerfield	Berger
4. Kelsey Robertson	Reidsville	Berger
5. Cheyenne Doss	Stoneville	Berger
6. Claudia Benfield	Reidsville	Berger
7. Meredith Boyd	Pinetown	Cook
8. Mary Grace Wilder	Washington	Cook
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 30th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Dana Simpson	SNA
ANDY WALSH	SA
Brian Murrald	WM
Jake Cash	NCC
Natalie Hobson	NCHFA
Will Parry-Hill	NCHFA
Jay Stem	NCAA
Doug Lassiter	NCSEA
Rose Williams	NCLM
Heather Varman	BASE
CHRIS NIDA	NCLM

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 30th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Dana Fenton	City of Charlotte
Daniel Baum	Troutman Sanders
Mia Highsmith	NCMMC
Mike Carter	NCCBA
Steven Wilson	NCAHU
Joanna B Clark	UNC Dept Gov.
Tom Miller	Durham NC
Joe Padilla	REBIC, Charlotte NC
Colleen Kochanek	AANC
Jenny Schill	NCIA
Francesca Marsh	NCCN

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 30th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Jennifer Pittman	Duke Energy
John Handi	MFS
[illegible]	[illegible]
Skye David	KLG
Johanna Reese	NCACC
Marlene Sanford	TREBIC
[illegible]	TREBIC
[illegible]	[illegible]
Jaz Tunnell	PNG
Brandon Krzyzkowski	Intern, Mark Brody
Josue Berduo	Senate Intern

Name	Firm or Agency & Address
R. Lane Brown	NCCIA, Southern Pines NC
Carol Ashcraft	Raleigh NC 27608 (1511 Carson St.)
Robert Andrews	LA
[illegible] Johnson	NCAFC
[illegible]	NMFS

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 30th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Mia Bailey	ElectriCities
Tim Kent	NC Beer & Wine
Kasey Ginsberg	governor's office
Jillian D Totman	MWC LLC
Lisa Martin	CHA
Carr McLamb	TSS
Henry Capers	ATT
Trey Robson	AT&T
Butch Gunnells	NC Bev
Ryan J Mura	Gov's Office
Kelli Kukura	Duke Energy

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 30th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
JOHN "TOBY" BURKE	NAIOP
David Green	NAIOP Raleigh-Durham

Senate Committee on Commerce
Tuesday, July 14, 2015 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on July 14, 2015 in Room 1027/1128 of the Legislative Building. Twenty four members were present.

Senator Wesley Meredith, Chair, presided.

Jenna Albert from Greensboro, John Beasley from Dunn, Carrie Ruff from Rutherfordton, Dessislava Todorova from Morrisville, Anna Beth McCormick from Apex, Kate Finkelstein from Raleigh, Kris Anna McLamb from Dunn, and Rachel Woods from Clayton served as pages.

HB 254 Protect National Guard Reemployment Rights. (Representatives G. Martin, Whitmire, Pendleton, Salmon)
Rep. Martin was introduced to speak on the bill. Rep. Whitmire also made comments and requested support of the bill. Questions from the committee were responded to by Rep. Martin and Wendy Graf Ray an attorney from the Research Division. Sen. Soucek moved for a favorable report and it carried. Sen. Soucek will manage the bill when scheduled in session.

HB 289 NC Money Transmitters Act.-AB (Representatives Ross, Jeter, Hardister)
Sen. Gunn was introduced to speak on the bill. Rep. Ross also made comments and requested support of the bill. Questions from the members were responded to by Sen. Gunn, Rep. Ross, Katherine M. R. Brown/North Carolina Commissioner of Banks Supervision Attorney and Nathan Batts/Senior Vice President and Counsel for the North Carolina Bankers Association. There was much discussion. Sen. Ford moved for an unfavorable report at the appropriate time and the discussion continued. Later Sen. Meredith asked Sen. Ford if he would like to remove his motion and he said he would if it pleased the chairman. Sen. Brown moved for a favorable report and it carried. Sen. Brown will manage the bill when scheduled in session.

The meeting adjourned at 12:00 noon.

Senator Wesley Meredith, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Tuesday, July 14, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 254	Protect National Guard Reemployment Rights.	Representative G. Martin Representative Whitmire Representative Pendleton Representative Salmon
HB 289	NC Money Transmitters Act.-AB	Representative Ross Representative Jeter Representative Hardister

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, July 14, 2015

Senator Meredith,
submits the following with recommendations as to passage:

FAVORABLE

HB **254** Protect National Guard Reemployment Rights.

Draft Number:	None
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

HB **289** NC Money Transmitters Act.-AB

Draft Number:	None
Sequential Referral:	Finance
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 2

Senator Daniel Soucek will handle HB 254
Senator Harry Brown will handle HB 289

HOUSE BILL 254:
Protect National Guard Reemployment Rights

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	July 14, 2015
Introduced by:	Reps. G. Martin, Whitmire, Pendleton, Salmon	**Prepared by:**	Wendy Graf Ray Committee Counsel
Analysis of:	First Edition		

SUMMARY: ***House Bill 254 would expand reemployment protections granted to members of the North Carolina National Guard to include members of the National Guards of other states.***

[As introduced, this bill was identical to S280, as introduced by Sens. J. Jackson, Soucek, which is currently in Senate Workforce and Economic Development.]

CURRENT LAW: Article 16 of Chapter 127A of the General Statutes, "National Guard Employment Rights," provides members of the North Carolina National Guard who have been called up by the Governor to serve with a number of reemployment rights upon honorable release from State duty. G.S. 127A-201.

Within five days after release from duty or from hospitalization continuing after release, a covered employee is required to make written application for reemployment with his or her previous employer. If still qualified for the previous employment, the employee must be restored to the previous position or one of like seniority, status and salary, unless the employer's circumstances make restoration unreasonable. G.S. 127A-202.

If an employer fails to comply with reemployment requirements set out in G.S. 127A-202, then upon the employee's motion, the superior court for the district of the employer's place of business may require the employer to comply and to compensate the employee for any lost wages or benefits resulting from the unlawful failure to comply. G.S. 127A-203.

In addition, members of the North Carolina National Guard may not be denied initial employment, reemployment, retention in employment, promotion, or benefits on the basis of their National Guard membership. An employer that denies a member's initial employment, reemployment, retention in employment, promotion, or an employment benefit is considered to have violated this section unless the employer proves, by the greater weight of the evidence, that the same unfavorable action would have taken place absent the member's National Guard membership. The Commissioner of Labor is tasked with enforcement of these provisions. G.S. 127A-202.1.

BILL ANALYSIS: House Bill 254 would extend the reemployment rights currently granted to members of the North Carolina National Guard to those who have served as members of the National Guards of other states.

EFFECTIVE DATE: This act becomes effective October 1, 2015, and applies to denials of initial employment, reemployment, retention in employment, promotion, or any benefit of employment by an employer on or after that date.

Bill Patterson and Jennifer Bedford, counsel to House Homeland Security, Military, and Veterans Affairs, substantially contributed to this summary.

O. Walker Reagan
Director

* H 2 5 4 - S M S U - 8 5 E 1 - V 1 *

Research Division
(919) 733-2578

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H 1

HOUSE BILL 254*

Short Title:	Protect National Guard Reemployment Rights.	(Public)
Sponsors:	Representatives G. Martin, Whitmire, Pendleton, and Salmon (Primary Sponsors). *For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*	
Referred to:	Homeland Security, Military, and Veterans Affairs.	

March 18, 2015

A BILL TO BE ENTITLED

AN ACT TO EXTEND NATIONAL GUARD REEMPLOYMENT RIGHTS TO MEMBERS OF THE NATIONAL GUARDS OF OTHER STATES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 127A-201 reads as rewritten:

"**§ 127A-201. Entitlement.**

Any member of the North Carolina National Guard or the National Guard of another state who, at the direction of ~~the Governor,~~a state's Governor, enters State duty, is entitled, upon honorable release from State duty, to all the reemployment rights provided for in this Article."

SECTION 2. G.S. 127A-202.1 reads as rewritten:

"**§ 127A-202.1. Discrimination against persons who serve in the ~~North Carolina~~ National Guard and acts of reprisal prohibited.**

(a) It is the policy of this State that all individuals shall be afforded the right to perform, apply to perform, or have an obligation to perform service in the North Carolina National Guard or the National Guard of another state without fear of discrimination or retaliatory action from their employer or prospective employer on the basis of that membership, application for membership, performance of service, application for service, or obligation.

(b) An individual who is a member of the North Carolina National Guard or the National Guard of another state who performs, has performed, applies to perform, or has an obligation to perform service in the North Carolina National Guard or the National Guard of another state shall not be denied initial employment, reemployment, retention in employment, promotion, or any benefit of employment by an employer on the basis of that membership, application for membership, performance of service, application for service, or obligation.

(c) A person shall be considered to have denied a member of the North Carolina National Guard or the National Guard of another state initial employment, reemployment, retention in employment, promotion, or a benefit of employment in violation of this section if the member's membership, application for membership, performance of service, application for service, or obligation for service in the North Carolina National Guard or the National Guard of another state is a motivating factor in that person's action, unless the person can prove by the greater weight of the evidence that the same unfavorable action would have taken place in the absence of the member's membership, application for membership, performance of service, application for service, or obligation.

(d) Nothing in this section shall be construed to require a person to pay salary or wages to a member of the North Carolina National Guard or of the National Guard of another state during the member's period of active service.

(e) The Commissioner of Labor shall enforce the provisions of this section according to Article 21 of Chapter 95 of the General Statutes, including the rules and regulations issued pursuant to that Article.

(f) This section shall also apply when a member of the North Carolina National Guard or the National Guard of another state is called into active duty at the direction of the President, the Governor, or by any other competent authority."

SECTION 3. This act becomes effective October 1, 2015, and applies to denials of initial employment, reemployment, retention in employment, promotion, or any benefit of employment by an employer on or after that date.

OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE
(MILITARY COMMUNITY AND FAMILY POLICY)
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

DoD-State Liaison Office

NC House, Homeland Security, Military and Veterans Affairs Committee
HB 254, Protect National Guard Reemployment Rights
Testimony by
Kevin Bruch
April 2, 2015

Honorable Chair Whitmire and committee members, thank you for the opportunity to provide information and ask for your support for the policies espoused in House Bill 254 sponsored by Representative Grier Martin.

My name is Kevin Bruch; I am the Department of Defense (DoD) South Atlantic Regional Liaison. I work for the Deputy Assistant Secretary of Defense for Military Community and Family Policy.

Employment protection during state-sponsored activation is an important quality of life issue for the Department. Although new for us, research indicates that 12 other states already do what we are seeking here, including AR, DE, ID, IL, LA, ME, MN, TX, OR, UT, WA, and WI. Seven states are currently considering legislation at this time. We really appreciate your consideration in joining these other states on this initiative.

While National Guard members are subject to federal call-up by the President of the United States, they can also be called-up for state active duty by the Governor of NC and other state Governors to respond to state emergencies such as fires, tornadoes and floods etc.

A federal law called the Uniformed Services Employment and Reemployment Rights Act (USERRA) protects members of the Army or Air National Guard when they are away from their civilian jobs for federal service under title 10 or title 32 of the United States Code.

However, USERRA does not apply when a National Guard member must leave their job for state active duty. If National Guard members are to have reemployment rights after state active duty, it must be by state law.

North Carolina has such a law that applies to public and private employees but it is explicitly limited to members of the North Carolina Army or Air National Guard. The reemployment of a member of the National Guard of another state who has a civilian job in North Carolina is currently not protected.

NC HB 254 will correct this current deficiency by including members of the National Guard of any other states.

OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE
(MILITARY COMMUNITY AND FAMILY POLICY)
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

DoD-State Liaison Office

Does this situation really happen in North Carolina? Yes it does! There is a Civilian Employer Information ((CEI) code used by the Employer Support for the Guard and Reserve (ESGR) program based on information self-reported by the individual Guardsman that is maintained by the Defense Manpower Data Center (DMDC).

We are able to identify that there are around 2685 Guardsman who self-reported where they work. While the majority of these are in the NC Guard, nearly 14% (around 370) of those that self-reported serve for various states TAGs. More than half (around 198) are assigned to South Carolina, Tennessee or Virginia National Guard units. This bill will help ensure that they will have reemployment rights to their NC job after completing any state active duty.

We thank Representatives Martin, Whitmire, Pendleton, and Salmon for sponsoring this measure. Thank you for taking up this issue, and for your consideration.

Kevin Bruch, South Atlantic Regional Liaison, Mark.k.bruch.civ@mail.mil, 571-309-8443

HOUSE BILL 289:
NC Money Transmitters Act.-AB

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	July 13, 2015
Introduced by:	Reps. Ross, Jeter, Hardister	**Prepared by:**	Trina Griffin Committee Counsel
Analysis of:	First Edition		

SUMMARY: House Bill 289 would modernize the Money Transmitters Act (MTA) as requested by the Office of the North Carolina Commissioner of Banks.

[As introduced, this bill was identical to S680, as introduced by Sen. Gunn, which is currently in Senate Finance.]

CURRENT LAW: The current Money Transmitters Act was enacted in 2001 and regulates non-bank companies that engage in the business of transmitting funds on behalf of others. This activity is regulated by both federal law and the laws in 48 states. Among the reasons for regulating this industry are to prevent money laundering and the financing of terrorism and to protect consumers from the risk that money transfer businesses will fail to deliver the funds as agreed. As of May 2015, there are approximately 96 money transmitter licensees in North Carolina. Examples of traditional money transmitters are Western Union and MoneyGram. Online payment processors, like PayPal and Amazon, are generally considered money transmitters as well.

BILL ANALYSIS: House Bill 289 would replace the current statutory article with a new one, incorporating much of the existing law, and would modernize and clarify various features as requested by the Office of the North Carolina Commissioner of Banks. The main changes are as follows:

- It would specifically address the transmission of virtual currency, such as Bitcoin. These payment systems are currently subject to the act, but industry has requested clarification of the law to take into account the changes that have occurred since the law was written.
- It would exclude certain business-to-business money transmission activity.
- It would revise the cost structure by replacing the examination fee and the annual renewal fee with an annual assessment based on North Carolina transmission volume.
- It would convert the annual license into a perpetual license.

A more detailed description of the bill is as follows:

Definitions—Several new terms are added to the list of defined terms including "branch office"; "depository institution"; "NMLS"; and "virtual currency". Several definitions are revised including "payment instrument" and "stored value".

License Requirement—Clarifies that licensure is only required for those who profit from the transmission of funds and excludes those that transmit funds without compensation or gain. Also clarifies existing requirement that out of state entities must be licensed if their services are available to North Carolina consumers.

Exemptions—Provides that individuals acting as the agent of the recipient of transmitted funds under a written contract are exempt from the MTA. Creates a new exemption from licensure for employers who

use money transmission services to pay wages. Provides for a method to seek exemption from the Office of the Commissioner of Banks.

License Application—Applications for licenses under the MTA would be through the Nationwide Multistate Licensing System (NMLS), which is used by over 20 other states.

Minimum Net Worth—Creates a uniform minimum net worth of $250,000 for all applicants and allows the Commissioner of Banks (Commissioner) to increase the amount of net worth required of an applicant or licensee if the Commissioner determines that the additional net worth is necessary based on consideration of specific factors.

Surety Bond—Restructures the surety bond requirement to provide an initial bond amount of $150,000 with the bond for subsequent years based on a tiered structure determined by volume of transmissions in the State with a maximum of $250,000. Current law requires a minimum of $150,000 with an additional $5,000 required per location in the State up to a maximum of $250,000.

Permissible Investments and Statutory Trusts—Makes conforming statutory reference changes, but does not make substantive changes to existing law.

Application Fees and Annual Assessment—Keeps existing application fee of $1,500 and replaces the examination fee and annual renewal fee with an annual assessment to be paid by the licensee to cover the cost of the regulation, based on the company's North Carolina transmission volume.

Issuance of License—Codifies an existing administrative rule that an application for a license will be considered abandoned if the applicant fails to provide all requested information within 30 days of submission or if the applicant fails to respond to subsequent requests for information necessary to evaluate the application. Annual licenses would become perpetual licenses which eliminates the current requirement that companies must renew their licenses every year and pay annual renewal fee.

Prohibited Practices—Creates a clear set of prohibited practices that address risks posed by money transmission such as failure to remit money received for transmission.

Maintenance of Records—Sets out the maintenance of records section of the current law and updates the language related to the maintenance of digital records to account for different methods of digitizing documents. Clarifies the duty of the licensee to notify the Commissioner of the change of location of stored records.

Reporting—Consolidates annual and quarterly reports into one statute and provides that the reporting is to be done through the NMLS. The Commissioner could accept other reporting through the NMLS to avoid duplicate reporting requirements where possible.

Notice of Material Event—Clarifies existing reporting requirements that are associated with material events which are referred to as "extraordinary reporting requirements" in the current law. One addition would be that within 15 days of a change or acquisition of control of a licensee, the licensee would provide notice of the event to the Commissioner.

Examination and Investigation Authority—Consolidates the existing authority of the Commissioner to examine and investigate both licensees and prospective licensees to ensure compliance.

Licensure Authority—Sets forth a 2-part test that allows the Commissioner through an order deny, suspend, revoke, or refuse to issue a license under certain listed circumstances and only if the order would be in the public interest.

Disciplinary Authority—Provides that all administrative actions and hearings under MTA are subject to the NC Administrative Procedures Act. Allows the Commissioner to issue a summary suspension of a license or cease and desist order if the Commissioner has reason to believe there has been a violation

of law that poses an imminent threat to the public. This would be different that current law which only allows the Commissioner to pursue an injunction in Wake County Superior Court. The maximum civil money penalty for each violation would increase to $5,000 from $1,000. The Commissioner would also continue to have the authority to negotiate and settle disputed matters short of litigation.

Criminal Penalties—Incorporates existing criminal penalties.

Confidentiality—Clarifies existing confidentiality requirements to extend to information obtained in the regulation of money transmitters.

Rules—Keeps existing authority of the State Banking Commission to adopt rules necessary to implement the MTA as well as the method for aggrieved parties to appeal a rule or order of the Commissioner to the State Banking Commission.

Service of Process—Keeps existing language to service of process on licensee and adds the service of process language from other statutes administered by the Commissioner.

Commissioner's Participation in Nationwide Registry—Authorizes the migration to the NMLS.

Severability—Allows for any invalid or unconstitutional provision to be removed without affecting the MTA as a whole.

Transition—Provides that any licensee who holds a license in good standing on or after November 1, 2014 can continue to engage in money transmitting subject to the requirements of the MTA.

EFFECTIVE DATE: The bill would become effective October 1, 2015.

Drupti Chauhan, counsel to House Banking, substantially contributed to this summary.

HOUSE BILL 289*

Short Title:	NC Money Transmitters Act.-AB	(Public)
Sponsors:	Representatives Ross, Jeter, and Hardister (Primary Sponsors). *For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*	
Referred to:	Banking, if favorable, Finance.	

March 19, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE NORTH CAROLINA MONEY TRANSMITTERS ACT AS REQUESTED BY THE OFFICE OF THE NORTH CAROLINA COMMISSIONER OF BANKS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 53 of the North Carolina General Statutes is amended by adding a new Article to read:

"Article 16B.

"Money Transmitters Act.

"**§ 53-208.41. Title.**

This act may be cited as the "North Carolina Money Transmitters Act."

"**§ 53-208.42. Definitions.**

For purposes of this Article, the following definitions apply:

(1) Applicant. – A person filing an application for a license under this Article.

(2) Authorized delegate. – An entity designated by the licensee under the provisions of this Article to engage in the business of money transmission on behalf of a licensee from a branch office in this State.

(3) Branch office. – Any physical retail location within this State operated by the licensee or the licensee's authorized delegate at which the licensee engages in the business of money transmission. For the purposes of this Article, this includes automated kiosks.

(4) Commissioner. – The Commissioner of Banks of the State of North Carolina.

(5) Control. – The power, directly or indirectly, to direct the management or policy of the licensee or person subject to this Article, whether through ownership of securities, by contract, or otherwise. Any person that (i) is a director, general partner, or executive officer; (ii) directly or indirectly has ownership of or the power to vote ten percent (10%) or more of a class of outstanding voting securities; (iii) in the case of a limited liability company, is a managing member; or (iv) in the case of a partnership, has the right to receive upon dissolution, or has contributed, ten percent (10%) or more of the capital, is presumed to control the licensee or person subject to this Article.

(6) Controlling person. – Any person in control of a licensee or person subject to this Article.

(7) Depository institution. – Any bank, savings association, mutual savings bank, savings bank, or other institution as defined in Section 3 of the Federal Deposit Insurance Act and any credit union whose share and deposit accounts are insured by the National Credit Union Administration under the Federal Credit Union Act.

(8) Engage in the business of. – For compensation or gain, or in expectation of compensation or gain, either directly or indirectly, to make available monetary transmission services to North Carolina consumers for personal, family, or household purposes.

(9) Executive officer. – The chief executive officer, chief operating officer, chief financial officer, chief compliance officer, chief technology officer, or any other individual the Commissioner identifies who exercises significant influence over, or participates in, major policy making decisions of the applicant or licensee without regard to title, salary, or compensation.

(10) Licensee. – A person licensed under this Article.

(11) Material litigation. – Any litigation that, according to generally accepted accounting principles, is deemed significant to an applicant's or licensee's financial health and would be required to be referenced in that entity's annual audited financial statements, report to shareholders, or similar documents.

(12) Money transmission. – To engage in the business of any of the following:

a. Sale or issuance of payment instruments or stored value primarily for personal, family, or household purposes; or

b. Receiving money or monetary value for transmission or holding funds incidental to transmission within the United States or to locations abroad by any and all means, including payment instrument, stored value, wire, facsimile, or electronic transfer, primarily for personal, family, or household purposes. This includes maintaining control of virtual currency on behalf of others.

(13) Monetary value. – A medium of exchange, whether or not redeemable in money.

(14) NMLS. – The Nationwide Mortgage Licensing System and Registry or its successors.

(15) Outstanding transmission obligation. –

a. Any payment instrument or stored value issued by the licensee which has been sold in the United States directly by the licensee, or any payment instrument or stored value issued by the licensee which has been sold by an authorized delegate of the licensee in the United States, but in either case has not yet been paid or refunded by the licensee.

b. Any money or monetary value received by the licensee for transmission that has not been remitted to the payee or refunded to the sender.

To the extent that the outstanding transmission obligation was received in virtual currency, for the purposes of compliance with this Article, the obligation shall be denominated in the amount or value to be transmitted to the payee.

(16) Payment instrument. – A check, draft, money order, traveler's check, or other instrument for the transmission or payment of money or monetary value, whether or not negotiable. The term does not include a credit card voucher,

letter of credit, or any other instrument that is redeemable by the issuer exclusively in goods or services.

(17) Permissible investments. – One or more of the following, but only to the extent that they are maintained in an account located in the United States:

a. Cash.

b. Certificates of deposit or other debt obligations of a depository institution, either domestic or foreign.

c. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, which are eligible for purchase by member banks of the Federal Reserve System.

d. Any investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates securities.

e. Investment securities that are obligations of the United States, its agencies, or instrumentalities or obligations that are guaranteed fully as to principal and interest of the United States or any obligations of any state, municipality, or any political subdivision thereof.

f. Shares in a money market mutual fund, interest-bearing bills or notes or bonds, debentures, or preferred stock traded on any national securities exchange or on a national over-the-counter market, or mutual funds primarily composed of such securities or a fund composed of one or more permissible investments as set forth herein.

g. Any demand borrowing agreement or agreements made to a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange.

h. Value of receivables due to the licensee that are no more than 90 days past due or otherwise doubtful of collection.

i. Virtual currency owned by the licensee, but only to the extent of outstanding transmission obligations received by the licensee in like-kind virtual currency.

j. Any other investments or security device approved by the Commissioner.

(18) Person. – Any individual, partnership, limited liability company, limited partnership, association, joint-stock association, trust, corporation, or other group engaged in joint business activities however organized.

(19) Stored value. – Monetary value representing a claim against the issuer that is stored on an electronic or digital medium and is evidenced by an electronic or digital record, and that is intended and accepted for use as a means of redemption for money or monetary value or payment for goods or services. The term does not include stored value that is redeemable by the issuer exclusively in goods or services; stored value that is redeemable exclusively in goods or services limited to transactions involving a defined merchant or location or set of locations, such as a specific retailer or retail chain, college campus, or subway system; or program points, miles, or other units issued in connection with a customer affinity or rewards program, even if there is a secondary market for the stored value.

(20) Virtual currency. – A digital representation of value that can be digitally traded and functions as a medium of exchange, a unit of account, or a store of value but only to the extent defined as stored value under G.S. 53-208.42(19), but does not have legal tender status as recognized by the United States Government.

"**§ 53-208.43. License requirement.**

(a) No person except those exempt pursuant to G.S. 53-208.44 shall engage in the business of money transmission in this State without a license as provided in this Article.

(b) A licensee may conduct its business in this State at one or more locations, directly or indirectly owned, or through one or more authorized delegates, or both, pursuant to the single license granted under this Article.

(c) For the purposes of this Article, a person is considered to be engaged in the business of money transmission in this State if that person solicits or advertises money transmission services from a Web site that North Carolina citizens may access in order to enter into those transactions by electronic means.

"**§ 53-208.44. Exemptions.**

(a) This Article shall not apply to any of the following:

(1) The United States or any department, agency, or instrumentality or by a contractor thereof.

(2) The United States Postal Service.

(3) The State or any political subdivisions or by a contractor thereof.

(4) Banks, credit unions, savings and loan associations, savings banks, or mutual banks organized under the laws of any state or the United States.

(5) A person registered as a securities broker-dealer under federal or state securities laws to the extent of its operation as a broker-dealer.

(6) The provision of electronic transfer of government benefits for any federal, state, or county governmental agency as defined in Regulation E, 12 C.F.R. § 1005 et seq., by a contractor for and on behalf of the United States or any department, agency, or instrumentality thereof, or any state or any political subdivisions thereof.

(7) A person that is engaged exclusively in any of the following:

a. Delivering wages or salaries on behalf of employers to employees;

b. Facilitating the payment of payroll taxes to State and federal agencies;

c. Making payments relating to employee benefit plans;

d. Making distribution of other authorized deductions from employees' wages or salaries; or

e. Transmitting other funds on behalf of an employer in connection with transactions related to employees.

(8) A person appointed by a payee to collect and process payments as the bona fide agent of the payee, provided the person can demonstrate to the Commissioner that:

a. There exists a written agreement between the payee and agent directing the agent to collect and process payments on the payee's behalf;

b. The payee holds the agent out to the public as accepting payments on the payee's behalf; and

c. Payment is treated as received by the payee upon receipt by the agent.

This exemption would extend to those otherwise engaged in money transmission as set forth in G.S. 53-208.42(12)b., including those transactions conducted in whole or in part in virtual currency.

(b) Any person who seeks to engage in the business of money transmission in this State subject to exemption under (a)(7) or (a)(8) of this section shall submit a written request for verification of exemption to the Commissioner. Such request shall be in a form acceptable to

the Commissioner and shall include a copy of any written agreement and related documentation that is the basis for the specified exemption.

(c) Licensees may authorize delegates to engage in money transmission on their behalf subject to this Article subject to an express written agreement, which shall provide the following:

(1) The licensee appoints the person as its delegate with authority to engage in money transmission on behalf of the licensee in this State.

(2) Neither a licensee nor an authorized delegate may authorize sub-delegates without the written consent of the Commissioner.

(3) Authorized delegates, in their capacity as agents of the licensee, are subject to the supervision and regulation by the Commissioner notwithstanding exemption from licensure.

(4) The licensee shall issue a certificate of authority for each branch office at which it conducts licensed activities in this State through an authorized delegate, which shall be posted in public view and read as follows: "Money transmission on behalf of (licensee) is conducted at this location pursuant to the North Carolina Money Transmitters Act, N.C.G.S. § 53-208.41 et seq."

Licensees conducting money transmission subject to this Article are required to maintain full charge, control, and supervision of any authorized delegate and are responsible for ensuring any activity undertaken by an authorized delegate on behalf of the licensee is in compliance with this Article.

(d) The Commissioner may, by rule or by order, exempt from all or part of this Article any person, transaction, or class of persons or transactions if the Commissioner finds such action to be in the public interest and that the regulation of such persons or transactions is not necessary for the purposes of this Article.

"**§ 53-208.45. License application.**

(a) Applications under this Article shall be filed through the NMLS in a form acceptable to the Commissioner. To be considered complete, all applications shall be verified by oath or affirmation of the applicant or a designee thereof and shall contain:

(1) The legal name, along with any assumed names or trade names, principal address, contact information, and social security number or taxpayer identification number of the applicant.

(2) The applicant's form and place of organization, if applicable.

(3) A certificate of good standing from the state in which the applicant was incorporated, if applicable.

(4) A certificate of authority from the North Carolina Secretary of State to conduct business in this State, if required by the North Carolina Business Corporations Act, Chapter 55 of the General Statutes, or other evidence of applicant's registration or qualification to do business in this State.

(5) A copy of the applicant's active money service business registration with the United States Department of Treasury Financial Crimes Enforcement Network.

(6) A detailed description of the organizational structure of the applicant, including the identity of parents or subsidiaries of the applicant, and the disclosure of whether any parent or subsidiary is publicly traded on any stock exchange.

(7) A detailed business plan, including a description of the activities conducted by the applicant, including a history of any existing operations and a description of the money transmission activities in which the applicant seeks to be engaged in the State.

(8) A copy of the applicant's policies and procedures, including the anti-money laundering compliance program.

(9) A detailed description of the applicant's internal business controls, including controls specific to information technology and data integrity.

(10) The history of the material civil litigation and a record of any criminal convictions for the applicant, controlling person, and key management personnel for a 10-year period prior to the date of the application, including authorization to perform a federal and State criminal background check.

(11) The name, business and residence address, and employment history for the past five years for any controlling person and key management personnel.

(12) A sample payment instrument, if applicable, which bears the name and address or telephone number of the issuer clearly printed on the payment instrument.

(13) If the applicant seeks to engage in money transmission in this State through authorized delegates:

a. A list identifying the proposed authorized delegates, including the name, mailing address, and other contact information of a representative of the authorized delegate and associated branch locations;

b. A sample authorized delegate contract.

(14) The name and address of the clearing bank or banks on which the applicant's payment instruments will be drawn or through which the payment instruments will be payable.

(15) A copy of the applicant's most recent audited financial statement, including the balance sheet, statement of income or loss, statement of changes in shareholder equity, if applicable, and statement of changes in financial position and the applicant's audited financial statements for the immediately preceding two-year period. However, if the applicant is a wholly owned subsidiary of another corporation, the applicant may submit either the parent corporation's consolidated audited financial statements for the current year and for the immediately preceding two-year period or the parent corporation's Form 10K reports filed with the United States Securities and Exchange Commission for the prior three years in lieu of the applicant's financial statements. If the applicant is a wholly owned subsidiary of a corporation having its principal place of business outside the United States, similar documentation filed with the parent corporation's non-United States regulator may be submitted to satisfy this provision.

(16) Copies of all filings, if any, made by the applicant with the United States Securities and Exchange Commission, or with a similar regulator in a country other than the United States, within the year preceding the date of filing of the application.

(a) Upon request by the Commissioner or the Commissioner's designee, the applicant shall furnish any additional information necessary to enable the Commissioner to evaluate the application as required by G.S. 53-208.50.

(b) The Commissioner is authorized, for good cause shown, to waive any requirements of this section with respect to any application or to permit any applicant to submit equivalent information in lieu of the information required by this section.

"**§ 53-208.46. Minimum net worth.**

(a) An applicant shall possess and a licensee shall maintain at all times a net worth of not less than two hundred fifty thousand dollars ($250,000) calculated in accordance with generally accepted accounting principles.

(b) The Commissioner may by order increase the amount of net worth required of an applicant or licensee if the Commissioner determines additional net worth is necessary to ensure safe and sound operation based on consideration of the following factors:

(1) The nature and volume of the projected or established business.
(2) The number of locations at or through which money transmission is or will be conducted.
(3) The amount, nature, quality, and liquidity of assets.
(4) The amount and nature of liabilities.
(5) The history of operations and prospects for earning and retaining income.
(6) The quality of operations and management.
(7) The nature and quality of controlling persons.
(8) The history of compliance with applicable State and federal law.
(9) Any other factors the Commissioner deems relevant.

"**§ 53-208.47. Surety bond.**

(a) Applicants shall be required to post a surety bond with the Commissioner at application and licensees shall maintain a surety bond in the amount of one hundred fifty thousand dollars ($150,000) to be subsequently adjusted as set forth in subsection (b) of this section.

(b) The surety bond amount required subsequent to initial licensure shall consist of a base amount of one hundred fifty thousand dollars ($150,000) for money transmission volumes in this State of no more than one million dollars ($1,000,000). However, if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of one million dollars ($1,000,000) but less than five million dollars ($5,000,000), then the licensee's bond amount shall be one hundred seventy five thousand dollars ($175,000); if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of five million dollars ($5,000,000) but less than ten million dollars ($10,000,000), then the licensee's bond amount shall be two hundred thousand dollars ($200,000); if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of ten million dollars ($10,000,000) but less than fifty million dollars ($50,000,000), then the licensee's bond amount shall be two hundred twenty-five thousand dollars ($225,000); and if a licensee has transmission volume in North Carolina in a 12- month period ending December 31 in excess of fifty million dollars ($50,000,000), then the licensee's bond amount shall be two hundred fifty thousand dollars ($250,000).

(c) Any increased surety bond required under subsection (b) shall be filed with the Commissioner on or before May 31 annually. Failure to obtain the additional surety bond required is grounds for summary suspension pursuant to G.S. 53-208.57(d)(2).

(d) The surety bond shall be in a form satisfactory to the Commissioner and shall run to the State for the benefit of any claimants against the licensee to secure the faithful performance of the obligations of the licensee with respect to the receipt, handling, transmission, and payment of money or monetary value in connection with the sale and issuance of payment instruments, stored value, or transmission of money. The Commissioner has the discretion to require the applicant obtain additional insurance coverage to address related cybersecurity risks inherent in the applicant's business model as it relates to virtual currency transmission and to the extent such risks are not within the scope of the required surety bond.

(e) The aggregate liability of the surety in no event shall exceed the principal sum of the bond. Claimants against the licensee may themselves bring suit directly on the security bond, or the Commissioner may bring suit on behalf of claimants, either in one action or in successive actions.

(f) In lieu of a surety bond, the licensee may deposit with the Commissioner, or with any bank in this State designated by the licensee and approved by the Commissioner, an

aggregate amount, based upon principal amount or market value, whichever is lower, of not less than the amount of the surety bond or portion thereof, the following:

(1) Unencumbered cash.
(2) Unencumbered interest-bearing bonds.
(3) Unencumbered notes.
(4) Unencumbered debentures.
(5) Unencumbered obligations of the United States or any agency or instrumentality thereof, or guaranteed by the United States.
(6) Unencumbered obligations of this State or of any political subdivision of the State, or guaranteed by this State.

The securities or cash shall be deposited as aforesaid and held to secure the same obligations as would the surety bond, but the depositor shall be entitled to receive all interest and dividends thereon, shall have the right, with the approval of the Commissioner, to substitute other securities for those deposited, and shall be required to do so on written order of the Commissioner made for good cause shown.

(g) The surety bond shall remain in effect until cancellation, which may occur only after 90 days' written notice to the Commissioner. Cancellation shall not affect any liability incurred or accrued during that period.

(h) The surety bond shall remain in place for no less than five years after the licensee ceases money transmission operations in the State. However, notwithstanding this provision, the Commissioner may permit the surety bond to be reduced or eliminated prior to that time to the extent that the amount of the licensee's outstanding payment instruments, stored value obligations, and money transmitted in this State is reduced.

(i) The surety bond proceeds and any cash or other collateral posted as security by a licensee shall be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments, stored value obligations, and money transmissions and to the State in the event of the bankruptcy of the licensee.

"**§ 53-208.48. Permissible investments and statutory trust.**

(a) Each licensee under this Article shall possess at all times unencumbered permissible investments having an aggregate market value, calculated in accordance with generally accepted accounting principles, of not less than the aggregate face amount of all outstanding transmission obligations. This requirement may be waived by the Commissioner if the dollar volume of a licensee's outstanding transmission obligations does not exceed the bond or other security devices posted by the licensee pursuant to G.S. 53-208.47.

(b) Permissible investments, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments and stored value obligations in the event of the bankruptcy of the licensee.

"**§ 53-208.49. Application fees and annual assessment.**

(a) Application Fees. Each application for initial licensure shall be accompanied by a nonrefundable filing fee of one thousand five hundred dollars ($1,500).

(b) Annual Assessment. For the purpose of meeting the cost of regulation under this Article, each licensee shall pay to the Commissioner an annual assessment as provided in this subsection. The annual assessment shall consist of a base amount of five thousand dollars ($5,000) for volumes of no more than one million dollars ($1,000,000) plus an additional sum, calculated on the transmission dollar volume reported by the licensee pursuant to G.S. 53-208.53 for the previous calendar year. The cumulative assessment shall be calculated as follows:

Transmission in U.S. Dollar Volume	Per U.S. Dollar
$1,000,001 to $5,000,000	$0.0008

$5,000,001 to $10,000,000	$0.0006
$10,000,001 to $50,000,000	$0.00004
More Than $50,000,000.00	$0.0000006

The Commissioner may collect the assessment provided for in this subsection annually or in periodic installments as approved by the State Banking Commission.

"**§ 53-208.50. Issuance of license.**

(a) Upon receipt of a complete license application, as set forth under G.S. 53-208.45, the Commissioner shall investigate the financial condition and responsibility, financial and business experience, the character and general fitness of the applicant, and any other matters deemed relevant by the Commissioner. The Commissioner may require additional information and may require the amendment of the application in the course of the investigation. An applicant's failure to furnish all required information within 30 days after filing the application or within 30 days of a request by the Commissioner for additional information may be considered an abandonment of the application. In the course of the investigation, the Commissioner may conduct an on-site examination of the applicant, the reasonable cost of which shall be borne by the applicant.

(b) The Commissioner may only approve an application for licensure when the Commissioner has determined that all of the following requirements have been satisfied or are reasonably likely to be satisfied within a reasonable time period as specified by the Commissioner in the order of approval:

(1) The applicant has satisfied the requirements imposed by this Article;

(2) The applicant's business will be conducted honestly, fairly, and in a manner commanding the confidence and trust of the community;

(3) The applicant has demonstrated net worth necessary to satisfy the requirements in accordance with G.S. 53-208.46;

(4) The applicant has obtained a surety bond in conformance with G.S. 53-208.47;

(5) That neither the applicant nor any controlling person are identified on the Specially Designated Nationals and Blocked Persons List prepared by the United States Department of the Treasury or the United States Department of State subject to Presidential Executive Order No. 13224, Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism;

(6) The controlling persons and key management personnel, as a group, have degrees of character, competence, and experience which command the confidence and trust of the community and justify the belief that the applicant will operate safely, soundly, and in compliance with the law;

(7) The anticipated volume and nature of business projected in the application are reasonable and indicate a reasonable likelihood of safe and sound operation.

(c) Licenses issued under this Article are perpetual and not assignable. Control of a licensee shall not be acquired through a stock purchase, merger, or other device without prior written consent of the Commissioner. The Commissioner shall not give written consent if the Commissioner finds that any of the grounds for denial, revocation, or suspension as set forth under G.S. 53-208.56 are applicable to the acquiring person.

"**§ 53-208.51. Prohibited practices.**

No person required to be licensed under this Article shall:

(1) Fail to remit all money or monetary value received for transmission pursuant to G.S. 53-208.42(12)b., or give instructions committing equivalent money

or monetary value to the person designated by the sender within 10 days after receipt by the licensee unless otherwise directed by the sender;

(2) Fail to immediately notify the Commissioner in writing if the licensee dishonors or fails to satisfy any money transmission transaction within the 10 days following receipt for any reason other than direction by the sender;

(3) Engage in the business of money transmission in the State under any name other than that which it is organized or otherwise authorized to do business in the State;

(4) Fail to comply with the Federal Bank Secrecy Act, 31 U.S.C. 5311 et seq., and 31 C.F.R. Part 1022, including maintenance of active registration with the United States Department of Treasury Financial Crimes Enforcement Network;

(5) Fail to comply with the Federal Electronic Funds Transfer Act, 12 U.S.C.1693 et seq., and Regulation E, 12 C.F.R. 1005 et seq.;

(6) Fail to safeguard identifying information obtained in the course of money transmission and otherwise comply with the requirements set forth under G.S. 75-60 et seq.;

(7) Fail to comply with applicable State and federal laws and regulations related to the business of money transmission;

(8) Use or cause to be published or disseminated any advertising communication which contains any false, misleading, or deceptive statement or representation; or

(9) Engage in unfair, deceptive, or fraudulent practices.

"**§ 53-208.52. Maintenance of records.**

(a) Each licensee shall maintain such books, accounts, and other records as the Commissioner may require for a period of no less than three years unless the Commissioner, by rule, prescribes otherwise for particular types of records. Such records shall be segregated from any other business in which the licensee is engaged and, at a minimum, include:

(1) A record or records of each payment instrument sold.

(2) A general ledger containing all assets, liability, capital, income, and expense accounts, which general ledger shall be posted at least monthly.

(3) Settlement sheets received from authorized delegates.

(4) Bank statements and bank reconciliation records.

(5) Records of outstanding transmissions, payment instruments, and stored value.

(6) Records of each payment instrument paid within the three-year period.

(7) A list of the names and addresses of all of the licensee's proposed authorized delegates, if any, and a copy of each written agreement in conformance with G.S. 53-208.44(c)(1).

(a) Maintenance of the documents required by this section in the form of any digital or electronic medium shall constitute compliance with this section provided records remain readily convertible into legible, tangible documents and shall be treated as originals for the purposes of any examination or investigation conducted pursuant to this Article.

(b) All records required to be maintained shall be secured against unauthorized access and damage and may be maintained at a location outside this State so long as they are made accessible to the Commissioner on seven days' written notice.

(c) All records required to be maintained under this Article shall be prepared in accordance with generally accepted accounting principles, where applicable.

(d) A licensee shall notify the Commissioner of any change in the location of its records within 10 days following such change.

"**§ 53-208.53. Reporting.**

(a) Annual Report. No later than 90 days after the end of the calendar year, licensees shall file an annual report in a form prescribed by the Commissioner through NMLS, which shall include:

(1) A copy of its most recent audited consolidated annual financial statement, including balance sheet, statement of income or loss, statement of changes in shareholder's equity, if applicable, and statement of changes in financial position, or, in the case of a licensee that is a wholly owned subsidiary of another corporation, the consolidated audited annual financial statement of the parent corporation may be filed in lieu of the licensee's audited financial statement;

(2) The total amount of outstanding transmission obligations;

(3) Any material changes to any of the information submitted by the licensee on its original application, which have not been previously reported to the Commissioner on any other report required to be filed under this Article;

(4) Copies of bank statements and other documentation necessary to document the existence and quality of the licensee's permissible investments; and

(5) A list of the branch offices at which business regulated by this Article is being conducted by either the licensee or its authorized delegates.

(b) Quarterly Reports. No later than 60 days after the calendar quarter has ended, licensees shall file a quarterly call report in a form prescribed by the Commissioner through NMLS, which shall at a minimum include:

(1) The number and dollar volume of money transmission transactions in the State by activity type; and

(2) The total amount of outstanding transmission obligations;

(c) Other Reports of Condition. A licensee shall submit to the Commissioner through the NMLS reports of condition and any other reports requested by the Commissioner in order to carry out the purposes of this Article.

(d) Failure to timely submit any reports required under this section is grounds for summary suspension pursuant to G.S. 53-208.57(d)(2).

"**§ 53-208.54. Notice of Material Event.**

(a) Within 15 days of a change or acquisition of control of a licensee, the licensee shall provide notice of the event to the Commissioner through NMLS in writing and in a form prescribed by the Commissioner. The notice shall be accompanied by any information, data, and records required by the Commissioner.

(b) Within 15 days of the occurrence of any one of the events listed below, a licensee shall file a written report with the Commissioner through NMLS describing the event and its expected impact on the licensee's activities in the State:

(1) The filing for bankruptcy or reorganization by the licensee.

(2) The institution of revocation or suspension proceedings against the licensee by any State or governmental authority with regard to the licensee's money transmission activities.

(3) Any felony indictment of the licensee or any controlling person or key management personnel related to money transmission activities.

(4) Any felony conviction of the licensee or any controlling person or key management personnel related to money transmission activities.

(c) If the information contained in any document filed with the Commissioner or the NMLS is or becomes inaccurate or incomplete in any material respect, the licensee or applicant shall within 30 days file a correcting amendment to the information contained in the document.

"**§ 53-208.55. Examination and investigation authority.**

(a) For purposes of initial licensure, suspension, conditioning, revocation, or termination, or general or specific inquiry, investigation, or examination to determine

compliance with this Article, the Commissioner may access, receive, and use any books, accounts, records, files, documents, information, or evidence including:

(1) Criminal, civil, and administrative history information;

(2) Personal history and experience information;

(3) Any other documents, information, or evidence the Commissioner deems relevant to the inquiry, investigation, or examination regardless of the location, possession, control, or custody of the documents, information, or evidence.

(b) For purposes of investigating violations or complaints arising under this Article, or for the purposes of examination, the Commissioner may review, investigate, or examine any licensee, individual, or person subject to this Article in order to carry out the purposes of this Article. The Commissioner may interview the controlling persons, employees, independent contractors, delegates, third-party vendors, and customers of the licensee concerning the licensee's business. The Commissioner may direct, subpoena, or order the person to produce books, accounts, records, files, and any other documents the Commissioner deems relevant to the inquiry. Any investigation or examination that, in the opinion of the Commissioner, requires extraordinary review, investigation, or special examination shall be subject to the actual costs of the additional expenses and the hourly rate for the staff's time, to be determined annually by the State Banking Commission.

(c) Each person subject to this Article shall make available to the Commissioner upon request the books and records relating to the operations of the licensee or person. No person subject to examination or investigation under this section may knowingly withhold, abstract, remove, mutilate, destroy, or secrete any books, records, or other information retained in any format. Each person subject to this Article shall also make available for interview by the Commissioner the controlling persons, employees, independent contractors, delegates, and third-party vendors of the person concerning money transmission subject to this Article.

(d) Each person subject to this Article shall make or compile such reports or prepare other information as may be directed or requested by the Commissioner in order to carry out the purposes of this section.

(e) In making any examination or investigation authorized by this Article, the Commissioner may control access to any documents and records of the person under examination or investigation. The Commissioner may take possession of the documents and records, or place a person in exclusive charge of the documents and records in the place where they are usually kept. During the period of control, no person shall remove or attempt to remove any of the documents and records except pursuant to a court order or with consent of the Commissioner. Unless the Commissioner has reasonable grounds to believe the documents or records have been or are at risk of destruction, the person shall retain access as necessary to conduct its ordinary business.

(f) In order to carry out the purposes of this section, the Commissioner may:

(1) Enter into agreements or relationships with other government officials or regulatory associations in order to improve efficiencies and reduce regulatory burden by sharing resources, standardized or uniform methods or procedures, and records and related information obtained under this section;

(2) Use, hire, contract, or employ analytical systems, methods, or software to examine or investigate any person subject to this Article;

(3) Accept and rely on examination or investigation reports made by other government officials, within or without this State;

(4) Accept audit reports made by an independent certified public accountant or other qualified third-party auditor for any person subject to this Article and may incorporate the audit report in the report of examination or investigation.

"**§ 53-208.56. Licensure authority.**

The Commissioner may by order, deny, suspend, revoke, or refuse to issue a license under this Article, or may restrict or limit the manner in which a licensee or applicant engages in the business of money transmission, if the Commissioner finds both of the following:

(1) That the order is in the public interest; and

(2) Any of the following circumstances apply:

a. Any fact or condition exists that, if it had existed at the time of application, would have been grounds for denial;

b. The licensee or applicant has filed any application, report, or other document with the Commissioner containing statements that, in light of the circumstances in which they were made, were false or misleading with respect to a material fact;

c. The licensee or applicant fails at any time to meet the requirements of G.S. 53-208.46, 53-208.47, or 53-208.48;

d. A controlling person or key management personnel of the licensee or applicant has been convicted of:

1. A misdemeanor in the last 10 years involving fraud, money laundering, theft or wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or conspiracy to commit any of these offenses or involving any financial service or financial service-related business; or

2. Any felony in the last seven years.

e. The licensee or applicant has violated or failed to comply with any provision of this Article, rule issued pursuant to this Article, or order of the Commissioner;

f. The licensee has conducted its business in an unsafe or unsound manner;

g. The licensee or applicant is insolvent, has suspended payment of its obligations, has made an assignment for the benefit of its creditors, or has admitted in writing its inability to pay its debts as they become due;

h. The licensee fails to respond to and cooperate fully with notices from the Commissioner or the Commissioner's designee related to the scheduling and conducting of an examination or investigation pursuant to § 53-208.55;

i. The licensee or applicant fails to respond to inquiries from the Commissioner or the Commissioner's designee regarding any complaints filed, which allege or involve violation of this Article;

j. The licensee fails to make any report required by this Article;

k. The licensee or applicant is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the money transmission business; or

l. The licensee or applicant is the subject of an order entered within the past five years by the authority of any state or federal agency with jurisdiction over the business of money transmission.

"**§ 53-208.57. Disciplinary authority.**

(a) Unless otherwise provided, all administrative actions and hearings conducted pursuant to this Article shall proceed in accordance with Article 3A of Chapter 150B of the General Statutes.

(b) Upon issuance of any summary order permitted under this Article the Commissioner shall promptly notify the person subject to the order that the order has been entered and the reasons for the order. Within 20 days of receiving notice of the order, the person subject to the order may request in writing a hearing before the Commissioner. Upon receipt of such a request, the Commissioner shall calendar a hearing within 15 days. If a licensee does not request a hearing, the order will remain in effect unless it is modified or vacated by the Commissioner.

(c) The Commissioner may by order:

(1) Impose a civil money penalty upon any person required to be licensed under this Article for any violation of or failure to comply with this Article or any order of the Commissioner in an amount specified by the Commissioner, not to exceed five thousand dollars ($5,000) for each violation or, in the case of a continuing violation, one thousand dollars ($1,000) for each day that the violation continues. Each violation of or failure to comply with this Article shall be a separate and distinct violation. All civil money penalties collected under this Article shall be paid to the county school fund.

(2) Require that any person required to be licensed under this Article to disgorge and pay to the sender any amounts that were not remitted or refunded in violation of G.S. 53-208.51(1).

(d) In addition to the summary suspension procedures authorized by G.S. 150B-3(c), if the Commissioner has reason to believe that a licensee or person subject to this Article may have violated or failed to comply with any provision of this Article and has reason to believe that such violation or failure to comply presents an imminent threat to the public, the Commissioner may:

(1) Summarily order the licensee or person subject to this Article to cease and desist from any harmful activities or violations of this Article;

(2) Summarily suspend the license of a licensee under this Article.

(e) When a licensee is subject to disciplinary action under this Article, the licensee, with the consent and approval of the Commissioner, may surrender the license and all the rights and privileges pertaining to it. A person who surrenders a license shall not be eligible for or submit any application for licensure under this Article during any period specified by the Commissioner.

(f) If it appears to the Commissioner that any person has committed or is about to commit a violation of any provision of this Article or of any rule or order of the Commission, the Commission may apply to Wake County Superior Court for an order enjoining the person from violating or continuing to violate this Article or any rule, regulation, or order and for injunctive or such other relief as the nature of the case may require.

(g) The requirements of this Article apply to any person who seeks to avoid its application by any device, subterfuge, or pretense whatsoever, including structuring a transaction in a manner to avoid classification of the transaction as money transmission.

(h) The Commissioner, in the exercise of reasonable judgment, may compromise, settle, and collect civil penalties with any person for violations of any provision of this Article, or of any rule, regulation, or order issued or promulgated to this Article.

"**§ 53-208.58. Criminal penalties.**

(a) Any person who knowingly and willfully violates any provision of this Article for which a penalty is not specifically provided is guilty of a Class 1 misdemeanor.

(b) Any person who knowingly and willfully makes a material, false statement in any document filed or required to be filed under this Article with the intent to deceive the recipient of the document is guilty of a Class 1 misdemeanor.

(c) Any person who knowingly and willfully engages in the business of money transmission without a license as provided herein shall be guilty of a Class 1 misdemeanor.

"**§ 53-208.59. Confidentiality.**

(a) Notwithstanding any other provision of law, all information or reports obtained by the Commissioner from an applicant, licensee, or authorized delegate, whether obtained through reports, applications, examination, audits, investigation, or otherwise, including (i) all information contained in or related to examination, investigation, operating, or condition reports prepared by, on behalf of, or for the use of the Commissioner; and (ii) financial statements, balance sheets, or authorized delegate information are subject to confidential treatment as set forth under G.S. 53C-2-7.

(b) The Commissioner is authorized to enter agreements or sharing arrangements with other governmental agencies or associations representing governmental agencies and may share otherwise confidential information pursuant to these written agreements, but only to the extent permitted by G.S. 53C-2-7(d). Information shared pursuant to the agreements authorized under this section shall retain any and all applicable privilege and related confidentiality protections provided by State or federal law.

(c) Nothing in this section shall prohibit the Commissioner from releasing to the public a list of persons licensed under this Article or aggregated financial data on those licensees.

"**§ 53-208.60. Rules.**

(a) The State Banking Commission may adopt rules necessary to implement this Article.

(b) Pursuant to G.S. 53C-2-6(b), any person aggrieved by any rule or order of the Commissioner under this Act may appeal to the State Banking Commission for review upon providing notice in writing within 20 days after the act complained of is adopted, issued, or done. Notwithstanding any other provision of law, any aggrieved party to a decision of the State Banking Commission shall be entitled to petition for judicial review pursuant to G.S. 53C-2-6(b).

"**§ 53-208.61. Service of process.**

(a) Any person subject to this Article is deemed to have:

(1) Consented to the jurisdiction of the courts of this State for all actions arising under this Article; and

(2) Appointed the Secretary of State as such person's agent for the purpose of accepting service of process in any action, suit, or proceeding that may arise under this Article.

(b) For the purposes of this Article, the Commissioner shall be deemed to have complied with the requirements of law concerning service of process upon mailing by certified mail any notice required or permitted to a person subject to this Article, postage prepaid and addressed to the last known address on file with the Commissioner.

"**§ 53-208.62. Commissioner's participation in nationwide registry.**

(a) The Commissioner may require all persons subject to this Article to be licensed through the NMLS, and upon issuing such requirement, the Commissioner shall establish a reasonable transition period. In order to carry out these requirements, the Commissioner is authorized to participate in the NMLS.

(b) The Commissioner is authorized to establish relationships or contracts with the NMLS or other entities designated by the NMLS to collect and maintain records and process transaction fees or other fees related to licensees or other person subject to this Article.

(c) For the purpose of participating in the NMLS, the Commissioner is authorized to waive or modify, in whole or in part, any or all of the requirements as reasonably necessary to participate in the NMLS.

"**§ 53-208.63. Severability.**

Should any provision, sentence, clause, section, or part of this Article for any reason be held unconstitutional, illegal, or invalid, such unconstitutionality, illegality, or invalidity shall

not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Article.

"**§ 53-208.64. Transition.**

Any person who holds in good standing a money transmitters license issued by the Commissioner on or after November 1, 2014, may continue to engage in such business subject to the requirements of this Article."

SECTION 2. Article 16A of Chapter 53 of the General Statutes is repealed.

SECTION 3. This act becomes effective October 1, 2015.

Article 16A.
Money Transmitters Act.

§ 53-208.1. Citation of Article.

This Article shall be known and cited as the "Money Transmitters Act". (2001-443, s. 2.)

§ 53-208.2. Definitions.

(a) Unless otherwise provided in this Article, or when the context clearly indicates that a different meaning is intended, the following definitions apply in this Article:

(1) Applicant. - A person filing an application for a license under this Article.

(2) Authorized delegate. - An entity designated by the licensee under the provisions of this Article to sell or issue payment instruments or stored value or engage in the business of transmitting money on behalf of a licensee.

(3) Commissioner. - The Commissioner of Banks of the State of North Carolina.

(4) Control. - Ownership of, or the power to vote, ten percent (10%) or more of the outstanding voting securities of a licensee or controlling person. For purposes of determining the percentage of a licensee controlled by any person, there shall be aggregated with the person's interest the interest of any other person controlled by the person or by any spouse, parent, or child of the person.

(5) Controlling person. - Any person in control of a licensee.

(6) Electronic instrument. - A card or other tangible object for the transmission or payment of money or monetary value which contains a microprocessor chip, magnetic strip, or other means for the storage of information that is prefunded and for which the value is decremented upon each use. The term does not include a card or other tangible object that is redeemable by the issuer in goods or services.

(7) Executive officer. - The licensee's president, chair of the executive committee, senior officer responsible for the licensee's business, chief financial officer, and any other person who performs similar functions.

(8) Key shareholder. - Any person, or group of persons acting in concert, who is the owner of ten percent (10%) or more of any voting class of an applicant's stock.

(9) Licensee. - A person licensed under this Article.

(10) Material litigation. - Any litigation that, according to generally accepted accounting principles, is deemed significant to an applicant's or licensee's financial health and would be required to be referenced in that entity's annual audited financial statements, report to shareholders, or similar documents.

(11) Monetary transmission. - The term means either of the following:

a. The sale or issuance of payment instruments or stored value.

b. The act of engaging in the business of receiving money or monetary value for transmission within the United States or to locations abroad by any and all means, including payment instrument, wire, facsimile, or electronic transfer.

(12) Monetary value. - A medium of exchange, whether or not redeemable in money.

(13) Outstanding payment instrument. - Any payment instrument issued by the licensee which has been sold in the United States directly by the licensee or any payment instrument issued by the licensee which has been sold by an authorized delegate of the licensee in the United States, which has been reported to the licensee as having been sold and which has not yet been paid by or for the licensee.

(14) Payment instrument. - Any electronic or written check, draft, money order, traveler's

check, or other electronic or written instrument or order for the transmission or payment of money or monetary value, whether or not the instrument is negotiable. The term does not include a credit card voucher, letter of credit, or any other instrument that is redeemable by the issuer in goods or services.

(15) Permissible investments. - One or more of the following:

a. Cash.

b. Certificates of deposit or other debt obligations of a financial institution, either domestic or foreign.

c. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, which are eligible for purchase by member banks of the Federal Reserve System.

d. Any investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates securities.

e. Investment securities that are obligations of the United States, its agencies, or instrumentalities or obligations that are guaranteed fully as to principal and interest of the United States or any obligations of any state, municipality, or any political subdivision thereof.

f. Shares in a money market mutual fund, interest-bearing bills or notes or bonds, debentures, or preferred stock traded on any national securities exchange or on a national over-the-counter market, or mutual funds primarily composed of such securities or a fund composed of one or more permissible investments as set forth herein.

g. Any demand borrowing agreement or agreements made to a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange.

h. Receivables due to a licensee from its authorized delegates pursuant to a contract described in G.S. 53-208.19, which are not past due or doubtful of collection.

i. Any other investments or security device approved by the Commissioner.

(16) Person. - Any individual, partnership, association, joint-stock association, trust, or corporation.

(17) Remit. - To do one or more of the following:

a. Make direct payment of the funds to the licensee or its representatives authorized to receive those funds.

b. Deposit the funds in a bank, credit union, or savings and loan association or other similar financial institution in an account specified by the licensee.

(18) Stored value. - Monetary value that is evidenced by an electronic record. (2001-443, s. 2.)

§ 53-208.3. License required.

(a) On or after October 1, 2001, no person except those exempt pursuant to G.S. 53-208.4 shall engage in the business of money transmission in this State without a license as provided in this Article.

(b) A licensee may conduct its business in this State at one or more locations, directly or indirectly owned, or through one or more authorized delegates, or both, pursuant to the single license granted to the licensee.

(c) For the purposes of this Article, a person is considered to be engaged in the business of

money transmission in this State if that person makes available, from a location inside or outside of this State, an Internet website North Carolina citizens may access in order to enter into those transactions by electronic means. (2001-443, s. 2.)

§ 53-208.4. Exemptions.

(a) This Article shall not apply to any of the following:

(1) The United States or any department, agency, or instrumentality thereof.

(2) The United States Postal Service.

(3) The State or any political subdivisions thereof.

(4) Banks, credit unions, savings and loan associations, savings banks, or mutual banks organized under the laws of any state or the United States.

(5) A person registered as a securities broker-dealer under federal or state securities laws to the extent of its operation as a broker-dealer.

(6) The provision of electronic transfer of government benefits for any federal, state, or county governmental agency as defined in Federal Reserve Board Regulation E, by a contractor for and on behalf of the United States or any department, agency, or instrumentality thereof, or any state or any political subdivisions thereof.

(b) Authorized delegates of a licensee, acting within the scope of authority conferred by a written contract as described in G.S. 53-208.19 shall not be required to obtain a license pursuant to this Article. (2001-443, s. 2.)

§ 53-208.5. License qualifications.

(a) Each licensee shall have at all times a net worth of not less than one hundred thousand dollars ($100,000) calculated in accordance with generally accepted accounting principles. Licensees engaging in money transmission at more than one location or through authorized delegates shall have an additional net worth of ten thousand dollars ($10,000) per location in this State, as applicable, to a maximum of five hundred thousand dollars ($500,000). Licensees with neither locations nor authorized delegates in this State shall have an additional net worth as established by the Commissioner in an amount not to exceed a maximum of five hundred thousand dollars ($500,000).

(b) Every corporate applicant, at the time of filing of an application for license under this Article and at all times after a license is issued, shall be in good standing in the state of its incorporation and, if required by the North Carolina Business Corporations Act, Chapter 55 of the General Statutes, shall be registered or qualified to do business in this State. All noncorporate applicants shall, at the time of the filing of an application for a license under this Article and at all times after a license is issued, be registered or qualified to do business in the State as required by law. (2001-443, s. 2.)

§ 53-208.6. Permissible investments and statutory trust.

(a) Each licensee under this Article shall possess at all times unencumbered permissible investments having an aggregate market value, calculated in accordance with generally accepted accounting principles, of not less than the aggregate face amount of all outstanding payment instruments and stored value obligations issued or sold. This requirement may be waived by the Commissioner if the dollar volume of a licensee's outstanding payment instruments and stored value do not exceed the bond or other security devices posted by the licensee pursuant to G.S. 53-208.8.

(b) Permissible investments, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments and stored value obligations in the event of the bankruptcy of

the licensee. (2001-443, s. 2.)

§ 53-208.7. License application.

(a) Each application for a license under this Article shall be made in writing, under oath, and in a form prescribed by the Commissioner. For all applicants, each application shall contain:

(1) The exact name of the applicant, the applicant's principal address, any assumed or trade name used by the applicant in the conduct of its business, and the location of the applicant's business records.

(2) The history of the applicant's material civil litigation for a 10-year period prior to the date of the application and a record of any criminal convictions.

(3) A description of the activities conducted by the applicant and a history of operations.

(4) A description of the business activities in which the applicant seeks to be engaged in the State.

(5) A list identifying the applicant's proposed authorized delegates in the State, if any, at the time of the filing of the license application.

(6) A sample authorized delegate contract, if applicable.

(7) A sample form of payment instrument, if applicable, which bears the name and address or telephone number of the issuer clearly printed on the payment instrument.

(8) The location or locations at which the applicant and its authorized delegates, if any, propose to conduct the licensed activities in the State.

(9) The name and address of the clearing bank or banks on which the applicant's payment instruments will be drawn or through which the payment instruments will be payable.

(b) If the applicant is a corporation, the applicant shall also provide:

(1) The date of the applicant's incorporation and state of incorporation.

(2) A certificate of good standing from the state in which the applicant was incorporated.

(3) A certificate of authority from the Secretary of State to conduct business in this State, if required by the North Carolina Business Corporations Act, Chapter 55 of the General Statutes.

(4) A description of the corporate structure of the applicant, including the identity of any parent or subsidiary of the applicant and the disclosure of whether any parent or subsidiary is publicly traded on any stock exchange.

(5) The name, business and residence address, and employment history for the past five years of the applicant's executive officers and the officers or managers who will be in charge of the applicant's activities to be licensed pursuant to this Article.

(6) The name, business and residence address, and employment history for the period five years prior to the date of the application of any key shareholder of the applicant.

(7) The history of material civil litigation for a 10-year period prior to the date of the application and a record of any criminal conviction for every executive officer or key shareholder.

(8) A copy of the applicant's most recent audited financial statement, including the balance sheet, statement of income or loss, statement of changes in shareholder equity, and statement of changes in financial position and, if available, the applicant's audited financial statements for the immediately preceding two-year period. However, if the applicant is a wholly owned subsidiary of another corporation, the applicant may submit either the parent corporation's consolidated audited financial statements for the current year and for the immediately preceding two-year period or the parent

corporation's Form 10K reports filed with the United States Securities and Exchange Commission for the prior three years in lieu of the applicant's financial statements. If the applicant is a wholly owned subsidiary of a corporation having its principal place of business outside the United States, similar documentation filed with the parent corporation's non-United States regulator may be submitted to satisfy this provision.

(9) Copies of all filings, if any, made by the applicant with the United States Securities and Exchange Commission, or with a similar regulator in a country other than the United States, within the year preceding the date of filing of the application.

(c) If the applicant is not a corporation, the applicant shall also provide:

(1) The name, business and residence address, personal financial statement, and employment history, for the past five years, of each principal of the applicant and the name, business and residence address, and employment history for the past five years of any other person or persons who will be in charge of the applicant's activities to be licensed pursuant to this Article.

(2) The place and date of the applicant's registration or qualification to do business in this State.

(3) The history of material civil litigation for a 10-year period prior to the date of the application and a record of any criminal conviction for each individual having an ownership interest in the applicant and each individual who exercises supervisory responsibility with respect to the applicant's activities.

(4) Copies of the applicant's audited financial statements, including the balance sheet, statement of income or loss, and statement of changes in financial position, for the current year and, if available, for the immediately preceding two-year period.

The Commissioner is authorized, for good cause shown, to waive any requirements of this section with respect to any license application or to permit a license applicant to submit substituted information in its license application in lieu of the information required by this section. (2001-443, s. 2.)

§ 53-208.8. Surety bond.

(a) Each application shall be accompanied by a surety bond acceptable to the Commissioner in the amount of one hundred fifty thousand dollars ($150,000). If the applicant proposes to engage in business under this Article at more than one location, through authorized delegates or otherwise, then the amount of the security bond will be increased by five thousand dollars ($5,000) per location, up to a maximum of two hundred fifty thousand dollars ($250,000). In the case of an applicant which engages in business under this Article, but has no locations or authorized delegates in this State, the amount of the security bond may be increased at the Commissioner's discretion to a maximum of two hundred fifty thousand dollars ($250,000). The surety bond shall be in a form satisfactory to the Commissioner and shall run to the State for the benefit of any claimants against the licensee to secure the faithful performance of the obligations of the licensee with respect to the receipt, handling, transmission, and payment of money or monetary value in connection with the sale and issuance of payment instruments, stored value, or transmission of money. The aggregate liability of the surety in no event shall exceed the principal sum of the bond. Claimants against the licensee may themselves bring suit directly on the security bond, or the Commissioner may bring suit on behalf of claimants, either in one action or in successive actions.

(b) In lieu of a surety bond, the licensee may deposit with the Commissioner, or with any bank in this State designated by the licensee and approved by the Commissioner, to an aggregate amount, based

upon principal amount or market value, whichever is lower, of not less than the amount of the surety bond or portion thereof, the following:

(1) Unencumbered cash.
(2) Unencumbered interest-bearing bonds.
(3) Unencumbered notes.
(4) Unencumbered debentures.
(5) Unencumbered obligations of the United States or any agency or instrumentality thereof, or guaranteed by the United States.
(6) Unencumbered obligations of this State or of any political subdivision of the State, or guaranteed by this State.

The securities or cash shall be deposited as aforesaid and held to secure the same obligations as would the surety bond, but the depositor shall be entitled to receive all interest and dividends thereon, shall have the right, with the approval of the Commissioner, to substitute other securities for those deposited, and shall be required to do so on written order of the Commissioner made for good cause shown.

(c) The surety bond shall remain in effect until cancellation, which may occur only after 90 days' written notice to the Commissioner. Cancellation shall not affect any liability incurred or accrued during that period.

(d) The surety bond shall remain in place for no longer than five years after the licensee ceases money transmission operations in the State. However, notwithstanding this provision, the Commissioner may permit the surety bond to be reduced or eliminated prior to that time to the extent that the amount of the licensee's outstanding payment instruments, stored value obligations, and money transmitted in this State is reduced.

(e) The surety bond proceeds and any cash or other collateral posted as security by a licensee shall be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments, stored value obligations, and money transmissions in the event of the bankruptcy of the licensee. (2001-443, s. 2.)

§ 53-208.9. Fees.

(a) Investigation and License Fees. - Each application for a license shall be accompanied by a nonrefundable investigation fee of five hundred dollars ($500.00), together with the initial license fee of one thousand dollars ($1,000) plus ten dollars ($10.00) per location within this State at which a money transmission business is to be conducted by the applicant or an authorized delegate.

(b) Annual License Fee. - On or before December 31 of each year, each licensee under this Article shall pay to the Commissioner a license fee in the amount of one thousand dollars ($1,000) plus ten dollars ($10.00) per location in this State at which the licensee or an authorized delegate is conducting a money transmitter business.

(c) Location Fee. - Notwithstanding the number of locations within this State at which a licensee or authorized delegate conducts a money transmitter business, the per location fee provided in subsections (a) and (b) of this section shall not exceed five thousand dollars ($5,000) per licensee per year. The per year location fee shall be based on the number of locations set forth in the annual report required by G.S. 53-208.11. (2001-443, s. 2.)

§ 53-208.10. Issuance of license.

(a) Upon the filing of a complete application, the Commissioner shall investigate the financial condition and responsibility, financial and business experience, and the character and general fitness of

the applicant. The Commissioner may conduct an on-site investigation of the applicant, the reasonable cost of which shall be borne by the applicant. If the Commissioner finds that the applicant's business will be conducted honestly, fairly, and in a manner commanding the confidence and trust of the community and that the applicant has fulfilled the requirements imposed by this Article and has paid the required license fee, the Commissioner shall issue a license to the applicant authorizing the applicant to engage in the licensed activities in this State. If these requirements have not been met, the Commissioner shall deny the application in a written statement setting forth the reasons for the denial.

(b) The Commissioner shall approve or deny every application for an original license within 120 days from the date a complete application is submitted, which period may be extended by the written consent of the applicant. The Commissioner shall notify the applicant of the date when the application is deemed complete. In the absence of approval or denial of the application, or consent to the extension of the 120-day period, the application is deemed approved and the Commissioner shall issue the license effective as of the first day after the 120-day or extended period has elapsed.

(c) No license shall be denied except on 10 days' notice to the applicant. Any applicant aggrieved by a denial issued by the Commissioner under this section may at any time within five days from the date of receipt of written notice of the denial, contest the denial by serving a written demand for a hearing on the Commissioner. The serving of a written demand on the Commissioner shall automatically stay the denial until a ruling is issued. The Commissioner shall set a date for a hearing not later than 30 days after service of the response, unless a later date is set with the consent of the applicant. The hearing authorized by this subsection shall be an informal hearing. (2001-443, s. 2.)

§ 53-208.11. Renewal of license and annual report.

(a) The annual license fee shall be accompanied by a report, in a form prescribed by the Commissioner, to be filed by the licensee on or before December 31 of each year. The licensee shall include all of the following in its annual renewal report:

(1) A copy of its most recent audited consolidated annual financial statement, including balance sheet, statement of income or loss, statement of changes in shareholder's equity, and statement of changes in financial position, or, in the case of a licensee that is a wholly owned subsidiary of another corporation, the consolidated audited annual financial statement of the parent corporation may be filed in lieu of the licensee's audited financial statement.

(2) For the most recent quarter for which data is available prior to the date of the filing of the renewal application, but in no event more than 120 days prior to the renewal date, the licensee shall provide the number of payment instruments sold by the licensee in the State, the dollar amount of those instruments, and the dollar amount of those instruments currently outstanding.

(3) Any material changes to any of the information submitted by the licensee on its original application which have not previously been reported to the Commissioner on any other report required to be filed under this Article.

(4) A list of the licensee's permissible investments.

(5) A list of the locations within this State at which business regulated by this Article is being conducted by either the licensee or its authorized delegates, except for entities exempt under G.S. 53-208.4.

(b) A licensee that has not filed a renewal report or paid its annual license fee by the renewal filing deadline and has not been granted an extension of time to do so by the Commissioner shall be notified by the Commission, in writing, that a hearing will be scheduled at which time the licensee will

be required to show cause why its license should not be suspended pending compliance with these requirements. (2001-443, s. 2.)

§ 53-208.12. Quarterly reports.

A licensee shall file for each calendar quarter, no later than 60 days after the quarter has ended, a report which contains the total number of authorized delegates in this State. In addition, a licensee shall promptly provide any additional information regarding any or all of its current and prior authorized delegates requested by the Commissioner. (2001-443, s. 2; 2004-171, s. 6.)

§ 53-208.13. Extraordinary reporting requirements.

(a) Within 15 days of the occurrence of any one of the events listed below, a licensee shall file a written report with the Commissioner describing the event and its expected impact on the licensee's activities in the State:

(1) The filing for bankruptcy or reorganization by the licensee.

(2) The institution of revocation or suspension proceedings against the licensee by any State or governmental authority with regard to the licensee's money transmission activities.

(3) Any felony indictment of the licensee or any of its key officers or directors related to money transmission activities.

(4) Any felony conviction of the licensee or any of its key officers or directors related to money transmission activities.

(b) A licensee shall update information contained in the original application filed with the Commissioner. If the information contained in the application is or becomes inaccurate in any material respect, the licensee shall file a corrected amendment as soon as practicable, but in no event later than 30 days after the effective date of the material changes. (2001-443, s. 2.)

§ 53-208.14. Changes in control of a license.

Within 15 days of a change or acquisition of control of a licensee, the licensee shall provide notice of the event to the Commissioner in writing and in a form prescribed by the Commissioner. The notice shall be accompanied by any information, data, and records required by the Commissioner. Notwithstanding the foregoing, the Commissioner may waive this notification requirement if, in the Commissioner's discretion, the change in control does not pose any risk to the interests of the public. (2001-443, s. 2.)

§ 53-208.15. Examinations.

(a) The Commissioner may conduct an annual on-site examination of a licensee. Should the Commissioner conclude that an on-site examination of a licensee is necessary, the licensee shall pay all reasonably incurred costs of the examination. If the Commissioner determines, based on the licensee's financial statements and past history of operations in the State, that an on-site examination is unnecessary, then the on-site examination may be waived by the Commissioner. An on-site examination may be conducted in conjunction with examinations to be performed by representatives of agencies of another state or states. The Commissioner, in lieu of an on-site examination, may accept the examination report of an agency of another state, or a report prepared by an independent accounting firm, and reports so accepted are considered for all purposes as an official report of the Commissioner. The Commissioner may examine a licensee without prior notice if the Commissioner has a reasonable basis to believe that the licensee is not in compliance with this Article.

(b) If the Commissioner has a reasonable basis to believe that the licensee or authorized delegate

is not in compliance with this Article, the Commissioner may (i) request financial data from a licensee in addition to that required under G.S. 53-208.11, or (ii) conduct an on-site examination of any authorized delegate or of any location of a licensee within this State without prior notice to the authorized delegate or licensee. When the Commissioner examines an authorized delegate's operations, the authorized delegate shall pay all reasonably incurred costs of the examination. When the Commissioner examines a licensee's location within the State, the licensee shall pay all reasonably incurred costs of the examination. (2001-443, s. 2.)

§ 53-208.16. Maintenance of records and certificate of authority.

(a) Each licensee shall make, keep, and preserve the following books, accounts, and other records for a period of three years:

(1) A record or records of each payment instrument sold.

(2) A general ledger containing all assets, liability, capital, income, and expense accounts, which general ledger shall be posted at least monthly.

(3) Settlement sheets received from authorized delegates.

(4) Bank statements and bank reconciliation records.

(5) Records of outstanding payment instruments and stored value.

(6) Records of each payment instrument paid within the three-year period.

(7) A list of the names and addresses of all of the licensee's authorized delegates, if any.

(b) Maintenance of the documents required by this section in a photographic, electronic, or other similar form shall constitute compliance with this section.

(c) Records may be maintained at a location other than within this State so long as they are made accessible to the Commissioner on seven days' written notice. (2001-443, s. 2.)

§ 53-208.17. Confidentiality of data submitted to the Commissioner.

(a) Notwithstanding any other provision of law, all information or reports obtained by the Commissioner from an applicant, licensee, or authorized delegate, whether obtained through reports, applications, examination, audits, investigation, or otherwise, including (i) all information contained in or related to examination, investigation, operating, or condition reports prepared by, on behalf of, or for the use of the Commissioner; and (ii) financial statements, balance sheets, or authorized delegate information are confidential and may not be disclosed by the Commissioner or any officer or employee of the Commissioner. The Commissioner, however, may provide for the release of information to representatives of State or federal agencies who state in writing under oath that they will maintain the confidentiality of the information if: (i) the licensee provides consent prior to the release; or (ii) the Commissioner finds that the release is reasonably necessary for the protection of the public or in the interests of justice.

(b) Nothing in this section shall prohibit the Commissioner from releasing to the public a list of persons licensed under this Article or aggregated financial data on those licenses. (2001-443, s. 2.)

§ 53-208.18. Suspension or revocation of licenses.

After notice and hearing, the Commissioner may suspend or revoke a license issued under this Article if the Commissioner finds any of the following:

(1) Any fact or condition exists that, if it had existed at the time when the licensee applied for its license, would have been grounds for denying the application.

(2) The licensee's net worth becomes inadequate and the licensee, after 10 days' written notice from the Commissioner, fails to take such steps as the Commissioner deems

necessary to remedy the deficiency.

(3) The licensee knowingly violates any material provision of this Article or any rule or order validly adopted by the Commissioner under authority of this title.

(4) The licensee is conducting its business in an unsafe or unsound manner.

(5) The licensee is insolvent.

(6) The licensee has suspended payment of its obligations, has made an assignment for the benefit of its creditors, or has admitted in writing its inability to pay its debts as they become due.

(7) The licensee has applied for an adjudication for bankruptcy, reorganization, arrangement, or other relief under any bankruptcy.

(8) The licensee refuses to permit the Commissioner to make any examination authorized by this Article.

(9) The licensee willfully fails to make any report required by this Article. (2001-443, s. 2.)

§ 53-208.19. Authorized delegate contracts.

Licensees desiring to conduct licensed activities through authorized delegates in this State shall authorize each delegate to operate pursuant to an express written contract, which shall provide the following:

(1) That the licensee appoints the person as its delegate with authority to engage in money transmission on behalf of the licensee.

(2) That neither a licensee nor an authorized delegate may authorize subdelegates without the written consent of the Commissioner.

(3) That licensees are subject to supervision and regulation by the Commissioner.

(4) A licensee shall issue a certificate of authority for each location at which it conducts licensed activities in this State through authorized delegates. The certificate shall be posted in public view at each location and shall state as follows: "Money transmission on behalf of (licensee) is conducted at this location pursuant to the Money Transmitters Act." (2001-443, s. 2.)

§ 53-208.20. Authorized delegate conduct.

(a) An authorized delegate shall not make any fraudulent or false statement or misrepresentation to a licensee or to the Commissioner.

(b) All money transmission or sale or issuance of payment instrument activities conducted by authorized delegates shall be strictly in accordance with the licensee's written procedures provided to the authorized delegates.

(c) An authorized delegate shall remit all money owing to the licensee in accordance with the terms of the contract between the licensee and the authorized delegate. The failure of an authorized delegate to remit all money owing to a licensee within the time presented shall result in liability of the authorized delegates to the licensee for three times the licensee's actual damages. The Commissioner may set, by regulation, the maximum remittance time.

(d) An authorized delegate is deemed to consent to the Commissioner's inspection, with or without prior notice to the licensee or authorized delegate, of the books and records of the authorized delegate of the licensee when the Commissioner has a reasonable basis to believe that the licensee or authorized delegate is not in compliance with this Article.

(e) An authorized delegate is under a duty to act only as authorized under the contract with the

licensee. An authorized delegate who exceeds its authority is subject to cancellation of its contract and further disciplinary action by the Commissioner.

(f) All funds, less fees, received by an authorized delegate of a licensee from the sale or delivery of a payment instrument or stored value issued by a licensee or received by an authorized delegate for transmission shall constitute trust funds owned by and belonging to the licensee from the time the funds are received by the authorized delegate until the time when the funds or an equivalent amount are remitted by the authorized delegate to the licensee. If an authorized delegate commingles any funds with any other funds or property owned or controlled by the authorized delegate, all commingled proceeds and other property shall be impressed with a trust in favor of the licensee in an amount equal to the amount of the proceeds due the licensee.

(g) An authorized delegate shall report to the licensee the theft or loss of payment instruments within 24 hours from the time it knew or should have known of the theft or loss.

(h) An authorized delegate shall prominently post the certificate of authority specified in G.S. 53-208.19 at each location at which it conducts licensed activities in this State. (2001-443, s. 2.)

§ 53-208.21. Revocation or suspension of authorized delegates.

(a) If, after notice and a hearing, the Commissioner finds that any authorized delegate of a licensee or any director, officer, employee, or controlling person of the authorized delegate: (i) has violated any provision of this Article or of any rule or regulation or order issued under this Article; (ii) has engaged or participated in any unsafe or unsound act with respect to the business of selling or issuing payment instruments of the licensee or the business of money transmission; or (iii) has made or caused to be made in any application or report filed with the Commissioner or in any proceeding before the Commissioner, any statement which was at the time and in the circumstances under which it was made, false or misleading with respect to any material fact, or has omitted to state in any application or report any material fact which is required to be stated therein, the Commissioner may issue an order suspending or barring the authorized delegate from continuing to be or becoming an authorized delegate of any licensee during the period for which the order is in effect. Upon issuance of the order, the licensee shall terminate its relationship with the authorized delegate according to the terms of the order.

(b) Any authorized delegate to whom an order is issued under this section may apply to the Commissioner to modify or rescind the order. The Commissioner shall not grant the application unless the Commissioner finds that (i) it is in the public interest to do so, and (ii) it is reasonable to believe that the person will comply with all applicable provisions of this Article and of any regulation and order issued under this Article if and when that person is permitted to resume being an authorized delegate of a licensee. The right of any authorized delegate to whom an order is issued under this section to petition for judicial review of the order shall not be affected by the failure of the person to apply to the Commissioner to modify or rescind the order. (2001-443, s. 2.)

§ 53-208.22. Licensee liability.

A licensee's responsibility to any person for a money transmission conducted on that person's behalf by the licensee or the licensee's authorized delegate shall be limited to the amount of money transmitted or the face amount of the payment instrument purchased. (2001-443, s. 2.)

§ 53-208.22A. Disclosures of transmissions.

(a) At the time of a monetary transmission transaction to a location outside of the United States, the licensee shall provide a receipt to the customer. The receipt shall state clearly (i) the amount of funds presented for transmission and any fee charged by the licensee and (ii) a toll-free telephone number or a

local number that a customer can access at no charge to receive information about a monetary transmission.

(b) If the rate of exchange for a monetary transmission to be paid in the currency of another country is fixed by the licensee for a transaction at the time the monetary transmission is initiated, the receipt shall also state:

(1) The rate of exchange for that transaction.

(2) The amount to be paid in the foreign currency.

(3) The period, if any, in which the payment shall be made in order to qualify for the fixed rate of exchange.

(c) If the rate of exchange for a monetary transmission to be paid in the currency of another country is not fixed at the time the monetary transmission is initiated, the receipt shall also disclose that the rate of exchange for the transaction will be set at the time the recipient of the monetary transmission receives the funds in the foreign country.

(d) The licensee shall provide the disclosures required by this section to the customer before completing the transaction if the customer requests the disclosures. (2005-104, s. 1.)

§ 53-208.23. Hearings; procedures.

Except as provided by G.S 53-208.10(c), hearings conducted pursuant to this Article shall proceed in accordance with Article 3A of Chapter 150B of the General Statutes. (2001-443, s. 2.)

§ 53-208.24. Civil penalties.

(a) If, after notice and hearing, the Commissioner finds that a person has intentionally violated this Article or a rule adopted under this Article, the Commissioner may order the person to pay to the Commissioner a civil penalty in an amount specified by the Commissioner, not to exceed one thousand dollars ($1,000) for each violation or, in the case of a continuing violation, one thousand dollars ($1,000) for each day that the violation continues. No proceeding shall be initiated and no penalty shall be assessed pursuant to this section until after the person has been notified in writing of the nature of the violation and has been afforded a reasonable period of time, as set forth in the notice, to correct the violation and has failed to do so.

(b) The Commissioner, in the exercise of the Commissioner's reasonable judgment, may compromise, settle, and collect civil penalties with any person for violations of any provision of this Article, or of any rule, regulation, or order issued or promulgated to this Article. (2001-443, s. 2.)

§ 53-208.25. Enforcement.

(a) If it appears to the Commissioner that any person has committed or is about to commit a violation of any provision of this Article or of any rule or order of the Commissioner, the Commissioner may apply to the Wake County Superior Court for an order enjoining the person from violating or continuing to violate this Article or any rule, regulation, or order and for injunctive or such other relief as the nature of the case may require.

(b) The Commissioner may enter into consent orders at any time with any person to resolve any matter arising under this Article. A consent order shall be signed by the person to whom it is issued or a duly authorized representative and shall indicate agreement to the terms contained therein. A consent order need not constitute an admission by any person that any provision of this Article, or any rule, regulation, or order promulgated or issued thereunder has been violated, nor need it constitute a finding by the Commissioner that the person has violated any provision of this Article or any rule, regulation, or order promulgated or issued thereunder.

(c) Notwithstanding the issuance of a consent order, the Commissioner may seek civil or criminal penalties or compromise civil penalties concerning matters encompassed by the consent order, unless the consent order by its terms expressly precludes the Commissioner from so doing. (2001-443, s. 2.)

§ 53-208.26. Criminal penalties.

(a) Any person who knowingly and willfully violates any provision of this Article for which a penalty is not specifically provided is guilty of a Class 1 misdemeanor.

(b) Any person who knowingly and willfully makes a material, false statement in any document filed or required to be filed under this Article with the intent to deceive the recipient of the document is guilty of a Class 1 misdemeanor.

(c) Any person who knowingly and willfully engages in the business of money transmission without a license as provided herein shall be guilty of a Class 1 misdemeanor. (2001-443, s. 2.)

§ 53-208.27. Rules.

(a) The Banking Commission may adopt rules necessary to implement this Article.

(b) The Banking Commission may review any rule, regulation, order, or act of the Commissioner done pursuant to or with respect to the provisions of this Article. Any person aggrieved by any such rule, regulation, order, or act may appeal, pursuant to G.S. 53C-2-6(b), to the Commission for review upon providing notice in writing within 20 days after any rule, regulation, order, or act complained of is adopted, issued, or done. Notwithstanding any other provision of law, any aggrieved party to a decision of the Banking Commission shall be entitled to petition for judicial review pursuant to G.S. 53C-2-6(b). (2001-443, s. 2; 2009-57, s. 3; 2012-56, s. 14.)

§ 53-208.28. Severability.

Should any provision, sentence, clause, section, or part of this Article for any reason be held unconstitutional, illegal, or invalid, such unconstitutionality, illegality, or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections, or part of this Article. (2001-443, s. 2.)

§ 53-208.29. Appointment of Secretary of State as agent for service of process.

(a) Any licensee, authorized delegate, or other person who knowingly engages in business activities that are regulated under this Article, with or without filing an application, is deemed to have done both of the following:

(1) Consented to the jurisdiction of the courts of this State for all actions arising under this Article; and

(2) Appointed the Secretary of State as such person's agent for the purpose of accepting service of process in any action, suit, or proceeding that may arise under this Article.

(b) Within three business days after service of process upon the Secretary of State, the Secretary shall transmit by certified mail copies of all lawful process accepted by the Secretary as an agent of that person at its last known address. Service of process shall be considered complete three business days after the Commissioner deposits copies of the documents in the United States mail. (2001-443, s. 2.)

§ 53-208.30. Transition.

Any person who holds in good standing a money transmitters license issued by the Commissioner of Banks on November 1, 2001 may continue to engage in such business subject to the renewal requirements of G.S. 53-208.11, and upon renewal, proof that the licensee meets the net worth

requirements of G.S. 53-208.5(a), and the bonding or other security requirements of G.S. 53-208.8. (2001-443, s. 2.)

SENATE

COMMERCE COMMITTEE

JULY 14, 2015

SENATE SERGEANT-AT-ARMS

CANTON LEWIS

CHARLES MARSALIS

HAL ROACH

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Rob Humble	G'boro
David Ferrell	VB
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Sean McCabe	NC DoL
Sarah beth Koonce	NC DoL
Jennifer Haywood	NC DoL
[illegible]	[illegible]
Joe McClees	McClees Consulting
Jeff Moore	NC Commerce/OWS

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Senate Committee on Commerce
July 16th, 2015 at 11:00 AM
Room 1027/1128

MINUTES

The Senate Committee on Commerce met at 11:00 AM on July 16th, 2015 in Room 1027/1028 of the Legislative Building. Twenty one members were present.

Senator Rick Gunn, Chair, presided.

Jenna Albert from Greensboro, Kate Finkelstein from Raleigh, and Rachel Woods from Clayton served as pages.

HB 126 Mortgage Origination Support Registration. (Representative J. Hardister, J. Szoka, G. Meyer, S. Ross)
Senator Brown offers an amendment to the bill. Wendy Graf Ray explains the amendment which passes as amended. Senator Gunn introduces Representative Hardister to speak to the amendment. Questions from members were answered by Representative Hardister. Tina Krasner, attorney from the NC Office of the Commissioner of Banks, speaks to the bill. There were no speakers from the audience. Senator Gunn moved for an unfavorable report – favorable to the PCS amended and it carried. Senator Bingham will manage the bill when scheduled in session.

The meeting adjourned at 11:06 am.

Senator Rick Gunn
Presiding

Karen Johns, Committee Clerk

Senate Committee on Commerce
Thursday, July 16, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL N	SHORT TITLE	SPONSOR
HB 126	Mortgage Origination Support Registration.	Representative Hardister Representative Szoka Representative Meyer Representative Ross

Adjournment

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Thursday, July 16, 2015

Senator Gunn,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL

HB **126** Mortgage Origination Support Registration.

Draft Number:	H126-PCS10413-TS-15
Sequential Referral:	Finance
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator Stan Bingham will handle HB 126

HOUSE BILL 126:
Mortgage Origination Support Registration

2015-2016 General Assembly

Committee:	House Finance	**Date:**	April 29, 2015
Introduced by:	Reps. Hardister, Szoka, Meyer, Ross	**Prepared by:**	Greg Roney Committee Counsel
Analysis of:	First Edition		

SUMMARY: House Bill 126 amends the Secure and Fair Enforcement Mortgage Licensing Act to authorize the Commissioner of Banks to implement a registration system for persons engaged exclusively in the processing or underwriting of mortgage loans and not engaged in the mortgage business.

CURRENT LAW:

In 2009, the North Carolina Secure and Fair Enforcement Mortgage Licensing Act was enacted to conform to the requirements of Title V of the federal Housing and Economic Recovery Act of 2008. This act is the licensing and regulatory statute for the mortgage lending industry which is administered by the Office of Commissioner of Banks. It provides for the licensing of mortgage loan originators, and transitional mortgage loan originators, as well as mortgage brokers, lenders, and servicers through registration with the Nationwide Mortgage Licensing System and Registry.

BILL ANALYSIS: House Bill 126 amends the S.A.F.E. Mortgage Licensing Act by authorizing the Commissioner of Banks to establish a registration system for "mortgage origination support registrants or registrants", which are defined as persons engaged exclusively in the processing or underwriting of residential mortgage loans and not engaged in the mortgage business.

Upon issuance of the registration, a registrant can sponsor and employ licensed mortgage loan originators or transitional mortgage loan originators to control and supervise the registrant's loan processors or underwriters in accordance with federal law.

The application requirements for registration are the same as for licensure as a mortgage broker, lender, or servicer. However, the application, renewal, and late fees for registrants are graduated based on the number of employees or contractors engaged solely as loan processors or underwriters maintained by the registrant. The application fee for initial registration as a mortgage origination support registrant is; (i) $250 for applicants who employ or contract with fewer than 5 individuals, (ii) $1,000 for applicants who employ or contract with between 5 and 30 individuals, and (iii) $2,000 for applicants who employ or contract with more than 30 individuals.

The annual renewal fee for mortgage origination support registrants is (i) $125 for registrants who employ or contract with fewer than 5 individuals, (ii) $500 for registrants who employ or contract with between 5 and 30 individuals, and (iii) $1,000 for registrants who employ or contract with more than 30 individuals.

If the annual renewal fee is not paid by the expiration date, the registrant must pay the renewal fee plus a late fee of (i) $62.50 for a registrant who employs or contracts with fewer than 5 individuals, (ii) $250 for a registrant who employs or contracts with between 5 and 30 individuals, and (iii) $500 for a registrant who employs or contracts with more than 30 individuals.

O. Walker Reagan
Director

H126-SMTM-38 E1 -V2

Research Division
(919) 733-2578

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

No bond is required for mortgage loan originators or transitional mortgage loan originators who are employed by a mortgage origination support registrant solely for the purpose of supervising and controlling loan processors or underwriters.

The Commissioner of Banks retains the same regulatory and disciplinary authority for registrants as he currently exercises over licensees.

Section 2 of the bill provides a severability clause and states that if any provision of the act is deemed by HUD to conflict with its interpretation of federal law, the provision shall be interpreted, applied, or amended in such a way as to comply with the federal law as interpreted by HUD.

Section 3 authorizes the Commissioner of Banks to use temporary rulemaking to administer the act. Under G.S. 150B-21.1(a)(2), the Commissioner already has authority to use temporary rulemaking to implement a recent act of the General Assembly.

EFFECTIVE DATE: Section 3 of the act is effective when it becomes law. The remainder of the act becomes effective July 1, 2015, and applies to all applications for registration as a mortgage origination support registrant filed on or after that date.

Karen Cochrane-Brown with the Research Division substantially contributed to this summary.

HOUSE BILL 126

Short Title:	Mortgage Origination Support Registration.	(Public)
Sponsors:	Representatives Hardister, Szoka, Meyer, and Ross (Primary Sponsors). *For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*	
Referred to:	Banking, if favorable, Finance.	

March 3, 2015

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE OFFICE OF THE COMMISSIONER OF BANKS TO IMPLEMENT A REGISTRATION SYSTEM FOR PERSONS ENGAGED EXCLUSIVELY IN THE PROCESSING OR UNDERWRITING OF RESIDENTIAL MORTGAGE LOANS AND NOT ENGAGED IN THE MORTGAGE BUSINESS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 19B of Chapter 53 of the General Statutes reads as rewritten:

"Article 19B.

"The Secure and Fair Enforcement Mortgage Licensing Act.

...

"§ 53-244.030. Definitions.

For purposes of the Article, the following definitions apply:

...

(20) "Mortgage lender" means a person engaged in the mortgage business as defined in sub-subdivision b. of subdivision (11) of this section. However, the definition does not include a person who acts as a mortgage lender only in a tablefunding transaction.

(20a) "Mortgage origination support registrant" or "registrant" means a person engaged exclusively in the processing or underwriting of residential mortgage loans and not engaged in the mortgage business.

...

"§ 53-244.040. License and registration requirements.

...

(c) Each mortgage loan originator and person engaged in the mortgage business must register with and maintain a valid unique identifier issued by the Nationwide Mortgage Licensing System and Registry.

(c1) A registrant operating in this State must register with the Commissioner. Upon issuance of the registration, a registrant is authorized to sponsor and employ licensed mortgage loan originators or transitional mortgage loan originators to control and supervise the registrant's loan processors or underwriters in accordance with Title V of the Housing and Economic Recovery Act of 2008, P.L. 110-289, and 24 C.F.R. 3400. Nothing in this subsection shall be construed as authorizing a registrant to engage in the mortgage business.

...

(e) Each mortgage broker, mortgage lender, or mortgage servicer licensed under this ~~Article~~Article, or registrant registered under this Article, shall have a qualifying individual who

operates the business under that person's full charge, control, and supervision. Each mortgage broker, mortgage lender, or mortgage servicer licensed under this ~~Article~~Article, or registrant registered under this Article, shall file through the Nationwide Mortgage Licensing System and Registry a form acceptable to the Commissioner indicating the licensee's designation of a qualifying individual and each qualifying individual's acceptance of the responsibility. Each mortgage broker, mortgage lender, or mortgage servicer licensed under this ~~Article~~Article, or registrant registered under this Article, shall notify the Commissioner within 15 days of any change in its designated qualifying individual. Any individual licensee who operates as a sole proprietorship shall qualify as and be considered the qualifying individual for the purposes of this subsection.

...

"§ 53-244.050. License and registration application; claim of exemption.

(a) Applicants for a license or registration shall apply through the Nationwide Mortgage Licensing System and Registry on a form acceptable to the Commissioner, including the following information:

...

(b) The eligibility requirements for an application for licensure or registration under this Article are as follows:

...

(2) Each applicant for licensure as a mortgage ~~broker or~~broker, mortgage ~~lender~~lender, or mortgage ~~servicer~~servicer, or registration as a registrant, at the time of application shall comply with the following requirements:

a. If the applicant is a sole proprietor, the applicant shall have at least three years of experience in residential mortgage lending or other experience or meet competency requirements as the Commissioner may impose.

b. If the applicant is a corporation, limited liability company, general or limited partnership, association, or other group engaged in a joint enterprise, however organized, at least one of its principal officers, managers, or general partners shall have three years of experience in residential mortgage lending or other experience or meet competency requirements as the Commissioner may impose.

c. If the applicant will be a qualifying individual or branch manager, the applicant shall have at least three years of experience in residential mortgage lending or other experience or meet competency requirements as the Commissioner may impose.

...

(c) In connection with an application for licensing as a mortgage loan originator, transitional mortgage loan originator, mortgage lender, mortgage broker, or mortgage servicer, or registration as a registrant, the applicant and its owners, qualifying individual, and controlling persons shall furnish to the Nationwide Mortgage Licensing System and Registry information concerning the applicant's identity, including:

(1) Fingerprints for submission to the Federal Bureau of Investigation and any governmental agency or entity authorized to receive such information for a state, national, and international criminal history background check.

(2) Personal history and experience in a form prescribed by the Nationwide Mortgage Licensing System and Registry and the Commissioner to obtain:

a. Independent credit reports obtained from a consumer reporting agency described in section 603(p) of the Fair Credit Reporting Act; and

b. Information related to any administrative, civil, or criminal findings by any governmental jurisdiction.

(3) The personal history may be obtained by the Commissioner at any time and the fingerprint information shall be furnished upon the Commissioner's request.

(4) An authorization for the Commissioner to obtain personal history or fingerprint information at any time.

...

(f) For purposes of this section, the Commissioner may request and the North Carolina Department of Public Safety may provide a criminal record check to the Commissioner for any person who (i) has applied for or holds a mortgage lender, mortgage broker, mortgage servicer, mortgage loan originator, or transitional mortgage loan originator license as provided by this ~~section.~~section or (ii) has applied for or holds a registration as a registrant under this section. The Commissioner shall provide the Department of Public Safety, along with the request, the fingerprints of the person, any additional information required by the Department of Public Safety, and a form signed by the person consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The person's fingerprints shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The Department of Public Safety may charge a fee for each person for conducting the checks of criminal history records authorized by this section.

...

"**§ 53-244.060. Issuance of ~~license.~~license or registration.**

If an applicant satisfies the requirements of G.S. 53-244.050, the Commissioner shall issue a mortgage lender, mortgage broker, mortgage servicer, mortgage loan originator, or transitional mortgage loan originator ~~license~~license, or a mortgage origination support registrant registration, unless the Commissioner finds any of the following:

(1) The applicant has had a mortgage loan originator or mortgage lender, mortgage broker, or mortgage servicer ~~license~~license, or mortgage origination support registrant registration or its equivalent, revoked in any governmental jurisdiction, except that a subsequent formal vacation of the revocation shall not be deemed a revocation.

...

(4) The applicant has demonstrated a lack of financial responsibility, character, or general fitness such as to fail to command the confidence of the community and to warrant a determination that the mortgage loan originator, transitional mortgage loan originator, or other licensee or registrant will operate honestly, fairly, and efficiently within the purposes of this Article. For purposes of this subdivision, a person shows a lack of financial responsibility when the person has shown a disregard in the management of the person's own financial affairs. Evidence that a person has not shown financial responsibility may include:

a. Current outstanding judgments, except judgments resulting solely from medical expenses;

b. Current outstanding tax liens or other government liens and filings;

c. Foreclosures within the past three years; or

d. A pattern of serious delinquent accounts within the past three years.

...

(7) The mortgage lender, mortgage broker, ~~or~~ mortgage ~~servicer~~servicer, or mortgage origination support registrant applicant has failed to meet the surety bond requirement described in G.S. 53-244.103.

(8) The mortgage lender, mortgage broker, ~~or~~ mortgage ~~servicer~~servicer, or mortgage origination support registrant applicant fails to meet the minimum net worth requirement as described in G.S. 53-244.104.

...

"§ 53-244.090. ~~License application~~Application fees.

(a) Every applicant for initial licensure shall pay a nonrefundable filing fee of one thousand two hundred fifty dollars ($1,250) for licensure as a mortgage broker, mortgage lender, or mortgage servicer, three hundred dollars ($300.00) for licensure as an exclusive mortgage broker, or one hundred twenty-five dollars ($125.00) for licensure as a mortgage loan originator or transitional mortgage loan originator.

Every applicant for initial registration as a mortgage origination support registrant shall pay a nonrefundable filing fee of (i) two hundred fifty dollars ($250.00) for applicants who employ or contract with fewer than a total of five individuals engaged solely as loan processors or underwriters, (ii) one thousand dollars ($1,000) for applicants who employ or contract with between a total of five and 30 individuals engaged solely as loan processors or underwriters, or (iii) two thousand dollars ($2,000) for applicants who employ or contract with more than a total of 30 individuals engaged solely as loan processors or underwriters.

In addition, ~~an~~every applicant for initial licensure or registration must pay the actual cost of obtaining a credit report, State and national criminal history record checks, and the processing fees required by the Nationwide Mortgage Licensing System and Registry.

...

"§ 53-244.100. Active license or registration requirements and assignability.

(a) It is unlawful for any person to engage in the mortgage business without first obtaining a license as a mortgage loan originator, transitional mortgage loan originator, mortgage lender, mortgage broker, or mortgage servicer issued by the Commissioner under this Article. It is unlawful for any person to employ, to compensate, or to appoint as its agent a mortgage loan originator unless the person is a licensed mortgage loan originator or a transitional mortgage loan originator under this Article. Persons defined in G.S. 53-244.030(8) or G.S. 53-244.030(29) are not subject to this subsection.

(b) The license of a mortgage loan originator or transitional mortgage loan originator is not effective during any period when that person is not employed by (i) a mortgage lender, mortgage broker, or mortgage servicer licensed under this ~~Article.~~Article, or (ii) a mortgage origination support registrant registered under this Article, but only for the purpose of supervising and controlling loan processors or underwriters. When a mortgage loan originator or transitional mortgage loan originator ceases to be employed by a mortgage lender, mortgage broker, or mortgage servicer licensed under this ~~Article,~~Article, or a mortgage origination support registrant registered under this Article, the mortgage loan originator or transitional mortgage loan originator and the mortgage lender, mortgage broker, or mortgage servicer licensed under this ~~Article~~Article, or the mortgage origination support registrant registered under this Article, by whom that person ~~is~~was employed shall promptly notify the Commissioner in writing. The mortgage lender, mortgage broker, ~~or~~ mortgage ~~servicer~~servicer, or mortgage origination support registrant shall include a statement of the specific reason for the termination of the mortgage loan originator's or transitional mortgage loan originator's employment. A mortgage loan originator or transitional mortgage loan originator shall not be employed simultaneously by more than one mortgage lender, mortgage broker, ~~or~~ mortgage ~~servicer~~servicer, or mortgage support registrant licensed or registered under this Article.

(c) Each mortgage lender, mortgage broker, ~~and~~ mortgage ~~servicer~~servicer, and mortgage origination support registrant licensed or registered under this Article shall maintain

on file with the Commissioner a list of all mortgage loan originators and transitional mortgage loan originators who are employed with the mortgage lender, mortgage broker, ~~or~~ mortgage ~~servicer.~~servicer, or mortgage origination support registrant.

(d) No person, other than an exempt person, shall hold himself or herself out as a mortgage lender, a mortgage broker, a mortgage servicer, a mortgage loan originator, ~~or~~ a transitional mortgage loan ~~originator~~originator, or mortgage origination support registrant unless the person is licensed or registered in accordance with this Article.

(e) Licenses and registrations issued under this Article are not assignable. Control of a licensee or registrant shall not be acquired through a stock purchase, merger, or other device without the prior written consent of the Commissioner. The Commissioner shall not give written consent if the Commissioner finds that any of the grounds for denial, revocation, or suspension of a license or registration are applicable to the acquiring person.

...

"§ 53-244.101. License and registration renewal.

(a) All licenses and registrations issued by the Commissioner under the provisions of this Article shall expire annually on the 31st day of December following issuance or on any other date that the Commissioner may determine. The license is invalid after that date and shall remain invalid unless renewed under subsection (b) of this section.

(b) A license or registration may be renewed on or after November 1 of each year by complying with the requirements of subsection (c) of this section.

A mortgage loan originator shall pay a nonrefundable renewal fee of one hundred twenty-five dollars ($125.00) plus the actual cost of obtaining credit reports and State and national criminal history record checks and processing fees for the Nationwide Mortgage Licensing System and Registry as the Commissioner shall require.

A mortgage origination support registrant shall pay a nonrefundable renewal fee of (i) one hundred twenty-five dollars ($125.00) for registrants who employ or contract with fewer than a total of five individuals engaged solely as loan processors or underwriters, (ii) five hundred dollars ($500.00) for registrants who employ or contract with between a total of five and 30 individuals engaged solely as loan processors or underwriters, or (iii) one thousand dollars ($1,000) for registrants who employ or contract with more than a total of 30 individuals engaged solely as loan processors or underwriters. In addition to the nonrefundable renewal fee, a mortgage support registrant shall pay the actual cost of obtaining credit reports and State and national criminal history record checks and processing fees for the Nationwide Mortgage Licensing System and Registry as the Commissioner shall require.

(c) Licensees may apply to renew a mortgage loan originator, mortgage lender, mortgage broker, and mortgage servicer ~~license.~~license, and registrants may apply to renew a mortgage origination support registrant registration. The application for renewal shall demonstrate ~~that:~~that all of the following applicable requirements are met:

(1) The licensee or registrant continues to meet the initial minimum standards for licensure or registration under ~~G.S. 53-244.060;~~G.S. 53-244.060.

(2) The mortgage loan originator has satisfied the annual continuing education requirements described in ~~G.S. 53-244.102; and~~G.S. 53-244.102.

(3) The licensee or registrant has paid all required fees and assessments.

(d) If a mortgage lender, mortgage broker, or mortgage servicer's license is not renewed prior to the expiration date, then the licensee shall pay two hundred fifty dollars ($250.00) as a nonrefundable late fee. If a mortgage loan originator's license is not renewed prior to the expiration date, then the licensee shall pay a nonrefundable late fee of one hundred dollars ($100.00) in addition to the renewal fee set forth in subsection (b) of this section. In the event a licensee fails to obtain a reinstatement of the license prior to March 1, the Commissioner shall require the licensee to comply with the requirements for the initial issuance of a license under the provisions of this Article.

(d1) If a mortgage origination support registrant registration is not renewed prior to the expiration date, in addition to the renewal fees set forth in subsection (b) of this section, the registrant shall pay a nonrefundable late fee of (i) sixty-two dollars and fifty cents ($62.50) for registrants who employ or contract with fewer than a total of five individuals engaged solely as loan processors or underwriters, (ii) two hundred fifty dollars ($250.00) for persons who employ or contract with between a total of five and 30 individuals engaged solely as loan processors or underwriters, or (iii) five hundred dollars ($500.00) for persons who employ or contract with more than a total of 30 individuals engaged solely as loan processors or underwriters.

In the event a registrant fails to obtain a reinstatement of the registration prior to March 1, the Commissioner shall require the registrant to comply with the requirements for the initial issuance of a registration under the provisions of this Article.

(e) When required by the Commissioner, each person shall furnish to the Commissioner the person's consent to a criminal history record check and a set of the person's fingerprints in a form acceptable to the Commissioner or to the Nationwide Mortgage Licensing System and Registry. Refusal to consent to a criminal history record check shall constitute grounds for the Commissioner to deny renewal of the license of the person as well as the license of any other person by whom the person is employed, over which the person has control, or as to which the person is the current or proposed qualifying individual or current or proposed branch manager.

...

"§ 53-244.103. Surety bond requirements.

(a) ~~Each~~Except as provided in subsection (a1) of this section, each mortgage loan originator or transitional mortgage loan originator shall be covered by a surety bond through employment with a licensee in accordance with this section. The surety bond shall provide coverage for each mortgage loan originator or transitional mortgage loan originator employed by the licensee in an amount as prescribed by subsection (b) of this section and shall be in a form prescribed by the Commissioner. The Commissioner may adopt rules with respect to the requirements for the surety bonds as needed to accomplish the purposes of the Article.

(a1) The requirements of subsection (a) of this section shall not apply to a mortgage loan originator or transitional mortgage loan originator employed only by a registrant for the sole purpose of supervising and controlling loan processors or underwriters.

...

"§ 53-244.105. Records, addresses, escrow funds, or trust accounts.

(a) Every licensee or registrant shall make and keep the accounts, correspondence, memoranda, papers, books, and other records as prescribed in rules adopted by the Commissioner. All records shall be preserved for three years unless the Commissioner, by rule, prescribes otherwise for particular types of records.

(b) No person shall make any false statement or knowingly and willfully make any omission of a material fact in connection with any information or reports filed with the Commissioner, a governmental agency, or the Nationwide Mortgage Licensing System and Registry or in connection with any oral or written communication with the Commissioner or another governmental agency. If the information contained in any document filed with the Commissioner or the Nationwide Mortgage Licensing System and Registry is or becomes inaccurate or incomplete in any material respect, the ~~licensee~~licensee, registrant, or exempt entity shall within 30 days file a correcting amendment to the information contained in the document.

(c) ~~Each mortgage broker licensee shall maintain and transact business from a principal place of business in this State.~~ The Commissioner may, by rule, impose terms and conditions under which the records and files of a mortgage ~~lender or~~lender, mortgage broker, mortgage ~~servicer~~servicer, or mortgage origination support registrant may be maintained outside of this State. ~~A~~Except for a mortgage origination support registrant, a principal place of business shall

not be located at an individual's home or residence. A mortgage lender, mortgage broker, or mortgage servicer ~~licensee~~licensee, or a mortgage origination support registrant, shall maintain a record of the principal place of business with the Commissioner and report any change of address of the principal place of business or any branch office within 15 days after the change.

(d) A licensee shall maintain in a segregated escrow fund or trust account any funds which come into the licensee's possession but which are not the licensee's property and which the licensee is not entitled to retain under the circumstances. The escrow fund or trust account shall be held on deposit in a federally insured financial institution. Individual loan applicants' or borrowers' accounts may be aggregated into a common trust fund so long as (i) interests in the common fund can be individually tracked and accounted for and (ii) the common fund is kept separate from and is not commingled with the licensee's own funds.

...

"§ 53-244.108. Reports.

Each mortgage lender, mortgage ~~broker, or~~broker, mortgage servicer ~~licensee~~licensee, or mortgage origination support registrant, shall submit to the Commissioner and to the Nationwide Mortgage Licensing System and Registry reports of condition and any other reports requested by the Commissioner pursuant to G.S. 53-244.115(d). The reports shall be in the form and shall contain any information that the Commissioner or Nationwide Mortgage Licensing System and Registry may require.

...

"§ 53-244.113. Regulatory authority.

(a) Unless otherwise provided, all actions, hearings, and procedures under this Article shall be governed by Article 3A of Chapter 150B of the General Statutes.

(b) For purposes of this Article, the Commissioner shall be deemed to have complied with the requirements of law concerning service of process upon mailing by certified mail any notice required or permitted to a licensee or registrant under this Article, postage prepaid and addressed to the last known address of the licensee or registrant on file with the Commissioner pursuant to G.S. 53-244.105(c).

(c) Upon the issuance of any summary order permitted under this Article, including summary suspensions and cease and desist orders, the Commissioner shall promptly notify the person subject to the order that the order has been entered and the reasons for the order. Within 20 days of receiving notice of the order, the person subject to the order may request in writing a hearing before the Commissioner. Upon receipt of such a request, the Commissioner shall calendar a hearing within 15 days. If a licensee or registrant does not request a hearing, the order will remain in effect unless it is modified or vacated by the Commissioner.

"§ 53-244.114. Licensure and registration authority.

(a) The Commissioner may, by order, deny, suspend, revoke, or refuse to issue or renew a license or registration of a ~~licensee~~licensee, registrant, or applicant under this Article, or may restrict or limit the manner in which a licensee, registrant, applicant, ~~or~~ any person who owns an interest in or participates in the business of a licensee and engages in the mortgage ~~business,~~business, or any person who owns an interest in or participates in the business of a registrant and engages in the business of a registrant, if the Commissioner finds both of the following:

(1) That the order is in the public interest; and

(2) That any of the following circumstances apply to the applicant, licensee, registrant, or any partner, member, manager, officer, director, loan originator, qualifying individual, or any person occupying a similar status or performing similar functions or any person directly or indirectly controlling the applicant ~~or licensee.~~licensee, or registrant. The person:

a. Has filed an application for ~~licensure,~~licensure or registration, report, or other document to the Commissioner that, as of its effective date

or as of any date after filing, contained any statement that, in light of the circumstances under which it was made, is false or misleading with respect to any material ~~fact;~~fact.

b. Has violated or failed to comply with any provision of this Article, rule adopted by the Commissioner, or order of the ~~Commissioner;~~Commissioner.

c. Is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the mortgage ~~business;~~business.

d. Is the subject of an order of the Commissioner denying or suspending that person's (i) license as a mortgage loan originator, transitional mortgage loan originator, mortgage broker, mortgage lender, or mortgage ~~servicer;~~servicer or (ii) registration as a registrant, or its equivalent.

e. Is the subject of an order entered within the past five years by the authority of any state or federal agency with jurisdiction over the mortgage brokerage, mortgage lending, or mortgage servicing ~~industry;~~industry.

f. Fails at any time to meet the requirements of G.S. 53-244.060, 53-244.070, 53-244.080, 53-244.090, 53-244.100, 53-244.103, or ~~53-244.104;~~53-244.104.

g. Controls or has controlled any mortgage broker, mortgage lender, ~~or~~ mortgage ~~servicer~~servicer, or registrant, or its equivalent, who has been subject to an order or injunction described in sub-subdivision c., d., or e. of this ~~subdivision;~~subdivision.

h. Has been the qualifying individual, branch manager, mortgage loan originator, or transitional mortgage loan originator of a licensee or registrant who had knowledge of or reasonably should have had knowledge of, or participated in, any activity that resulted in the entry of an order under this Article suspending or withdrawing the license of a ~~licensee;~~licensee or registration of a registrant.

i. Has failed to respond to inquiries from the Commissioner or the Commissioner's designee regarding any complaints filed against the licensee or registrant which allege or appear to involve violation of this Article or any law or rule affecting the mortgage lending ~~business; or~~business.

j. Has failed to respond to and cooperate fully with notices from the Commissioner or the Commissioner's designee relating to the scheduling and conducting of an examination or investigation under this Article.

(b) In the event the Commissioner has reason to believe that a licensee, registrant, individual, or person subject to this Article may have violated or failed to comply with any provision of this Article, the Commissioner ~~may:~~may take either of the following actions:

(1) Summarily order the licensee, registrant, individual, or person to cease and desist from any harmful activities or violations of this ~~Article; or~~Article.

(2) Summarily suspend the (i) license of the licensee under this ~~Article.~~Article or (ii) the registration of a registrant under this Article.

These summary powers are in addition to the summary suspension procedures authorized by G.S. 150B-3(c).

"**§ 53-244.115. Investigation and examination authority.**

(a) For purposes of initial ~~licensing, license~~licensing or registration, renewal, suspension, conditioning, revocation, or termination, or general or specific inquiry, investigation, or examination to determine compliance with this Article, the Commissioner may access, receive, and use any books, accounts, records, files, documents, information, or evidence, ~~including:~~including all of the following:

(1) Criminal, civil, and administrative history information, including nonconviction ~~data;~~data.

(2) Personal history and experience information, including independent credit reports obtained from a consumer reporting agency described in section 603(p) of the Fair Credit Reporting ~~Act; and~~Act.

(3) Any other documents, information, or evidence the Commissioner deems relevant to the inquiry, investigation, or examination regardless of the location, possession, control, or custody of the documents, information, or evidence.

(b) For purposes of investigating violations or complaints arising under this Article, or for the purposes of examination, the Commissioner may review, investigate, or examine any licensee, registrant, individual, or person subject to this Article as often as necessary in order to carry out the purposes of this Article. The Commissioner may interview the officer, principals, person with control, qualified individual, mortgage loan originators, transitional mortgage loan originators, employees, independent contractors, agents, and customers of the licensee, registrant, individual, or person concerning their business. The Commissioner may direct, subpoena, or order the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or subject matter of any examination or investigation and may direct, subpoena, or order the person to produce books, accounts, records, files, and any other documents the Commissioner deems relevant to the inquiry. The assessment set forth in G.S. 53-244.100A is for the purpose of meeting the cost of regulation under this Article. Any investigation or examination that, in the opinion of the Commissioner of Banks, requires extraordinary review, investigation, or special examination shall be subject to the actual costs of additional expenses and the hourly rate for the staff's time, to be determined annually by the Banking Commission.

(c) Each licensee, registrant, individual, or person subject to this Article shall make available to the Commissioner upon request the books and records relating to the operations of the licensee, registrant, individual, or person. No licensee, registrant, individual, or person subject to investigation or examination under this section may knowingly withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or other information. Each licensee, registrant, individual, or person subject to this Article shall also make available for interview by the Commissioner the officers, principals, persons with control, qualified individuals, mortgage loan originators, transitional mortgage loan originators, employees, independent contractors, agents, and customers of the licensee, registrant, individual, or person concerning their business.

(d) Each licensee, registrant, individual, or person subject to this Article shall make or compile such reports or prepare other information as may be directed or requested by the Commissioner in order to carry out the purposes of this section, ~~including:~~including any of the following:

(1) Accounting ~~compilations;~~compilations.

(2) Information lists and data concerning loan transactions in a format prescribed by the ~~Commissioner;~~Commissioner.

(3) Periodic reports, ~~including:~~including any of the following:

a. Annual Report ~~Questionnaire,~~Questionnaire.

b. Servicer Activity ~~Report,~~Report.

c. Servicer Schedule of the Ranges of Costs and ~~Fees,~~Fees.

d. Lender/Servicer Audited Statements of Financial ~~Condition,~~Condition.
e. Broker Certified Statements of Financial ~~Condition, and~~Condition.
f. Quarterly Loan Origination Reports.

(4) Any other information deemed necessary to carry out the purposes of this section.

(e) In making any examination or investigation authorized by this Article, the Commissioner may control access to any documents and records of the ~~licensee~~licensee, registrant, or person under examination or investigation. The Commissioner may take possession of the documents and records or place a person in exclusive charge of the documents and records in the place where they are usually kept. During the period of control, no individual or person shall remove or attempt to remove any of the documents and records except pursuant to a court order or with the consent of the Commissioner. Unless the Commissioner has reasonable grounds to believe the documents or records of the licensee or registrant have been or are at risk of being altered or destroyed for purposes of concealing a violation of this Article, the ~~licensee~~licensee, registrant, or owner of the documents and records shall have access to the documents or records as necessary to conduct its ordinary business.

(f) In order to carry out the purposes of this section, the Commissioner ~~may:~~may do any of the following:

(1) Retain attorneys, accountants, or other professionals and specialists as examiners, auditors, or investigators to conduct or assist in the conduct of examinations or ~~investigations;~~investigations.
(2) Enter into agreements or relationships with other government officials or regulatory associations in order to improve efficiencies and reduce regulatory burden by sharing resources, standardized or uniform methods or procedures, documents, records, information, or evidence obtained under this ~~section;~~section.
(3) Use, hire, contract, or employ public or privately available analytical systems, methods, or software to examine or investigate the licensee, individual, or person subject to this ~~Article;~~Article.
(4) Accept and rely on examination or investigation reports made by other government officials, within or without this ~~State; or~~State.
(5) Accept audit reports made by an independent certified public accountant for the licensee, registrant, individual, or person in the course of that part of the examination covering the same general subject matter as the audit and may incorporate the audit report in the report of the examination, report of investigation, or other writing of the Commissioner.

(g) In addition to the authority granted by G.S. 53-244.113 and G.S. 53-244.115, the Commissioner is authorized to take action, including summary suspension of the ~~license,~~license or registration, if the licensee or registrant fails, within 20 days or a lesser time if specifically requested for good cause, ~~to:~~to do any of the following:

(1) Respond to inquiries from the Commissioner or the Commissioner's designee regarding any complaints filed against the licensee or registrant that allege or appear to involve violation of this Article or any law or rule affecting the mortgage lending ~~business;~~business.
(2) Respond to and cooperate fully with notices from the Commissioner or the Commissioner's designee relating to the scheduling and conducting of an examination or investigation under this ~~Article; or~~Article.
(3) Consent to a criminal history record check. The refusal shall constitute grounds for the Commissioner to deny licensure to the applicant as well as to any ~~entity:~~entity that meets any of the following criteria:

a. By whom or by which the applicant is ~~employed,~~employed.
b. Over which the applicant has ~~control, or~~control.
c. As to which the applicant is the current or proposed qualifying individual or a current or proposed branch manager.

(h) The authority of this section shall remain in effect, whether a licensee, registrant, individual, or person subject to this Article acts or claims to act under any licensing or registration law of the State, or claims to act without such authority.

"**§ 53-244.116. Disciplinary authority.**

(a) The Commissioner may, by order:

(1) Take any action authorized under G.S. 53-244.113.

(2) Impose a civil penalty upon a licensee, registrant, individual, or person subject to this Article, or upon any partner, officer, director, or other person occupying a similar status or performing similar functions on behalf of a ~~licensee~~licensee, registrant, or other person subject to this Article for any violation of or failure to comply with this Article. The civil penalty shall not exceed twenty-five thousand dollars ($25,000) for each violation of or failure to comply with this Article. Each violation of or failure to comply with this Article shall be a separate and distinct violation.

(3) Impose a civil penalty upon a licensee, registrant, individual, or person subject to this Article, or upon any partner, officer, director, or other person occupying a similar status or performing similar functions on behalf of a ~~licensee~~licensee, registrant, or other person subject to this Article for any violation of or failure to comply with any directive or order of the Commissioner. The civil penalty shall not exceed twenty-five thousand dollars ($25,000) for each violation of or failure to comply with any directive or order of the Commissioner. Each violation of or failure to comply with any directive or order of the Commissioner shall be a separate and distinct violation.

(4) Require a licensee, registrant, individual, or person subject to this Article to disgorge and pay to a borrower or other individual any amounts received by the licensee, registrant, individual, or person subject to the Article, including any employee of the person, to the extent that the amounts were collected in violation of Chapter 24 of the General Statutes or in excess of those allowed by law.

(5) Prohibit licensees or registrants under this Article from engaging in acts and practices in connection with residential mortgage loans that the Commissioner finds to be unfair, deceptive, designed to evade the laws of this State, or that are not in the best interest of the borrowing public.

(b) When a licensee or registrant is accused of any act, omission, or misconduct that would subject the licensee or registrant to disciplinary action, the ~~licensee,~~licensee or registrant, with the consent and approval of the Commissioner, may surrender the license or registration and all the rights and privileges pertaining to it. A person who surrenders a license shall not be eligible for or submit any application for licensure under this Article during any period specified by the ~~Commissioner.~~Commissioner, and a person who surrenders a registration shall not be eligible for or submit any application for registration under this Article during any period specified by the Commissioner.

(c) The requirements of this Article apply to any person who seeks to avoid its application by any device, subterfuge, or pretense whatsoever, including structuring a loan in a manner to avoid classification of the loan as a residential mortgage loan.

...

"**§ 53-244.118. Rule-making authority; records.**

(a) The Commissioner may adopt any rules that the Commissioner deems necessary to carry out the provisions of this Article, to provide for the protection of the borrowing public, to prohibit unfair or deceptive practices, to instruct mortgage lenders, mortgage brokers, mortgage servicers, mortgage loan originators, ~~or~~ transitional mortgage loan ~~originators~~originators, or registrants in interpreting this Article, and to implement and interpret the provisions of G.S. 24-1.1E, 24-1.1F, and 24-10.2 as they apply to licensees and registrants under this Article.

(b) The Commissioner shall keep a list of all applicants for licensure or registration under this Article or claimants of exempt status under G.S. 53-244.050(g) that includes the date of application, name, place of residence, and whether the ~~license~~license, registration, or claim of exempt status was granted or denied.

(c) The Commissioner shall keep a current roster showing the names and places of business of all licensees and registrants that shows their respective mortgage loan originators and transitional mortgage loan originators and a roster of exempt persons required to file a notice under G.S. 53-244.050(g). The roster ~~shall:~~shall meet all of the following requirements:

(1) Be kept on file in the office of the ~~Commissioner;~~Commissioner.

(2) Contain information regarding all orders or other actions taken against the ~~licensees~~licensees, registrants, and other ~~persons; and~~persons.

(3) Be open to public inspection.

"§ 53-244.119. Commissioner's participation in nationwide registry.

(a) The Commissioner shall require mortgage loan originators and transitional mortgage loan originators to be licensed and registered through the Nationwide Mortgage Licensing System and Registry. In order to carry out this requirement, the Commissioner is authorized to participate in the Nationwide Mortgage Licensing System and Registry. For this purpose, the Commissioner may establish by rule any requirements as necessary, including:

(1) Background checks for:

a. Criminal history through fingerprint or other databases;

b. Civil or administrative records;

c. Credit history; or

d. Any other information as deemed necessary by the Nationwide Mortgage Licensing System and Registry.

(2) The payment of fees to apply for, renew, or amend licenses through the Nationwide Mortgage Licensing System and Registry;

(3) The setting or resetting as necessary of renewal or reporting dates; and

(4) Requirements for amending or surrendering a license or any other activities as the Commissioner deems necessary for participation in the Nationwide Mortgage Licensing System and Registry.

(b) The Commissioner is authorized to establish relationships or contracts with the Nationwide Mortgage Licensing System and Registry or other entities designated by the Nationwide Mortgage Licensing System and Registry to collect and maintain records and process transaction fees or other fees related to ~~licensees~~licensees, registrants, or other persons subject to this Article.

...

"§ 53-244.120. Confidentiality of information.

...

(e) The confidentiality provisions contained in subsection (c) of this section shall not apply with respect to the information or material relating to the employment history of and publicly adjudicated disciplinary and enforcement actions against mortgage lenders, mortgage brokers, mortgage servicers, mortgage loan originators, ~~or~~ transitional mortgage loan ~~originators~~originators, or registrants that are included in the Nationwide Mortgage Licensing System and Registry for access by the public.

...."

SECTION 2. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected. Any provision of this act deemed by HUD to conflict with its interpretation of the S.A.F.E. Act, Title V, shall be interpreted, applied, or amended in such a way as to comply with the S.A.F.E. Act as interpreted by HUD.

SECTION 3. The Commissioner of Banks may adopt temporary rules to administer this act.

SECTION 4. Section 3 of this act is effective when this act becomes law. The remainder of this act becomes effective July 1, 2015, and applies to all applications for registration as a mortgage origination support registrant filed on or after that date.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 126

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

H126-ATS-27 [v.6]

Amends Title [NO]
First Edition

Date _____,2015

Senator _____

moves to amend the bill on page 4, lines 1-7, by deleting those lines; and

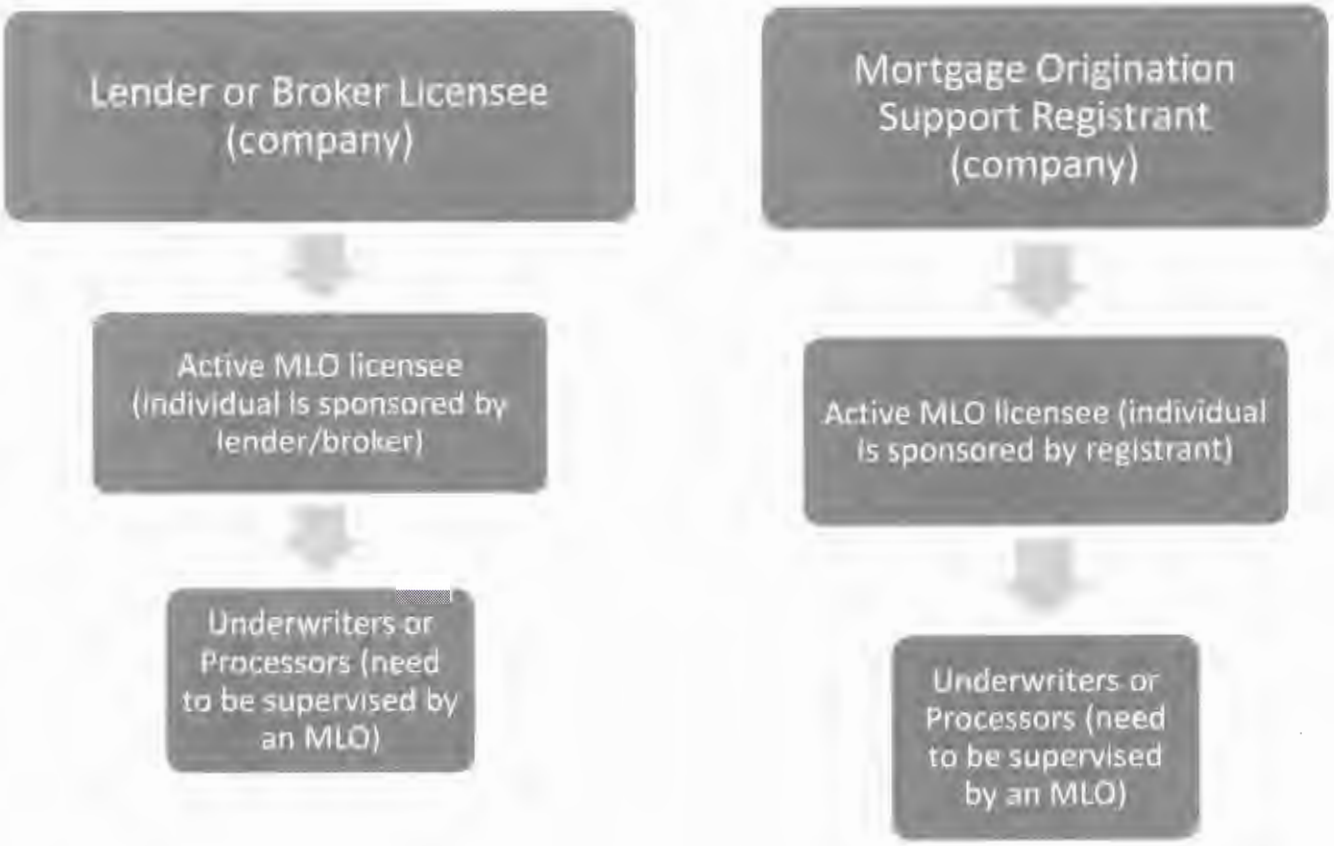
on page 13, line 9, by deleting "July 1, 2015," and substituting "October 1, 2015,".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

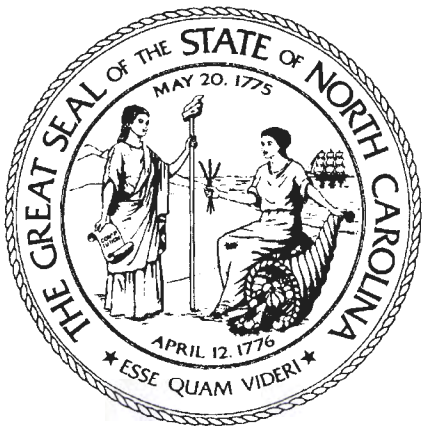
Existing Lender/Broker License versus Proposed Mortgage Registration



What's the difference? It comes down to cost.

Mortgage Lender/Broker Licensee	
Initial application fee for lender/broker	$1250
Annual assessment	Based on loan volume w/minimum of $2000
No renewal application fee	
Late renewal fee	$250
Net worth requirement	$100,000 minimum for lenders $25,000 for brokers
Surety bond requirement	Based on loan volume w/minimum of $75,000 for broker and $150,000 for lender

Mortgage Origination Support Registrant	
Initial application fee for origination support registrant	< 5 registrants $250 5-30 registrants $1000 > 30 registrants $2000
No annual assessment	
Renewal application fee	< 5 registrants $125 5-30 registrants $500 > 30 registrants $1000
Late renewal fee	< 5 registrants $62.50 5-30 registrants $250 > 30 registrants $500
No net worth requirement	
No surety bond requirement	



SENATE COMMERCE

COMMITTEE

JULY 16, 2015

SENATE SERGEANT-AT-ARMS

[redacted]

MARCUS KITTS

CHARLES MARSALIS

ED KESLER

ED KESLER

Senate Pages Attending

COMMITTEE: Commerce **ROOM:** 1027

DATE: 7-16 **TIME:** 11 AM

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Jenna Albert	Greensboro	Alexander
2. Kate Finkelstein	Raleigh	Stein
3. Rachel Woods	Clayton	Newton
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — July 16th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Kathy Hawkins	Duke Energy
Tracy Kimbrell	Parker Poe
Jonathan Clark	UNC Dept Gov
Tom Kean	EDF
Annie Dellenbaugh	NCCOB
Katie Bosken	NCCOB
Ha Nguyen	NCCOB
Tina Krasner	NCCOB
Tim Kent	NC Beer & Wine
Steve Moore	NCRA
Kara Weisharr	SA

VISITOR REGISTRATION SHEET

SENATE COMMERCE — July 16th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Brian Menard	WM

VISITOR REGISTRATION SHEET

SENATE COMMERCE — July 16th, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
	NMRS
Jake Cashion	NCC
	NMRS
	NCGA
Natalie Hobson	NCHFA
	NP
Courtney Johnson	NP
Nathan Batts	NCBA
Jyrita Moore	NCGA
Jonathan Barbaker	Barbaker & Assoc

Senate Committee on Commerce
Thursday, July 23, 2015 at 11:40 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on July 23, 2015 in Room 1027/1128 of the Legislative Building. Fifteen members were present.

Senator Rick Gunn, Chair, presided.

Maddie Cashion from High Point, Joe Rodri from Raleigh, Alexandria Dublin from Raleigh, Travis Throrne from Raleigh and Anita Hallburg from Raleigh served as pages.

Senator Brown recused himself from the committee due to the content of the bill being heard.

HB 800 Clarify Motor Vehicle Dealer Laws. (Representatives Brawley, Tine)
Senator Gunn asked that the PCS be accepted before the committee and it carried. Sen. Apodaca brought an amendment before the committee and it was accepted. Rep. Brawley was introduced to speak on the bill. Sen. Meredith moved for an unfavorable report – favorable to the PCS amended and it carried. Sen. Apodaca will manage the bill on the session floor.

The meeting adjourned at 11:45 AM.

Senator Rick Gunn, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Thursday, July 23, 2015, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 800	Clarify Motor Vehicle Dealer Laws.	Representative Brawley Representative Tine

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Thursday, July 23, 2015

Senator Gunn,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1, BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL

HB **800** **(CS#1)** Clarify Motor Vehicle Dealer Laws.

Draft Number:	H800-PCS20387-SU-32
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator Tom Apodaca will handle HB 800

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H D

HOUSE BILL 800
Committee Substitute Favorable 4/28/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H800-CSSU-32 [v.3]

7/22/2015 9:59:10 AM

Short Title: Clarify Motor Vehicle Dealer Laws. (Public)

Sponsors:

Referred to:

April 15, 2015

A BILL TO BE ENTITLED

AN ACT TO CLARIFY MOTOR VEHICLE DEALERS AND MANUFACTURERS LICENSING LAW.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-286(10) reads as rewritten:

"(10) Motor vehicle. – Any motor propelled vehicle, trailer or semitrailer, required to be registered under the laws of this State.

a. "New motor vehicle" means a motor vehicle that has never been the subject of a completed, successful, or conditional sale that was subsequently approved other than between new motor vehicle dealers, or between manufacturer and dealer of the same franchise.

b. "Used motor vehicle" means a motor vehicle other than a motor vehicle described in ~~paragraph (10)a above.~~sub-subdivision a. of this subdivision."

SECTION 2. G.S. 20-305(6) reads as rewritten:

"(6) Notwithstanding the terms, provisions or conditions of any franchise or notwithstanding the terms or provisions of any waiver, to terminate, cancel or fail to renew any franchise with a licensed new motor vehicle dealer unless the manufacturer has satisfied the notice requirements of ~~subparagraph~~sub-subdivision c. of this subdivision and the Commissioner has determined, if requested in writing by the dealer within (i) the time period specified in G.S. 20-305(6)c.1.II., III., or IV., as applicable, or (ii) the effective date of the franchise termination specified or proposed by the manufacturer in the notice of termination, whichever period of time is longer, and after a hearing on the matter, that there is good cause for the termination, cancellation, or nonrenewal of the franchise and that the manufacturer has acted in good faith as defined in this act regarding the termination, cancellation or nonrenewal. When such a petition is made to the Commissioner by a dealer for determination as to the existence of good cause and good faith for the termination, cancellation or nonrenewal of a franchise, the Commissioner shall promptly inform the manufacturer that a timely petition has been filed, and the franchise in question shall continue in effect pending the Commissioner's decision. The Commissioner shall try to conduct the hearing and render a final determination within 180 days after a petition has been filed. If the termination, cancellation or nonrenewal is

pursuant to G.S. 20-305(6)c.1.III. then the Commissioner shall give the proceeding priority consideration and shall try to render his final determination no later than 90 days after the petition has been filed. Any parties to a hearing by the Commissioner under this section shall have a right of review of the decision in a court of competent jurisdiction pursuant to Chapter 150B of the General Statutes. Any determination of the Commissioner under this section finding that good cause exists for the nonrenewal, cancellation, or termination of any franchise shall automatically be stayed during any period that the affected dealer shall have the right to judicial review or appeal of the determination before the superior court or any other appellate court and during the pendency of any appeal; provided, however, that within 30 days of entry of the Commissioner's order, the affected dealer provide such security as the reviewing court, in its discretion, may deem appropriate for payment of such costs and damages as may be incurred or sustained by the manufacturer by reason of and during the pendency of the stay. Although the right of the affected dealer to such stay is automatic, the procedure for providing such security and for the award of damages, if any, to the manufacturer upon dissolution of the stay shall be in accordance with G.S. 1A-1, Rule 65(d) and (e). No such security provided by or on behalf of any affected dealer shall be forfeited or damages awarded against a dealer who obtains a stay under this subdivision in the event the ownership of the affected dealership is subsequently transferred, sold, or assigned to a third party in accordance with this subdivision or subdivision (4) of this section and the closing on such transfer, sale, or assignment occurs no later than 180 days after the date of entry of the Commissioner's order. Furthermore, unless and until the termination, cancellation, or nonrenewal of a dealer's franchise shall finally become effective, in light of any stay or any order of the Commissioner determining that good cause exists for the termination, cancellation, or nonrenewal of a dealer's franchise as provided in this ~~paragraph.~~subdivision, a dealer who receives a notice of termination, cancellation, or nonrenewal from a manufacturer as provided in this subdivision shall continue to have the same rights to assign, sell, or transfer the franchise to a third party under the franchise and as permitted under G.S. 20-305(4) as if notice of the termination had not been given by the manufacturer. Any franchise under notice or threat of termination, cancellation, or nonrenewal by the manufacturer which is duly transferred in accordance with G.S. 20-305(4) shall not be subject to termination by reason of failure of performance or breaches of the franchise on the part of the transferor.

...

c. Notification of Termination, Cancellation and Nonrenewal. –

1. Notwithstanding the terms, provisions or conditions of any franchise prior to the termination, cancellation or nonrenewal of any franchise, the manufacturer shall furnish notification of termination, cancellation or nonrenewal to the new motor vehicle dealer as follows:

...

IV. Not less than 180 days prior to the effective date of such termination, cancellation, or nonrenewal which occurs as a result of any change in ownership, operation, or control of all or any part of the business

of the manufacturer, factory branch, distributor, or distributor branch whether by sale or transfer of assets, corporate stock or other equity interest, assignment, merger, consolidation, combination, joint venture, redemption, operation of law or otherwise; or the termination, suspension, or cessation of a part or all of the business operations of the manufacturers, factory branch, distributor, or distributor branch; or discontinuance of the sale of the ~~product line~~ line-make or brand, or a change in distribution system by the manufacturer whether through a change in distributors or the manufacturer's decision to cease conducting business through a distributor altogether.

...

d. Payments.

...

2. The compensation provided above shall be paid by the manufacturer or distributor not later than 90 days after the manufacturer or distributor has received notice in writing from or on behalf of the new motor vehicle dealer specifying the elements of compensation requested by the dealer; provided the new motor vehicle dealer has, or can obtain, clear title to the inventory and has conveyed, or can convey, title and possession of the same to the manufacturer or distributor. Within 15 days after receipt of the dealer's written request for compensation, the manufacturer or distributor shall send the dealer detailed written instructions and forms required by the manufacturer or distributor to effectuate the receipt of the compensation requested by the dealer. The manufacturer or distributor shall be obligated to pay or reimburse the dealer for any transportation charges associated with the repurchase obligations of the manufacturer or distributor under this ~~sub-subparagraph.~~sub-subdivision. The manufacturer or distributor shall also compensate the dealer for any handling, packing, or similar payments contemplated in the franchise. In no event may the manufacturer or distributor charge the dealer any handling, restocking, or other similar costs or fees associated with items repurchased by the manufacturer under this ~~sub-subparagraph.~~sub-subdivision.

3. In addition to the other payments set forth in this section, if a termination, cancellation, or nonrenewal is premised upon any of the occurrences set forth in G.S. 20-305(6)c.1.IV., then the manufacturer or distributor shall be liable to the dealer for an amount at least equivalent to the fair market value of the franchise on (i) the date the franchisor announces the action which results in termination, cancellation, or nonrenewal; or (ii) the date the action which results in termination, cancellation, or nonrenewal first became general knowledge; or (iii) the day 18 months prior to the date on which the notice of termination, cancellation, or nonrenewal is issued,

whichever amount is higher. Payment is due not later than 90 days after the manufacturer or distributor has received notice in writing from, or on behalf of, the new motor vehicle dealer specifying the elements of compensation requested by the dealer. Any contract, agreement, or release entered into between any manufacturer and any dealer in which the dealer waives the dealer's right to receive monetary compensation in any sum or amount less than the fair market value of the franchise as provided in this subdivision, including any contract, agreement, or release in which the dealer would accept the right to continue to offer and be compensated for service, parts, or both service and parts, provided by the dealer in lieu of receiving all or a portion of the fair market value of the franchise, shall be voidable at the election of the dealer within 90 days of the effective date of the agreement. If the termination, cancellation, or nonrenewal is due to a manufacturer's change in distributors, but the line-make or brand in this State would continue to be sold through the new distributor, the manufacturer may avoid paying fair market value to the dealer if the new distributor or the manufacturer offers the dealer a franchise agreement with terms acceptable to the dealer.

e. Dealership Facilities Assistance upon Termination, Cancellation or Nonrenewal.

In the event of the occurrence of any of the events specified in G.S. 20-305(6)d.1. above, except termination, cancellation or nonrenewal for license revocation, conviction of a crime involving moral turpitude, or fraud by a dealer-owner:

1. Subject to ~~paragraph 3,~~sub-sub-subdivision 3. of this sub-subdivision, if the new motor vehicle dealer is leasing the dealership facilities from a lessor other than the manufacturer or distributor, the manufacturer or distributor shall pay the new motor vehicle dealer a sum equivalent to the rent for the unexpired term of the lease or three year's rent, whichever is less, or such longer term as is provided in the franchise agreement between the dealer and manufacturer; except that, in the case of motorcycle dealerships, the manufacturer shall pay the new motor vehicle dealer the sum equivalent to the rent for the unexpired term of the lease or one year's rent, whichever is less, or such longer term as provided in the franchise agreement between the dealer and manufacturer; or
2. Subject to ~~paragraph 3,~~sub-sub-subdivision 3. of this sub-subdivision, if the new motor vehicle dealer owns the dealership facilities, the manufacturer or distributor shall pay the new motor vehicle dealer a sum equivalent to the reasonable rental value of the dealership facilities for three years, or for one year in the case of motorcycle dealerships.
3. In order to be entitled to facilities assistance from the manufacturer or distributor, as provided in this ~~paragraph e.,~~sub-subdivision, the dealer, owner, or lessee, as the case may be, shall have the obligation to mitigate damages by

listing the demised premises for lease or sublease with a licensed real estate agent within 30 days after the effective date of the termination of the franchise and thereafter by reasonably cooperating with said real estate agent in the performance of the agent's duties and responsibilities. In the event that the dealer, owner, or lessee is able to lease or sublease the demised premises, the dealer shall be obligated to pay the manufacturer the net revenue received from such mitigation up to the total amount of facilities assistance which the dealer has received from the manufacturer pursuant to sub-subdivisions 1. and 2. To the extent and for such uses and purposes as may be consistent with the terms of the lease, a manufacturer who pays facilities assistance to a dealer under this ~~paragraph e.~~sub-subdivision shall be entitled to occupy and use the dealership facilities during the years for which the manufacturer shall have paid rent under sub-subdivisions 1. and 2.

...

5. The compensation required for facilities assistance under this ~~paragraph e.~~sub-subdivision shall be paid by the manufacturer or distributor within 90 days after the manufacturer or distributor has received notice in writing from, or on behalf of, a new motor vehicle dealer specifying the elements of compensation requested by the dealer.

...."

SECTION 3. G.S. 20-305(7)d. reads as rewritten:

"d. Within 60 days after the death or incapacity of the owner or principal operator, a designated successor appointed in substantial compliance with this section shall give the affected manufacturer or distributor written notice of his or her succession to the position of owner or principal operator of the new motor vehicle dealership; provided, however, that the failure of the designated successor to give the manufacturer or distributor written notice as provided above within 60 days of the death or incapacity of the owner or principal operator shall not result in the waiver or termination of the designated successor's right to succeed to the ownership of the new motor vehicle dealership unless the manufacturer or distributor gives written notice of this provision to either the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary by certified or registered mail, return receipt requested, and said written notice grants not less than 30 days time within which the designated successor may give the notice required hereunder, provided the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary has given the manufacturer reasonable notice of death or incapacity. Within 30 days of receipt of the notice by the manufacturer or distributor from the designated successor provided in this ~~paragraph,~~ sub-subdivision, the manufacturer or distributor may request that the designated successor complete the application forms generally utilized by the manufacturer or distributor to review the designated successor's qualifications to establish a successor

dealership. Within 30 days of receipt of the completed forms, the manufacturer or distributor shall send a letter by certified or registered mail, return receipt requested, advising the designated successor of facts and circumstances which have changed since the manufacturer's or distributor's original approval of the designated successor, and which have caused the manufacturer or distributor to object to the designated successor. Upon receipt of such notice, the designated successor may either designate an alternative successor or may file a request for evidentiary hearing in accordance with the procedures provided in sub-subdivisions b.2.-5. of this subdivision. In any such hearing, the manufacturer or distributor shall be limited to facts and circumstances which did not exist at the time the designated successor was originally approved or evidence which was originally requested to be produced by the designated successor at the time of the original request and was fraudulent."

SECTION 4. G.S. 20-305(38) reads as rewritten:

"(38) Notwithstanding the terms, provisions, or conditions of any agreement, franchise, novation, waiver, or other written instrument, to assign or change a franchised new motor vehicle dealer's area of responsibility under the franchise arbitrarily or without due regard to the present or projected future pattern of motor vehicle sales and registrations within the dealer's market and without having provided the affected dealer with written notice of the change in the dealer's area of responsibility and a detailed description of the change in writing by registered or certified mail, return receipt requested. A franchised new motor vehicle dealer who believes that a manufacturer, factory branch, distributor, or distributor branch with whom the dealer has entered into a franchise has ~~violated this subdivision~~assigned or changed the dealer's area of responsibility, is proposing to assign or change the dealer's area of responsibility arbitrarily or without due regard to the present or projected future pattern of motor vehicle sales and registrations within the dealer's market, or failed to provide the dealer with the notice required under this subdivision may file a petition within 60 days of receiving notice of a manufacturer, factory branch, distributor, or distributor branch's proposed assignment or change to the dealer's area of responsibility and have an evidentiary hearing before the Commissioner as provided in G.S. 20-301(b) contesting the franchised new motor vehicle dealer's assigned area of responsibility. In determining at the evidentiary hearing whether a manufacturer, factory branch, distributor, or distributor branch has assigned or changed the dealer's area of responsibility or is proposing to assign or change the dealer's area of responsibility arbitrarily or without due regard to the present or projected future pattern of motor vehicle sales and registrations within the dealer's market, the Commissioner may take into consideration the relevant circumstances, including, but not limited to:

a. The investment of time, money, or other resources made for the purpose of developing the market for the vehicles of the same line-make in the existing or proposed area of responsibility by the petitioning dealer, other same line-make dealers who would be affected by the change in the area of responsibility, or by the manufacturer, factory branch, distributor, distributor branch, or any dealer or regional advertising association.

b. The present and future projected traffic patterns and drive times between consumers and the same line-make franchised dealers of the affected manufacturer, factory branch, distributor, or distributor branch who are located within the market.

c. The historical and projected future pattern of new vehicle sales and registrations of the affected manufacturer, factory branch, distributor, or distributor branch within various portions of the area of responsibility and within the market as a whole.

d. The growth or decline in population, density of population, and new car registrations in the market.

e. If the affected manufacturer, factory branch, distributor, or distributor branch has removed territory from a dealer's area of responsibility or is proposing to remove territory from a dealer's area of responsibility, the projected economic effects, if any, that these changes in the dealer's area of responsibility will have on the petitioning dealer, other same line-make dealers, the public, and the manufacturer, factory branch, distributor, or distributor branch..

f. The projected effects that the changes in the petitioning dealer's area of responsibility that have been made or proposed by the affected manufacturer, manufacturer branch, distributor, or distributor branch will have on the consuming public within the market.

g. The presence or absence of natural geographical obstacles or boundaries, such as mountains and rivers.

h. The proximity of census tracts or other geographic units used by the affected manufacturer, factory branch, distributor, or distributor branch in determining same line-make dealers' respective areas of responsibility.

i. The public interest, consumer welfare, and customer convenience.

j. The reasonableness of the change or proposed change to the dealer's area of responsibility considering the benefits and harm to the petitioning dealer, other same line-make dealers, and the manufacturer, factory branch, distributor, or distributor branch.

At the evidentiary hearing before the Commissioner, the affected manufacturer, factory branch, distributor, or distributor branch shall have the burden of proving that all portions of its current or proposed area of responsibility for the petitioning franchised new motor vehicle dealer are reasonable in light of the present or projected future pattern of motor vehicle sales and registrations within the franchised new motor vehicle dealer's market. A policy or protocol of a manufacturer, factory branch, distributor, or distributor branch that determines a dealer's area of responsibility based solely on the proximity of census tracts or other geographic units to its franchised dealers and the existence of natural boundaries fails to satisfy the burden of proof on the affected manufacturer, factory branch, distributor, or distributor branch under this subdivision. Upon the filing of a petition before the Commissioner under this subdivision, any changes in the petitioning franchised new motor vehicle dealer's area of responsibility that have been proposed by the affected manufacturer, factory branch, distributor, or distributor branch shall be stayed during the pendency of the determination by the Commissioner. If a protest is or has been filed under G.S. 20-305(5) and the franchised new motor vehicle dealer's area of responsibility is included in the relevant market area under the protest, any protest filed under this subdivision shall be consolidated with that protest for hearing and joint disposition of all of the protests. Nothing in this

subdivision shall apply to the determination of whether good cause exists for the establishment by a manufacturer, factory branch, distributor, or distributor branch of an additional new motor vehicle dealer or relocation of an existing new motor vehicle dealer, which shall be governed in accordance with the requirements and criteria contained in G.S. 20-305(5) and not this subdivision.

SECTION 5. G.S. 20-305 is amended by adding a new subdivision to read:

"(49) A manufacturer or distributor may not charge a dealer more than a reasonable cost for any tool that the manufacturer or distributor sells to a dealer and designates as a special or essential tool. A manufacturer or distributor that collects tool fees as a convenience for the dealer and passes the payment through to a tool manufacturer or supplier which is not owned, operated, or controlled by the manufacturer, distributor, or affiliate shall not be considered to be selling the tool provided that the manufacturer or distributor's involvement does not increase the cost of the special tool or essential tool. Nothing in this subdivision shall prohibit a manufacturer or distributor from charging a reasonable nominal fee in addition to the cost of the special or essential tool that includes manufacturer or distributor handling costs. For any special or essential tool that the manufacturer or distributor sells to the dealer at a price exceeding two hundred fifty dollars ($250.00), the manufacturer or distributor shall disclose on an invoice or similar billing statement submitted to the dealer for the tool , the actual cost of the special or essential tool paid by the manufacturer or distributor."

SECTION 6. G.S. 20-305.1(a2) reads as rewritten:

"(a2) In calculating the retail rate customarily charged by the dealer for parts and labor, the following work shall not be included in the calculation:

(1) Repairs for manufacturer or distributor special events, specials, coupons, or other promotional discounts for retail customer repairs.

(2) Parts sold at wholesale or at reduced or specially negotiated rates for insurance repairs.

(3) Engine assemblies.

(4) Routine ~~maintenance not covered under warranty, such as~~ maintenance, including fluids, filters, alignments, flushes, oil changes, ~~and belts~~ belts, and brake drums/rotors and shoes/pads not provided in the course of repairs.

(5) Nuts, bolts, fasteners, and similar items that do not have an individual part number.

(6) ~~Tires.~~Tires and vehicle alignments.

(7) Vehicle reconditioning.

(8) Batteries and light bulbs."

SECTION 7. G.S. 20-305.1(b3) reads as rewritten:

"(b3) ~~Notwithstanding the terms of any franchise or other agreement, or the terms of any program, policy, or procedure of any manufacturer, it shall be unlawful for a manufacturer to take or threaten to take any adverse action against a dealer located in this State, or to otherwise discriminate against any dealer located in this State, on the basis that the dealer sold or leased a motor vehicle to a customer who either exported the vehicle to a foreign country or who resold the vehicle to a third party, unless the dealer knew or reasonably should have known that the customer intended to export or resell the motor vehicle prior to the customer's purchase of the vehicle from the dealer. The conduct prohibited under this subsection includes, but is not limited to, a manufacturer's actual or threatened: (i) failure or refusal to allocate, sell, or deliver motor vehicles to the dealer; or (ii) discrimination against any dealer in the allocation of vehicles; or (iii) charging back or withholding payments or other compensation or consideration for which a dealer is otherwise eligible for warranty reimbursement or under a~~

~~sales promotion, incentive program, or contest; or (iv) disqualification of a dealer from participating in or discrimination against any dealer relating to any sales promotion, incentive program, or contest; or (v) termination of a franchise. In any proceeding brought pursuant to this subsection, there shall be a rebuttable presumption that the dealer, prior to the customer's purchase of the vehicle, did not know nor should have reasonably known that the customer intended to export or resell the motor vehicle, if (i) following the sale, the vehicle is titled, registered, and, where applicable, taxes paid in any state or territory within the United States in the name of a customer who was physically present at the dealership at or prior to the time of sale, and (ii) the dealer did not know, prior to the consummation of the sale, that the vehicle would be shipped to a foreign country.~~ For purposes of this subsection, the term "manufacturer" shall include the terms "manufacturer," "manufacturer branch," "distributor," and "distributor branch," as those terms are defined in G.S. 20-286.

(1) Notwithstanding the terms of any franchise or other agreement, or the terms of any program, policy, or procedure of any manufacturer, it shall be unlawful for any manufacturer to take or threaten to take any adverse action against a dealer located in this State, or to otherwise discriminate against any dealer located in this State when:

a. The dealer failed to ensure that the purchaser or lessee paid personal property tax on the vehicle purchased or leased from the dealer;

b. The dealer failed to ensure that the vehicle being purchased or leased had been permanently registered in this State or in any other state in which the dealer was not required to ensure that the vehicle's permanent registration was processed or submitted at the time of the vehicle's purchase or lease;

c. The manufacturer extrapolated the imposition of any adverse action based on a certain number or percentage of the vehicles sold or leased by a dealer over a specified period of time having been exported or brokered; or

d. The dealer sold or leased a motor vehicle to a customer who either exported the vehicle to a foreign country or who resold the vehicle to a third party, unless:

1. The dealer reasonably should have known that the customer intended to export or resell the motor vehicle prior to the customer's purchase or lease of the vehicle from the dealer;

2. The vehicle sold or leased by the dealer was exported to a foreign country within 180 days after the date of sale or lease by the dealer; and

3. The affected manufacturer provided written notification to the affected motor vehicle dealer of the resale or export within 12 months from the date of sale or lease.

Notwithstanding the provisions of sub-subdivision d. of this subdivision, a manufacturer may take adverse action against a dealer located in this Sate if the dealer sold or leased a motor vehicle to a customer who either exported the vehicle to a foreign country or who resold the vehicle to a third party and the dealer, prior to the customer's purchase or lease of the vehicle from the dealer, had actual knowledge that the customer intended to export or resell the motor vehicle.

(2) The adverse action and discrimination prohibited under this subsection includes, but is not limited to, a manufacturer's actual or threatened:

a. Failure or refusal to allocate, sell, or deliver motor vehicles to the dealer;

b. Discrimination against any dealer in the allocation of vehicles;
c. Charging back or withholding payments or other compensation or consideration that a dealer is otherwise entitled to receive and that is not otherwise the subject of a dispute for warranty reimbursement or under a sales promotion, incentive program, contest, or other program or policy that would provide any compensation or support for the dealer;
d. Disqualification of a dealer from participating in, or discrimination against any dealer relating to, any sales promotion, incentive program, contest, or other program or policy that would provide any compensation or support for the dealer;
e. Termination of a franchise; or
f. The imposition of any fine, penalty, chargeback, or other disciplinary or punitive measure.

(3) In any proceeding brought pursuant to this subsection, the affected manufacturer shall have the burden of proving that the dealer knew or reasonably should have known that the customer intended to export or resell the motor vehicle prior to the customer's purchase or lease of the vehicle from the dealer, subject to the following provisions:

a. There shall be a rebuttable presumption that the dealer, prior to the customer's purchase or lease of the vehicle, did not know nor should have reasonably known that the customer intended to export or resell the motor vehicle, if:
1. Following the sale or lease, the dealer submitted the requisite documentation to the appropriate governmental entity to enable the vehicle to be titled, registered, and where applicable, sales or highway use tax paid in any state or territory within the United States in the name of a customer who was physically present at the dealership at or prior to the time of sale or lease; and
2. The customer's identifying information was not included on a list of known or suspected exporters or resellers identified and made readily accessible to the dealer by the applicable manufacturer at the time of the sale or lease.

b. There shall be a rebuttable presumption that the dealer, prior to the customer's purchase or lease of the vehicle, knew or reasonably should have known that the customer intended to export or resell the motor vehicle if the customer's identifying information was included on a list of known or suspected exporters or resellers identified and made readily accessible to the dealer by the applicable manufacturer at the time of the sale or lease.

c. Nothing contained in subdivision (1) of this subsection shall be deemed to prevent or prohibit the Commissioner or the affected manufacturer from considering one or more of the factors delineated in sub-subdivisions a. through c. of subdivision (1) of this subsection in determining whether the dealer knew or reasonably should have known that the customer intended to export or resell the motor vehicle prior to the customer's purchase or lease of the vehicle from the dealer.

(4) Any audit of a dealer by a manufacturer for sales or leases made to exporters or brokers shall only be for the 12-month period immediately preceding the audit."

SECTION 8. G.S. 20-305.1(c) reads as rewritten:

"(c) In the event there is a dispute between the manufacturer, factory branch, distributor, or distributor branch, and the dealer with respect to any matter referred to in subsection (a), (b), (b1), (b2), (b3), or (d) of this section, either party may petition the Commissioner in writing, within 30 days after either party has given written notice of the dispute to the other, for a hearing on the subject and the decision of the Commissioner shall be binding on the parties, subject to rights of judicial review and appeal as provided in Chapter 150B of the General Statutes; provided, however, that nothing contained herein shall give the Commissioner any authority as to the content of any manufacturer's or distributor's warranty. Upon the filing of a petition before the Commissioner under this subsection, any chargeback to or any payment required of a dealer by a manufacturer relating to warranty parts or service compensation, or to sales incentives, service incentives, rebates, ~~or~~ other forms of incentive compensation, or the withholding or chargeback of other compensation or support that a dealer would otherwise be eligible to receive shall be stayed during the pendency of the determination by the Commissioner."

SECTION 9. G.S. 20-305.1(g) reads as rewritten:

"(g) Truck Dealer Cost Reimbursement. – Every manufacturer, manufacturer branch, distributor, or distributor branch of new motor vehicles, or any affiliate or subsidiary thereof, which manufactures or distributes new motor vehicles with a gross vehicle weight rating of 16,000 pounds or more shall compensate its new motor vehicle dealers located in this State for the cost of special tools, equipment, and training for which its dealers are liable when the applicable manufacturer, manufacturer branch, distributor, or distributor branch sells a portion of its vehicle inventory to converters and other nondealer retailers. The purpose of this reimbursement is to compensate truck dealers for special additional costs these dealers are required to pay for servicing these vehicles when the dealers are excluded from compensation for these expenses at the point of sale. The compensation which shall be paid pursuant to this subsection shall be applicable only with respect to new motor vehicles with a gross vehicle weight rating of 16,000 pounds or more which are registered to end users within this State and that are sold by a manufacturer, manufacturer branch, distributor, or distributor branch to ~~either:~~either of the following:

(1) Persons or entities other than new motor vehicle dealers with whom the manufacturer, manufacturer branch, distributor, or distributor branch has entered into ~~franchises; or~~franchises.

(2) Persons or entities that install custom bodies on truck chassis, including, but not limited to, mounted equipment or specialized bodies for concrete distribution, firefighting equipment, waste disposal, recycling, garbage disposal, buses, utility service, street sweepers, wreckers, and rollback bodies for vehicle recovery; provided, however, that no compensation shall be required to be paid pursuant to this subdivision with respect to vehicles sold for purposes of manufacturing or assembling school buses. Additionally, no compensation shall be required to be paid pursuant to this subdivision with respect to any vehicles that were sold to the end user by a franchised new motor vehicle dealer.

The amount of compensation ~~which~~ that shall be payable by the applicable manufacturer, manufacturer branch, distributor, or distributor branch shall be ~~six~~ nine hundred dollars ~~($600.00)~~ ($900.00) per new motor vehicle registered in this State whose chassis has a gross vehicle weight rating of 16,000 pounds or more. The compensation required pursuant to this subsection shall be paid by the applicable manufacturer, manufacturer branch, distributor, or

distributor branch to its franchised new motor vehicle dealer in closest proximity to the registered address of the end user to whom the motor vehicle has been registered within 30 days after ~~such registration.~~registration of the vehicle. Upon receiving a request in writing from one of its franchised dealers located in this State, a manufacturer, manufacturer branch, distributor, or distributor branch shall promptly make available to ~~such~~ the dealer its records relating to the registered addresses of its new motor vehicles registered in this State for the previous 12 months and its payment of compensation to dealers as provided in this subsection."

SECTION 10. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

SECTION 11. This act is effective when it becomes law and applies to all current and future franchises and other agreements in existence between any new motor vehicle dealer located in this State and a manufacturer or distributor as of the effective date of this act.

HOUSE BILL 800:
Clarify Motor Vehicle Dealer Laws

2015-2016 General Assembly

Committee:	Senate Commerce	**Date:**	July 23, 2015
Introduced by:	Reps. Brawley, Tine	**Prepared by:**	Wendy Graf Ray
Analysis of:	PCS to Second Edition H800-CSSU-32		Committee Counsel

SUMMARY: ***The Proposed Committee Substitute for House Bill 800 makes changes to North Carolina's Motor Vehicle Dealers and Manufacturers Licensing Law.***

[As introduced, this bill was identical to S673, as introduced by Sen. Apodaca, which is currently in House Commerce and Job Development, if favorable, Finance.]

BILL ANALYSIS:

Sections 1 and 3 are technical changes.

Section 2 amends a provision requiring a manufacturer to pay a dealer fair market value for a franchise when the franchise is terminated as a result of change in ownership or control of the manufacturer, a change in business operations, or discontinuance of the sale of the product line or change in the distribution system. This section provides that any agreement entered into by the manufacturer and dealer whereby the dealer agrees to accept less than fair market value is voidable at the election of the dealer within 90 days of the agreement.

Section 4 amends a provision prohibiting a manufacturer from changing a dealer's area of responsibility arbitrarily or without regard for present or future patterns of vehicle sales and registrations and without written notification. If a manufacturer violates the provision, the dealer may file a petition before the Commissioner and have an evidentiary hearing. This section provides a list of factors the Commissioner may take into consideration at the evidentiary hearing. It also provides that any proposed changes in the petitioning dealer's area of responsibility are stayed until the Commissioner's determination is made.

Section 5 prohibits a manufacturer from charging a dealer more than a reasonable cost for tools the manufacturer sells to the dealer and designates as special or essential. The manufacturer may charge a nominal fee for handling in addition to the reasonable cost of the tool. For any tool over $250, the manufacturer must disclose on an invoice the actual cost of the tool paid by the manufacturer.

Section 6 makes clarifying changes to the list of items not included in calculating the retail rate customarily charged by the dealer for parts and labor for purposes of determining compensation for warranty work.

Section 7 amends a provision prohibiting a manufacturer from taking adverse action against a dealer because the dealer sold a vehicle to a customer who exported it to a foreign country or resold the vehicle to a third party, unless the dealer knew or should have known the customer intended to export or resell the vehicle. This section reorganizes the provision and makes clarifying changes. It also makes changes to rebuttable presumptions applicable in a proceeding brought under the provision, including a rebuttable presumption that the dealer knew or should have known the customer intended to export or resell the vehicle if the customer was on a list of known or suspected exporters or resellers provided by the manufacturer.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

Section 8 makes a conforming change to include the export provisions in Section 7 to a provision allowing a party to petition the Commissioner for a hearing when there is a dispute between manufacturer and dealer and staying proposed withholding of compensation until the Commissioner's determination is made.

Section 9 increases the amount of reimbursement paid to heavy duty truck dealers by manufacturers when they sell trucks directly to converters and other nondealer retailers rather than going through a dealer. The amount is increased from $600 to $900 per vehicle. The reimbursement is intended to compensate dealers for expenses incurred in servicing the vehicles, which they are required to do under franchise agreements, even when they are excluded from the sale.

Section 10 is a severability clause that provides that if any part of the act is found to be invalid, the remaining provisions are still in effect.

EFFECTIVE DATE: The act is effective when it becomes law and would apply to all current and future agreements between new motor vehicle dealers and manufacturers or distributors.

HOUSE BILL 800
Committee Substitute Favorable 4/28/15

Short Title: Clarify Motor Vehicle Dealer Laws. (Public)

Sponsors:

Referred to:

April 15, 2015

A BILL TO BE ENTITLED

AN ACT TO CLARIFY MOTOR VEHICLE DEALERS AND MANUFACTURERS LICENSING LAW.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-286(10) reads as rewritten:

"(10) Motor vehicle. – Any motor propelled vehicle, trailer or semitrailer, required to be registered under the laws of this State.

a. "New motor vehicle" means a motor vehicle that has never been the subject of a completed, successful, or conditional sale that was subsequently approved other than between new motor vehicle dealers, or between manufacturer and dealer of the same franchise.

b. "Used motor vehicle" means a motor vehicle other than a motor vehicle described in ~~paragraph (10)a above.~~sub-subdivision a. of this subdivision."

SECTION 2. G.S. 20-305(7)d. reads as rewritten:

"d. Within 60 days after the death or incapacity of the owner or principal operator, a designated successor appointed in substantial compliance with this section shall give the affected manufacturer or distributor written notice of his or her succession to the position of owner or principal operator of the new motor vehicle dealership; provided, however, that the failure of the designated successor to give the manufacturer or distributor written notice as provided above within 60 days of the death or incapacity of the owner or principal operator shall not result in the waiver or termination of the designated successor's right to succeed to the ownership of the new motor vehicle dealership unless the manufacturer or distributor gives written notice of this provision to either the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary by certified or registered mail, return receipt requested, and said written notice grants not less than 30 days time within which the designated successor may give the notice required hereunder, provided the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary has given the manufacturer reasonable notice of death or incapacity. Within 30 days of receipt of the notice by the manufacturer or distributor from the designated successor provided

in this ~~paragraph,~~ sub-subdivision, the manufacturer or distributor may request that the designated successor complete the application forms generally utilized by the manufacturer or distributor to review the designated successor's qualifications to establish a successor dealership. Within 30 days of receipt of the completed forms, the manufacturer or distributor shall send a letter by certified or registered mail, return receipt requested, advising the designated successor of facts and circumstances which have changed since the manufacturer's or distributor's original approval of the designated successor, and which have caused the manufacturer or distributor to object to the designated successor. Upon receipt of such notice, the designated successor may either designate an alternative successor or may file a request for evidentiary hearing in accordance with the procedures provided in sub-subdivisions b.2.-5. of this subdivision. In any such hearing, the manufacturer or distributor shall be limited to facts and circumstances which did not exist at the time the designated successor was originally approved or evidence which was originally requested to be produced by the designated successor at the time of the original request and was fraudulent."

SECTION 3. G.S. 20-305(46) reads as rewritten:

"(46) To require, coerce, or attempt to coerce a dealer located in this State to purchase goods or services of any nature from a vendor selected, identified, or designated by a manufacturer, distributor, affiliate, or captive finance source when the dealer may obtain goods or services of substantially similar quality and design from a vendor selected by the dealer, provided the dealer obtains prior approval from the manufacturer, distributor, affiliate, or captive finance source, for the use of the dealer's selected vendor. Such approval by the manufacturer, distributor, affiliate, or captive finance source may not be unreasonably withheld. For purposes of this subdivision, the term "goods" does not include moveable displays, brochures, and promotional materials containing material subject to the intellectual property rights of a manufacturer or distributor, or special tools as reasonably required by the manufacturer, or parts to be used in repairs under warranty obligations of a manufacturer or distributor. For any tool designated as special or essential, the manufacturer, distributor, or affiliate may recover from the dealer only the actual cost of such tool. In the event the special or essential tool is sold to the dealer through the manufacturer, distributor, or affiliate, and was manufactured or assembled by that manufacturer, distributor, or affiliate, actual cost shall be defined as the cost the manufacturer, distributor, or affiliate paid for the materials together with the cost of labor used in manufacturing or assembling the special or essential tool. In the event the special or essential tool is sold to the dealer through the manufacturer, distributor, or affiliate, but was manufactured or assembled by an entity other than that manufacturer, distributor, or affiliate, actual cost shall be defined as the cost the manufacturer, distributor, or affiliate actually paid for the special or essential tool. In the event the special or essential tool is sold to the dealer by a third party designated, endorsed, or recommended by the manufacturer, distributor, or affiliate, and the price at which the special or essential tool is being offered to the dealer exceeds the cost of the same or similar tool available for purchase by the dealer through another source that will perform substantially all of the functions required by the dealer, the

manufacturer, distributor, or affiliate may not prohibit the dealer from purchasing the special or essential tool from the other source. If the manufacturer, distributor, affiliate, or captive finance source claims that a vendor chosen by the dealer cannot supply goods and services of substantially similar quality and design, the dealer may file a protest with the Commissioner. When a protest is filed, the Commissioner shall promptly inform the manufacturer, distributor, affiliate, or captive finance source that a protest has been filed. The Commissioner shall conduct a hearing on the merits of the protest within 90 days following the filing of a response to the protest. The manufacturer, distributor, affiliate, or captive finance source shall bear the burden of proving that the goods or services chosen by the dealer are not of substantially similar quality and design to those required by the manufacturer, distributor, affiliate, or captive finance source."

SECTION 4. G.S. 20-305.1(a) reads as rewritten:

"(a) Each motor vehicle manufacturer, factory branch, distributor or distributor branch, shall specify in writing to each of its motor vehicle dealers licensed in this State the dealer's obligations for preparation, delivery and warranty service on its products, the schedule of compensation to be paid such dealers for parts, work, and service in connection with warranty service, and the time allowances for the performance of such work and service. In no event shall such schedule of compensation fail to include reasonable compensation for diagnostic work and associated administrative requirements as well as repair service and labor. Time allowances for the performance of warranty work and service shall be reasonable and adequate for the work to be performed. The compensation which must be paid under this section must be reasonable, provided, however, that under no circumstances may the reasonable compensation under this section be in an amount less than the dealer's current retail labor rate and the amount charged to retail customers for the manufacturer's or distributor's original parts for nonwarranty work of like kind, provided such amount is competitive with the retail rates charged for parts and labor by other franchised dealers within the dealer's market. For the purposes of this section, the term "warranty service" includes (i) work to maintain or repair a motor vehicle under a warranty or maintenance plan, extended warranty, certified pre-owned warranty, or a service contract issued, supplied, recommended, or endorsed by a manufacturer, factory branch, distributor, or distributor branch and (ii) delivery or preparation procedures and repairs to a motor vehicle as a result of a recall, campaign service, authorized goodwill, directive, or bulletin of a manufacturer, factory branch, distributor, or distributor branch."

SECTION 5. G.S. 20-305.1(a2) reads as rewritten:

"(a2) In calculating the retail rate customarily charged by the dealer for parts and labor, the following work shall not be included in the calculation:

(1) Repairs for manufacturer or distributor special events, specials, or promotional discounts for retail customer repairs.

(2) Parts sold at wholesale or at reduced or specially negotiated rates for insurance repairs.

(3) Engine assemblies.

(4) Routine ~~maintenance not covered under warranty, such as~~ maintenance, including fluids, filters, alignments, flushes, oil changes, brakes, and belts not provided in the course of repairs.

(5) Nuts, bolts, fasteners, and similar items that do not have an individual part number.

(6) ~~Tires.~~Tires and vehicle alignments.

(7) Vehicle reconditioning.

(8) Batteries and light bulbs."

SECTION 6. G.S. 20-305.1(a3) reads as rewritten:

"(a3) If a manufacturer or distributor furnishes a part or component to a dealer, at no cost, to use in performing repairs under a recall, campaign service action, or warranty repair, the manufacturer or distributor shall compensate the dealer for the part or component in the same manner as warranty parts compensation under this section by compensating the dealer the average markup on the cost for the part or component as listed in the manufacturer's or distributor's price schedule less the cost for the part or component. If a manufacturer or distributor requires a dealer to retain, store, or to otherwise not dispose of any part or component removed or replaced by a dealer in the performance of repairs under a recall, campaign service action, or warranty repair, the manufacturer or distributor shall provide reasonable compensation to the dealer for the storage costs of the removed or replaced part or component from the date of the repair up to and including the earlier of the date the manufacturer or distributor permits the dealer to dispose of the part or component or the date the dealer returns the part or component to the manufacturer or distributor at the request of the manufacturer or distributor. For purposes of this subsection, reasonable compensation for storage and handling costs shall be determined by the dealer in accordance with generally accepted accounting principles and shall include (i) the costs for the use of the dealer's facilities for storage and handling of any part or component calculated on a fair market value per square foot basis; (ii) any additional direct and indirect costs incurred by the dealer for storage of the part or component, including the costs of any additional storage facilities incurred by the dealer for storage of the part or component; and (iii) direct and indirect transportation costs related to shipping parts or components to the dealer's storage facilities."

SECTION 7. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

SECTION 8. This act is effective when it becomes law and applies to all current and future franchises and other agreements in existence between any new motor vehicle dealer located in this State and a manufacturer or distributor as of the effective date of this act.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 800

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

H800-ASU-40 [v.2]

Amends Title [NO]
H800-CSSU-32

Date _____,2015

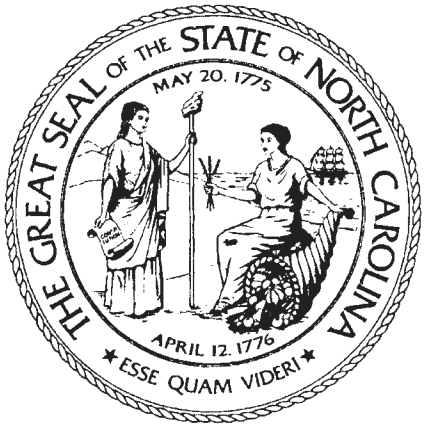
Senator Apodaca

moves to amend the bill on page 4, line 8, by inserting the word "not" between "amount" and "less".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



SENATE COMMERCE

COMMITTEE

JULY 23, 2015

SENATE SERGEANT-AT-ARMS

CANTON LEWIS

CHARLES MARSALIS

HAL ROACH

Senate Pages Attending

COMMITTEE: Commerce **ROOM:** 1027

DATE: 7-23 **TIME:** 11 AM

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!....*or else!*

	Page Name	Hometown	Sponsoring Senator
1.	Maddie Cashion	High Point	Sen Brock
2.	Joe Rodri	Raleigh	Newton
3.	~~Amber Avens~~	~~Roanoke Rapids~~	~~Bryant~~
4.	~~Ysun Eyboumvan~~	~~Raleigh~~	~~Bryant~~
5.	Alexandria Dublin	Raleigh	Blue
6.	Travis Thorpe	Raleigh	Barefoot
7.	Anita Hallburg	Raleigh	Stein
8.			
9.			
10.			

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

SENATE COMMERCE — July 23, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Skye David	KLG
Alex Miller	KLG

VISITOR REGISTRATION SHEET

SENATE COMMERCE
Name of Committee

July 23, 2015
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Wendy Kelly	Focus Carolina
Isabel Villa-Juan	NCAR

VISITOR REGISTRATION SHEET

SENATE COMMERCE — July 23, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Pam Deardorff	NC RSP
Fred Bone	Bone Assoc.
Kelly Thomas	DMV
V. Hope Mozingo	DMV
Tom BEAN	EDF
Jake Carlson	NCC
[illegible]	NWC
Tonya Horton	TSS
Lisa Martin	Cap-Ad
Therese K	
Colleen Kochanek	KLG

VISITOR REGISTRATION SHEET

SENATE COMMERCE — July 23, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
	UNC DG
	MFS
	MFS
	SA
	BP
	Jordan Price
	Jordan Price
	NCHHA
JASON SOPER	Speaker's Staff
	Duke Energy

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INDEX OF BILLS
Senate Commerce 2016

HB169
Limit Motor Vehicle Emissions Inspections
Representatives Hager and Presnell
May 26, 2016

HB151
Vacation Rentals/Orange Co. Jail Construction
Representatives Tine, Setzer, J. Bell and Jackson
May 31, 2016

HB 483
Land-Use Regulatory Changes
Representative Jordan
June 24, 2016

HB805
Measurability Assessments
Representative Blackwell and Avila
June 24, 2016

Senate Committee on Commerce
Thursday, May 26, 2016 at 9:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 9:00 AM on May 26, 2016 in Room 1027/1128 of the Legislative Building. Twenty seven members were present.

Senator Rick Gunn, Chair, presided.

David Huffman from Stedman, Elise Tison from Bakersville, Carolina Sanchez from Burnsville, Avery Hilbert from Wilmington, Ambrey Hill from Charlotte, McCall Holland from Ocean Isle Beach and Brantley Butler from Madison served as pages.

HB 169 Limit Motor Vehicle Emissions Inspections. (Representatives Hager, Presnell)
Sen. Alexander moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Sen. Gun introduced Sen. Wade to speak on the bill. Jeff Hudson an attorney from the Legislative Analysis Division was asked to explain the PCS by using the summary. Sen. Wade added a few comments of clarification. Sen. Rabon brought forth the first amendment. The amendment was amended during this committee by four counties being stricken. This was based on population. These deletions can be found on the enclosed original Amendment No. 1. After some discussion Sen. Alexander motioned that the first amendment be accepted and it carried. Sen. Rabon brought forth a second amendment. Sen. Alexander motioned that the second amendment be accepted and it carried. The Commerce Staff than noticed some technical "fixes" that were needed on the second amendment and the committee allowed that as well. Rep. Hagar, Sen. Wade, Jeff Hudson and Layla Cummings an attorney from the Legislative Analysis Division responded to questions from the members. Sen. Gunn allowed Tom Bean representing the North Carolina Sustainable Energy Association to comment on the bill. Sen. Tillman moved unfavorable to the bill – favorable to the PCS as amended and it carried.

Senator Wade will manage the bill during session.

The meeting adjourned at 10:00 AM.

Senator Rick Gunn, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Thursday, May 26, 2016, 9:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL N	SHORT TITLE	SPONSOR
HB 169	Limit Motor Vehicle Emissions Inspections.	Representative Hager Representative Presnell

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Thursday, May 26, 2016

Senator Gunn,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 2, BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL

HB **169** **(CS#2)** Limit Motor Vehicle Emissions Inspections.

Draft Number:	H169-PCS10541-TA-25
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	Yes

TOTAL REPORTED: 1

Senator Trudy Wade will handle HB 169

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H D

HOUSE BILL 169
Committee Substitute Favorable 3/18/15
Committee Substitute #2 Favorable 7/16/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H169-CSSB-21 [v.32]
05/25/2016 07:11:09 PM

Short Title: Regulatory Reduction Act of 2016. (Public)

Sponsors:

Referred to:

March 9, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE CITIZENS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

PART I. ADMINISTRATIVE REFORMS

RESTRICTIONS ON RULES WITH SUBSTANTIAL FINANCIAL COSTS

SECTION 1.1. Chapter 150B of the General Statutes is amended by adding a new section to read:

"**§ 150B-19.4. Requirements on rules with substantial financial costs.**

(a) Prohibition. – Notwithstanding any authority given to an agency to adopt a rule, an agency may not adopt a permanent rule or set of rules with a projected aggregate financial cost to all persons affected equal to or greater than one hundred million dollars ($100,000,000) during any five-year period. The agency's determination of the projected aggregate financial cost of a permanent rule or set of rules shall comply with the requirements of G.S. 150B-21.4(b1). The agency's determination of the projected aggregate financial cost of a permanent rule or set of rules shall not include any financial benefits of the permanent rule or set of rules.

(b) Limitation. – If an agency determines that a proposed permanent rule or set of rules will have a projected aggregate financial cost to all persons affected equal to or greater than ten million dollars ($10,000,000) during any five-year period, the adoption of the permanent rule or set of rules must comply with the following:

(1) If the agency is a board, a commission, a council, or other similar unit of government, a certification that the adoption of the rule or set of rules must be approved by at least sixty percent (60%) of those voting on the rule or set of rules.

(2) For an agency headed by a member of the Council of State, the adoption of the rule or set of rules must be accompanied by a certification signed by the member of the Council of State, indicating the member's review and support of the rule or set or rules.

(3) For all other agencies, the adoption of the rule or set of rules must be accompanied by a certification signed by the Governor indicating the Governor's review and support of the rule or set of rules.

(c) Legislative review. – A permanent rule or set of rules subject to the limitation of subsection (b) of this section shall be subject to the provisions of G.S. 150B-21.3(b1) as if, pursuant to G.S. 150B-21.3(b2), the rule or set of rules received written objections from 10 or more persons and a bill specifically disapproving the rule or set of rules was introduced in a house of the General Assembly before the thirty-first legislative day."

SECTION 1.2. G.S. 150B-21.6 reads as rewritten:

"**§ 150B-21.6. Incorporating material in a rule by reference.**

An agency may incorporate the following material by reference in a rule without repeating the text of the referenced material:

(1) Another rule or part of a rule adopted by the agency.

(2) All or part of a code, standard, or regulation adopted by another ~~agency, the federal government, agency~~ or a generally recognized organization or association.

(3) Repealed by Session Laws 1997-34, s. 5.

(4) All or part of a code, standard, or regulation adopted by the federal government if the agency establishes a procedure by which any change by the federal government is reviewed and approved by the agency within 30 days of the change.

In incorporating material by reference, the agency must designate in the rule whether or not the incorporation includes subsequent amendments and editions of the referenced material. The agency can change this designation only by a subsequent rule-making proceeding. The agency must have copies of the incorporated material available for inspection and must specify in the rule both where copies of the material can be obtained and the cost on the date the rule is adopted of a copy of the material.

A statement in a rule that a rule incorporates material by reference in accordance with former G.S. 150B-14(b) is a statement that the rule does not include subsequent amendments and editions of the referenced material. A statement in a rule that a rule incorporates material by reference in accordance with former G.S. 150B-14(c) is a statement that the rule includes subsequent amendments and editions of the referenced material."

SECTION 1.3. G.S. 150B-19.3(a) reads as rewritten:

"(a) An agency authorized to implement and enforce State and federal environmental laws may not adopt a permanent rule for the protection of the environment or natural resources that imposes a more restrictive standard, limitation, or requirement than those imposed by federal law or rule, if a federal law or rule pertaining to the same subject matter has been adopted, unless adoption of the rule is required by one of the subdivisions of this subsection. A permanent rule required by a serious and unforeseen threat to the public health, safety, or welfare shall be subject to the limitation and legislative review provisions of G.S. 150B-19.4(b) and (c). A permanent rule required by one of the following subdivisions of this subsection shall be subject to the provisions of G.S. 150B-21.3(b1) as if the rule received written objections from 10 or more persons under G.S. 150B-21.3(b2):

~~(1) A serious and unforeseen threat to the public health, safety, or welfare.~~

(2) An act of the General Assembly or United States Congress that expressly requires the agency to adopt rules.

(3) A change in federal or State budgetary policy.

(4) A federal regulation required by an act of the United States Congress to be adopted or administered by the State.

(5) A court order."

SECTION 1.4. G.S. 150B-21.3A reads as rewritten:

"…

(e) ~~Rules to Conform to or Implement Federal Law. — Rules adopted to conform to or implement federal law shall not expire as provided by this section. The Commission shall report annually to the Committee on any rules that do not expire pursuant to this subsection.~~

~~(e1) Rules to Protect Inchoate or Accrued Rights of Retirement Systems Members. — Rules deemed by the Boards of Trustees established under G.S. 128-28 and G.S. 135-6 to protect inchoate or accrued rights of members of the Retirement Systems administered by the State Treasurer shall not expire as provided by this section. The Commission shall report annually to the Committee on any rules that do not expire pursuant to this subsection.~~Exclusions. – The Commission shall report annually to the Committee on any rules that do not expire pursuant to this subsection. The following rules shall not expire as provided in this section:

(1) Rules adopted to conform to or implement federal law.

(2) Rules deemed by the Boards of Trustees established under G.S. 128-28 and G.S. 135-6 to protect inchoate or accrued rights of members of the Retirement Systems administered by the State Treasurer.

...."

SECTION 1.5. Sections 1.1, 1.2, 1.3, and 1.4 are effective when the act becomes law. Sections 1.1, 1.3, and 1.4 apply to rules adopted or undergoing the review process on or after that date.

PART II. BUSINESS REGULATION

EXEMPT CERTAIN BUILDING CODE CLASSIFICATIONS FROM ENERGY EFFICIENCY STANDARDS

SECTION 2.1. G.S. 143-138 is amended by adding a new subsection to read:

"(b16) Exclusion from Energy Efficiency Code Requirements for Certain Use and Occupancy Classifications.— The Council shall provide for an exemption from any requirements in the energy efficiency standards pursuant to Chapter 13 of the 2012 North Carolina Building Code and the 2012 Energy Conservation Code, and any subsequent amendments to the Building Code and Energy Conservation Code, for the following use and occupancy classifications pursuant to Chapter 3 of the 2012 North Carolina Building Code: Section 306, Factory Group F; Section 311, Storage Group S; and Section 312, Utility and Miscellaneous Group U."

STREAMLINE MORTGAGE NOTICE REQUIREMENTS

SECTION 2.2. G.S. 45-91 reads as rewritten:

"**§ 45-91. Assessment of fees; processing of payments; publication of statements.**

A servicer must comply as to every home loan, regardless of whether the loan is considered in default or the borrower is in bankruptcy or the borrower has been in bankruptcy, with the following requirements:

(1) Any fee that is incurred by a servicer shall be both:

a. Assessed within 45 days of the date on which the fee was incurred. Provided, however, that attorney or trustee fees and costs incurred as a result of a foreclosure action shall be assessed within 45 days of the date they are charged by either the attorney or trustee to the servicer.

b. Explained clearly and conspicuously in a statement mailed to the borrower at the borrower's last known address within 30 days after assessing the fee, provided the servicer shall not be required to take any action in violation of the provisions of the federal bankruptcy code. The servicer shall not be required to send such a statement for a fee that: (i) results from a service that is affirmatively requested by the borrower, (ii) is paid for by the borrower at the time the service is provided, and (iii) is not charged to the borrower's loan account.

(2) All amounts received by a servicer on a home loan at the address where the borrower has been instructed to make payments shall be accepted and credited, or treated as credited, within one business day of the date received, provided that the borrower has made the full contractual payment and has provided sufficient information to credit the account. If a servicer uses the scheduled method of accounting, any regularly scheduled payment made prior to the scheduled due date shall be credited no later than the due date. Provided, however, that if any payment is received and not credited, or treated as credited, the borrower shall be notified within 10 business days by mail at the borrower's last known address of the disposition of the payment, the reason the payment was not credited, or treated as credited to the account, and any actions necessary by the borrower to make the loan current.

(2a) The notification required by subdivision (2) of this section is not necessary if (i) the servicer complies with the terms of any agreement or plan made with the borrower and has applied and credited payments received in the manner required, and (ii) the servicer is applying and crediting payments to the borrower's account in compliance with all applicable State and federal laws, including bankruptcy laws, and if at least one of the following occurs:

a. The borrower has entered into a written loss mitigation, loan modification, or forebearance agreement with the servicer that itemizes all amounts due and specifies how payments will be applied and credited;

b. The borrower has elected to participate in an alternative payment plan, such as a biweekly payment plan, that specifies as part of a written agreement how payments will be applied and credited; or

c. The borrower is making payments pursuant to a bankruptcy plan.

(3) Failure to charge the fee or provide the information within the allowable time and in the manner required under subdivision (1) of subsection (a) of this section constitutes a waiver of such fee.

(4) All fees charged by a servicer must be otherwise permitted under applicable law and the contracts between the parties. Nothing herein is intended to permit the application of payments or method of charging interest which is less protective of the borrower than the contracts between the parties and other applicable law.

(5) The obligations of mortgage servicers set forth in G.S. 53-244.110.

(6) The statement mailing requirement and borrower notification requirements of this section are deemed satisfied by compliance with the disclosure requirements contained in Regulation Z, 12 C.F.R. § 1026.41."

AUTHORIZE NORTH CAROLINA DISTILLERIES TO BETTER COMPETE NATIONALLY AND INTERNATIONALLY

SECTION 2.3.(a) G.S. 18B-1105 reads as rewritten:

"**§ 18B-1105. Authorization of distillery permit.**

(a) Authorized Acts. – The holder of a distillery permit may do any of the following:

(1) Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous liquor

(2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the ~~State,~~State. ~~and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or nations.~~

(2a) Sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State.

(3) Transport into or out of the distillery the maximum amount of liquor allowed under federal law, if the transportation is related to the distilling process.

(4) Sell spirituous liquor distilled at the distillery in closed containers to visitors who tour the distillery for consumption off the premises. Sales under this subdivision are allowed only in a county where the establishment of a county or municipal ABC store has been approved pursuant to G.S. 18B 602(g) and are subject to the time and day restrictions in G.S. 18B 802. Spirituous liquor sold under this subdivision shall (i) be listed as a code item for sale in the State, (ii) be sold at the price set by the Commission for the code item pursuant to G.S. 18B 804(b), and (iii) have affixed to its bottle a sticker that bears the words "North Carolina Distillery Tour Commemorative Spirit" in addition to any other labeling requirements set by law. Consumers purchasing spirituous liquor under this subdivision are limited to purchasing, and the selling distillery is limited to selling to each consumer, no more than one bottle of spirituous liquor per 12 month period. The distillery shall use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the purchaser's name, drivers license number, and date of birth for at least 12 months from the date of purchase. The Commission shall adopt rules regulating the retail sale of spirituous liquor under this subdivision.

(b) Distilleries for Fuel Alcohol. – Any person in possession of a Federal Operating Permit pursuant to Title 27, Code of Federal Regulations, Part 19 (April 1, 2010 Edition), shall obtain a fuel alcohol permit before manufacturing any alcohol. The permit shall entitle the permittee to perform only those acts allowed by the Federal Operating Permit, and all conditions of the Federal Operating Permit shall apply to the State permit."

SECTION 2.3.(b) G.S. 18B-804 is amended by adding a new subsection to read:

"**§ 18B-804. Alcoholic beverage pricing.**

(a) Uniform Price of Spirituous Liquor. – The retail price of spirituous liquor sold in ABC stores and permitted distilleries shall be uniform throughout the State, unless otherwise provided by the ABC law.

(b) Sale Price of Spirituous Liquor. – The sale of spirituous liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:

(1) The distiller's or the antique spirituous liquor seller's price.

(2) The freight and bailment charges of the State warehouse as determined by the Commission.

(3) A markup for local boards as determined by the Commission.

(4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).

(5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).

(6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.

(6a) The bailment surcharge.

(6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.

(7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.

(8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.

(9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.

(b1) Price of Spirituous Liquor Sold at Distillery. – When the holder of a distillery permit sells spirituous liquor distilled at the distillery pursuant to G.S. 18B-1105(a)(4), the retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of this section. However, the holder of the distillery permit shall not be required to remit the components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of subsection (b) of this section.

(b2) Price of Spirituous Liquor Sold for Delivery Outside the State. – When the holder of a distillery permit sells spirituous liquor for delivery outside the State pursuant to G.S. 18B-1105(a)(2a), the retail price of the spirituous liquor shall be the distiller's price.

(c) Sale Price of Fortified Wine. – The sale price of fortified wine shall include the tax levied by G.S. 105-113.80(b), as well as State and local sales taxes.

(d) Repealed by Session Laws 1985, c. 59, s. 2."

SECTION 2.3.(c) G.S. 18B-800 reads as rewritten:

"**§ 18B-800. Sale of alcoholic beverages in ABC stores.**

(a) Spirituous Liquor. – Except as provided in ~~Article 10~~ Articles 10 and 11 of this Chapter, spirituous liquor may be sold only in ABC stores operated by local boards.

(b) Fortified Wine. – In addition to spirituous liquor, ABC stores may sell fortified wine. ABC stores may also sell wine products, irrespective of alcohol content by volume, which were classified as fortified wine by the ABC Commission prior to July 7, 2004.

(c) Commission Approval. – No ABC store may sell any alcoholic beverage which has not been approved by the Commission for sale in this State.

(d) Expired.

(e) Each ABC store shall display spirits which are distilled in North Carolina in an area dedicated solely to North Carolina products."

SECTION 2.3.(d) The Alcoholic Beverage Control Commission shall adopt temporary rules to amend its rules consistent with this section.

SECTION 2.3.(e) This section becomes effective July 1, 2016.

PART III. STATE AND LOCAL GOVERNMENT REGULATION

DIRECT THE MEDICAL CARE COMMISSION TO ADOPT THE RECOMMENDATIONS OF THE AMERICAN SOCIETY OF HEALTHCARE ENGINEERS FACILITY GUIDELINES INSTITUTE

SECTION 3.1.(a) Definitions. – For purposes of this section and its implementation:

(1) "Hospital Facilities Rules" means all of the following:

a. 10A NCAC 13B .6001 – Physical Plant: Location.

b. 10A NCAC 13B .6002 – Physical Plant: Roads and Parking.

c. 10A NCAC 13B .6104 – General Requirements: Access and Safety.

d. 10A NCAC 13B .6201 – Construction Requirements: Medical, Surgical, and Post-Partum Care Unit.

e. 10A NCAC 13B .6202 – Construction Requirements: Special Care Unit.

f. 10A NCAC 13B .6203 – Construction Requirements: Neonatal Level I and Level II Nursery Unit.

g. 10A NCAC 13B .6204 – Construction Requirements: Neonatal Level III and Level IV Nursery.

h. 10A NCAC 13B .6205 – Construction Requirements: Psychiatric Unit.

i. 10A NCAC 13B .6206 – Construction Requirements: Surgical Department Requirements.
j. 10A NCAC 13B .6207 – Construction Requirements: Obstetrical Department Requirements.
k. 10A NCAC 13B .6209 – Construction Requirements: Emergency Services.
l. 10A NCAC 13B .6210 – Construction Requirements: Imaging Services.
m. 10A NCAC 13B .6211 – Construction Requirements: Laboratory Services.
n. 10A NCAC 13B .6212 – Construction Requirements: Morgue.
o. 10A NCAC 13B .6213 – Construction Requirements: Pharmacy Services.
p. 10A NCAC 13B .6214 – Construction Requirements: Dietary Services.
q. 10A NCAC 13B .6215 – Construction Requirements: Administration.
r. 10A NCAC 13B .6216 – Construction Requirements: Medical Records Services.
s. 10A NCAC 13B .6217 – Construction Requirements: Central Medical and Surgical Supply Services.
t. 10A NCAC 13B .6218 – Construction Requirements: General Storage.
u. 10A NCAC 13B .6219 – Construction Requirements: Laundry Services.
v. 10A NCAC 13B .6220 – Construction Requirements: Physical Rehabilitation Services.
w. 10A NCAC 13B .6221 – Construction Requirements: Engineering Services.
x. 10A NCAC 13B .6222 – Construction Requirements: Waste Processing.
y. 10A NCAC 13B .6223 – Construction Requirements: Details and Finishes.
z. 10A NCAC 13B .6224 – Construction Requirements: Elevator Requirements.
aa. 10A NCAC 13B .6225 – Construction Requirements: Mechanical Requirements.
bb. 10A NCAC 13B .6226 – Construction Requirements: Plumbing and Other Piping Systems Requirements.
cc. 10A NCAC 13B .6227 – Construction Requirements: Electrical Requirements.

(2) "Guidelines" means the American Society for Healthcare Engineering's Facility Guidelines Institute 'Guidelines for Design and Construction of Hospitals and Outpatient Facilities.'

SECTION 3.1.(b) Repeal Hospital Facilities Rules. – The Secretary of Health and Human Services and the Medical Care Commission shall repeal the Hospital Facilities Rules on or before December 31, 2016.

SECTION 3.1.(c) Implementation and Rule-Making Authority. – Before the effective date of the repeal of the Hospital Facilities Rules required pursuant to subsection (b) of this Section, the Medical Care Commission shall adopt temporary rules to replace the Hospital Facilities Rules and, incorporate by reference all applicable rules, standards, and requirements of

the most current edition of the Guidelines. If temporary rules are not adopted before the repeal of the Hospital Faculties Rules required pursuant to subsection (a) of this section, the Commission shall utilize the 2014 Edition of the Guidelines until such time as temporary rules are adopted. Furthermore, the Commission shall adopt permanent rules pursuant to this Section.

SECTION 3.1.(d) Additional Rule-Making Authority. – The Commission shall adopt rules to replace the Hospital Facilities Rules. Notwithstanding G.S. 150B-19(4), the rules adopted by the Commission pursuant to this section shall conform to the provisions of subsection (c) of this Section. Rules adopted pursuant to this Section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this Section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2). Furthermore, rules adopted pursuant to this Section shall be exempt from the provisions of Chapter 150B of the General Statutes that require the preparation of fiscal notes for any rule proposed to incorporate the Guidelines by reference.

SECTION 3.1.(e) Exemption from Periodic Review. – Until such time as the Hospital Facilities Rules are repealed pursuant to subsection (b) of this section, the Hospital Facilities Rules shall be exempt from the periodic review process required pursuant to G.S. 150B-21.3A.

ELIMINATE EFFICIENCY STANDARDS HAVING BEEN MET OR EXCEEDED BY STATE BUILDINGS

SECTION 3.2.(a) G.S. 143-64.12 is repealed.

SECTION 3.2.(b) G.S. 116-30.3B.(c) is repealed.

REPEAL CERTAIN EDUCATIONAL TESTING LAWS

SECTION 3.3. G.S. 115C-174.12(c) reads as rewritten:

"(c) Local boards of education shall cooperate with the State Board of Education in implementing the provisions of this Article, including the regulations and policies established by the State Board of Education. Local school administrative units shall use the annual tests to fulfill the purposes set out in this Article. ~~Local school administrative units are encouraged to continue to develop local testing programs designed to diagnose student needs.~~"

PART IV. AGRICULTURE, ENERGY, ENVIRONMENTAL, AND NATURAL RESOURCES REGULATION

REPEAL RECYCLING REQUIREMENTS FOR DISCARDED COMPUTER EQUIPMENT AND TELEVISIONS

SECTION 4.1.(a) Part 2H of Article 9 of Chapter 130A of the General Statutes is repealed.

SECTION 4.1.(b) 130A-309.10(f)(14) is repealed.

SECTION 4.1.(c) 130A-309.10(f)(15) is repealed.

SECTION 4.1.(d) 130A-309.10(f1)(7) is repealed.

SECTION 4.1.(e) 130A-309.10(f1)(8) is repealed.

SECTION 4.1.(f) G.S. 130A-309.09A(d)(8) is repealed.

REPEAL YARD WASTE PERMITTING REQUIREMENTS

SECTION 4.2.(a) G.S. 130A-290(a) reads as rewritten:

"**§ 130A-290. Definitions.**

(a) Unless a different meaning is required by the context, the following definitions shall apply throughout this Article:

...

(45) "Yard trash" means solid waste ~~consisting solely of vegetative matter~~ resulting from landscaping ~~maintenance~~ and yard maintenance, including brush, grass, tree limbs, and similar vegetative material.

(46) "Yard waste" means yard trash and land-clearing debris, including stumps, limbs, leaves, grass, and untreated wood."

SECTION 4.2.(b) G.S. 130A-294 is amended by adding a new subsection to read:

"(v) Yard waste diverted from the waste stream or collected as source separated material is not subject to a solid waste permit for transfer, treatment, processing, storage, or disposal in a permitted solid waste management facility. Operators of facilities where yard waste is subject to transfer, treatment, processing, storage, or disposal shall, however, comply with all other federal, State, or local laws, ordinances, rules, regulations, or orders, including zoning, flood plain, and wetland restrictions, sedimentation and erosion control requirements, and mining regulations. Nothing in this subsection shall be construed as limiting the authority of any local government to manage the transfer, treatment, processing, storage, or disposal of yard waste."

SECTION 4.2.(c) This section becomes effective July 1, 2017, and applies to the transfer, treatment, processing, storage, or disposal of yard waste occurring on or after that date.

ELIMINATE OUTDATED PROVISIONS OF THE COASTAL AREA MANAGEMENT ACT

SECTION 4.3.(a) G.S. 113A-109 is repealed.

SECTION 4.3.(b) G.S. 113A-112 is repealed.

REPEAL PASTURE POINTS PROVISION

SECTION 4.4. Section 4.(c) of S.L. 2001-355 is repealed.

REPEAL RESTRICTION ON PET TURTLE SALES

SECTION 4.5. The Commission for Public Health shall repeal 10A NCAC 41A .0301 (Definitions) and 10A NCAC 41A .0302 (Sale of Turtles Restricted) on or before December 1, 2016. Until the effective date of the repeal of the rule required pursuant to this section, the Department of Health and Human Services, the Department of Environmental Quality, or any other political subdivision of the State shall not implement or enforce 10A NCAC 41A .0301 (Definitions) and 10A NCAC 41A .0302 (Sale of Turtles Restricted).

PART V. ELIMINATE, CONSOLIDATE, AND AMEND REPORTS TO THE ENVIRONMENTAL REVIEW COMMISSION

ELIMINATE ANNUAL REPORT ON MINING ACCOUNT PURSUANT TO THE MINING ACT OF 1971 BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.1. G.S. 74-54.1(c) is repealed.

ELIMINATE ANNUAL REPORT ON THE IMPLEMENTATION OF THE SUSTAINABLE ENERGY EFFICIENT BUILDINGS PROGRAM BY THE DEPARTMENT OF ADMINISTRATION

SECTION 5.2.(a) G.S. 143-135.39(f) and (g) are repealed.

SECTION 5.2.(b) G.S. 143-135.40(b) is repealed.

ELIMINATE QUARTERLY REPORT ON SYSTEMWIDE MUNICIPAL AND DOMESTIC WASTEWATER COLLECTION SYSTEM PERMIT PROGRAM BY THE ENVIRONMENTAL MANAGEMENT COMMISSION

SECTION 5.3. G.S. 143-215.9B reads as rewritten:

"**§ 143-215.9B. Systemwide municipal and domestic wastewater collection system permit program report.**

The Environmental Management Commission shall develop and implement a permit program for municipal and domestic wastewater collection systems on a systemwide basis. The collection system permit program shall provide for performance standards, minimum design and construction requirements, a capital improvement plan, operation and maintenance requirements, and minimum reporting requirements. In order to ensure an orderly and cost-effective phase-in of the collection system permit program, the Commission shall implement the permit program over a five-year period beginning 1 July 2000. The Commission shall issue permits for approximately twenty percent (20%) of municipal and domestic wastewater collection systems that are in operation on 1 July 2000 during each of the five calendar years beginning 1 July 2000 and shall give priority to those collection systems serving the largest populations, those under a moratorium imposed by the Commission under G.S. 143-215.67, and those for which the Department of Environmental Quality has issued a notice of violation for the discharge of untreated wastewater. ~~The Commission shall report on its progress in developing and implementing the collection system permit program required by this section as a part of each quarterly report the Environmental Management Commission makes to the Environmental Review Commission pursuant to G.S. 143B-282(b).~~"

ELIMINATE ANNUAL REPORTS ON REDUCING VEHICLE EMISSIONS FROM STATE EMPLOYEE AND PRIVATE SECTOR VEHICLES BY THE DEPARTMENT OF TRANSPORTATION

SECTION 5.4. G.S. 143-215.107C(d) and (e) are repealed.

ELIMINATE ANNUAL REPORT ON PURCHASE OF NEW MOTOR VEHICLES AND FUEL SAVINGS BY THE DEPARTMENT OF ADMINISTRATION

SECTION 5.5. G.S. 143-341(8)(i).2b. reads as rewritten:

"2b. As used in this sub-sub-subdivision, "fuel economy" and "class of comparable automobiles" have the same meaning as in Part 600 of Title 40 of the Code of Federal Regulations (July 1, 2008 Edition). As used in this sub-sub-subdivision, "passenger motor vehicle" has the same meaning as "private passenger vehicle" as defined in G.S. 20-4.01. Notwithstanding the requirements of sub-sub-subdivision 2a. of this sub-subdivision, every request for proposals for new passenger motor vehicles to be purchased by the Department shall state a preference for vehicles that have a fuel economy for the new vehicle's model year that is in the top fifteen percent (15%) of its class of comparable automobiles. The award for every new passenger motor vehicle that is purchased by the Department shall be based on the Department's evaluation of the best value for the State, taking into account fuel economy ratings and life cycle cost that reasonably consider both projected fuel costs and acquisition costs. This sub-sub-subdivision does not apply to vehicles used in law enforcement, emergency medical response, and firefighting. ~~The Department shall report the number of new passenger motor vehicles that are purchased as required by this sub-sub-subdivision, the savings or costs for the purchase of vehicles to comply with this sub-sub-subdivision, and the quantity and cost of fuel saved for the previous fiscal year on or before October 1 of each year to the Joint Legislative~~

~~Commission on Governmental Operations and the Environmental Review Commission.~~"

ELIMINATE BIENNIAL STATE OF THE ENVIRONMENT REPORT BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.6. G.S. 143B-279.5 is repealed.

ELIMINATE ANNUAL REPORT ON FISH KILL ACTIVITY BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.7. G.S. 143B-279.7(c) is repealed.

ELIMINATE THE ENVIRONMENTAL MANAGEMENT COMMISSION QUARTERLY REPORT ON DEVELOPING ENGINEERING STANDARDS GOVERNING MUNICIPAL AND DOMESTIC SYSTEMS TO ALLOW REGIONAL INTERCONNECTION

SECTION 5.8. Section 11.1 of S.L. 1999-329 reads as rewritten:

"Section 11.1. The Environmental Management Commission shall develop engineering standards governing municipal and domestic wastewater collection systems that will allow interconnection of these systems on a regional basis. ~~The Commission shall report on its progress in developing the engineering standards required by this section as a part of each quarterly report the Commission makes to the Environmental Review Commission pursuant to G.S. 143B-282(b).~~"

ELIMINATE BIENNIAL REPORT ON IMPLEMENTATION OF THE NORTH CAROLINA BEACH AND INLET MANAGEMENT PLAN BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.9. Section 13.9(d) of S.L. 2000-67 reads as rewritten:

"Section 13.9.(d) Each plan shall be as complete as resources and available information allow. ~~The Department of Environment and Natural Resources shall revise the plan every two years and shall submit the revised plan to the General Assembly no later than March 1 of each odd-numbered year. The Department may issue a supplement to the plan in even-numbered years if significant new information becomes available.~~"

ELIMINATE ANNUAL REPORT ON INFORMAL REVIEW PROCESS FOR AGENCY REVIEW OF ENGINEERING WORK

SECTION 5.10. Sections 29(j) and 29(k) of S.L. 2014-120 are repealed.

CONSOLIDATE REPORTS ON THE COASTAL HABITAT PROTECTION PLAN

SECTION 5.11.(a) G.S. 143B-279.8(e) reads as rewritten:

"(e) The Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall report to the Joint Legislative Commission on Governmental Operations and the Environmental Review Commission on progress in developing and implementing the Coastal Habitat Protection Plans, including the extent to which the actions of the three commissions are consistent with the Plans, on or before ~~1 September~~September 1 of each ~~year.~~year in which any significant revisions to the Plans are made."

SECTION 5.11.(b) G.S. 143B-279.8(f) is repealed.

CONSOLIDATE AND REDUCE FREQUENCY OF REPORTS ON COST AND IMPLEMENTATION OF ENVIRONMENTAL PERMITTING PROGRAMS

SECTION 5.12.(a) G.S. 143-215.3A(c) reads as rewritten:

"(c) The Department shall report to the Environmental Review Commission and the Fiscal Research Division on the cost of the State's environmental permitting programs contained within the Department on or before January 1 ~~November~~ of each odd-numbered year. The report shall

include, but is not limited to, fees set and established under this Article, fees collected under this Article, revenues received from other sources for environmental permitting and compliance programs, changes made in the fee schedule since the last report, anticipated revenues from all other sources, interest earned and any other information requested by the General Assembly. The Department shall submit this report with the report required by G.S. 143B-279.17 as a single report."

SECTION 5.12.(b) G.S. 143B-279.17 reads as rewritten:

"**§ 143B-279.17. Tracking and report on permit processing times.**

The Department of Environmental Quality shall track the time required to process all permit applications in the One-Stop for Certain Environmental Permits Programs established by G.S. 143B-279.12 and the Express Permit and Certification Reviews established by G.S. 143B-279.13 that are received by the Department. The processing time tracked shall include (i) the total processing time from when an initial permit application is received to issuance or denial of the permit and (ii) the processing time from when a complete permit application is received to issuance or denial of the permit. No later than ~~March~~ January 1 of each odd-numbered year, the Department shall report to the Fiscal Research Division of the General Assembly and the Environmental Review Commission on the permit processing times required to be tracked pursuant to this section. The Department shall submit this report with the report required by G.S. 143-215.3A(c) as a single report."

SECTION 5.12.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission and the Fiscal Research Division no later than January 1, 2017.

CONSOLIDATE AND REDUCE FREQUENCY OF REPORTS BY THE ENVIRONMENTAL MANAGEMENT COMMISSION

SECTION 5.13.(a) G.S. 143B-282(b) reads as rewritten:

"(b) The Environmental Management Commission shall submit ~~quarterly~~ written reports as to its operation, activities, programs, and progress to the Environmental Review ~~Commission.~~Commission by January 1 of each year. The Environmental Management Commission shall supplement the written reports required by this subsection with additional written and oral reports as may be requested by the Environmental Review Commission. ~~The Environmental Management Commission shall submit the written reports required by this subsection whether or not the General Assembly is in session at the time the report is due.~~"

SECTION 5.13.(b) G.S. 143-215.1(h) reads as rewritten:

"(h) Each applicant for a new permit or the modification of an existing permit issued under subsection (c) of this section shall include with the application: (i) the extent to which the new or modified facility is constructed in whole or in part with funds provided or administered by the State or a unit of local government, (ii) the impact of the facility on water quality, and (iii) whether there are cost-effective alternative technologies that will achieve greater protection of water quality. The Commission shall prepare ~~a quarterly~~ an annual summary and analysis of the information provided by applicants pursuant to this subsection. The Commission shall submit the summary and analysis required by this subsection to the Environmental Review Commission (ERC) as a part of each ~~quarterly~~ annual report that the Commission is required to make to the ERC under G.S. 143B-282(b)."

SECTION 5.13.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission no later than January 1, 2017.

CONSOLIDATE WASTE MANAGEMENT REPORTS BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.14.(a) G.S. 130A-309.06(c) reads as rewritten:

"(c) The Department shall report to the Environmental Review Commission and the Fiscal Research Division on or before ~~15 January~~January 15 of each year on the status of solid waste management efforts in the State. The report shall include:

(1) A comprehensive analysis, to be updated in each report, of solid waste generation and disposal in the State projected for the 20-year period beginning on July 1, ~~1 July~~ 1991.

(2) The total amounts of solid waste recycled and disposed of and the methods of solid waste recycling and disposal used during the calendar year prior to the year in which the report is published.

(3) An evaluation of the development and implementation of local solid waste management programs and county and municipal recycling programs.

(4) An evaluation of the success of each county or group of counties in meeting the municipal solid waste reduction goal established in G.S. 130A-309.04.

(5) Recommendations concerning existing and potential programs for solid waste reduction and recycling that would be appropriate for units of local government and State agencies to implement to meet the requirements of this Part.

(6) An evaluation of the recycling industry, the markets for recycled materials, the recycling of polystyrene, and the success of State, local, and private industry efforts to enhance the markets for these materials.

(7) Recommendations to the Governor and the Environmental Review Commission to improve the management and recycling of solid waste in the State, including any proposed legislation to implement the recommendations.

(8) A description of the condition of the Solid Waste Management Trust Fund and the use of all funds allocated from the Solid Waste Management Trust Fund, as required by G.S. 130A-309.12(c).

(9) A description of the review and revision of bid procedures and the purchase and use of reusable, refillable, repairable, more durable, and less toxic supplies and products by both the Department of Administration and the Department of Transportation, as required by G.S. 130A-309.14(a1)(3).

(10) A description of the implementation of the North Carolina Scrap Tire Disposal Act that includes the amount of revenue used for grants and to clean up nuisance tire collection under the provisions of G.S 130A-309.64.

(11) A description of the management of white goods in the State, as required by G.S. 130A-309.85.

(12) A summary of the report by the Department of Transportation on the amounts and types of recycled materials that were specified or used in contracts that were entered into by the Department of Transportation during the previous fiscal year, as required by G.S. 136-28.8(g).

(13) Repealed by Session Laws 2010-142, s. 1, effective July 22, 2010.

(14) (Expiring October 1, 2023) A description of the activities related to the management of abandoned manufactured homes in the State in accordance with G.S. 130A-117, the beginning and ending balances in the Solid Waste Management Trust Fund for the reporting period and the amount of funds used, itemized by county, for grants made under Part 2F of Article 9 of Chapter 130A of the General Statutes.

(15) A report on the recycling of discarded computer equipment and televisions in the State pursuant to 130A-309-140(a).

(16) An evaluation of the Brownfields Property Reuse Act pursuant to G.S. 130A-310.40.

(17) A report on the Inactive Hazardous Waste Response Act of 1987 pursuant to G.S. 130A-310.10(a).

(18) A report on the Dry-Cleaning Solvent Cleanup Act of 1997 pursuant to G.S. 143-215.104U(a) until such time as the Act expires pursuant to Part 6 of Article 21A of Chapter 143 of the General Statutes.

(19) A report on the implementation and cost of the hazardous waste management program pursuant to G.S. 130A-294(i)."

SECTION 5.14.(b) G.S. 130A-309.140(a) reads as rewritten:

"(a) ~~No later than January 15 of each year, the Department shall submit a report on~~ The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), a report on the recycling of discarded computer equipment and televisions in the State under this ~~Part to the Environmental Review Commission.~~Part. The report must include an evaluation of the recycling rates in the State for discarded computer equipment and televisions, a discussion of compliance and enforcement related to the requirements of this Part, and any recommendations for any changes to the system of collection and recycling of discarded computer equipment, televisions, or other electronic devices."

SECTION 5.14.(c) G.S. 130A-310.40 reads as rewritten:

"**§ 130A-310.40. Legislative reports.**

The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), ~~prepare and submit to the Environmental Review Commission, concurrently with the report on the Inactive Hazardous Sites Response Act of 1987 required under G.S. 130A-310.10,~~ an evaluation of the effectiveness of this Part in facilitating the remediation and reuse of existing industrial and commercial properties. This evaluation shall include any recommendations for additional incentives or changes, if needed, to improve the effectiveness of this Part in addressing such properties. This evaluation shall also include a report on receipts by and expenditures from the Brownfields Property Reuse Act Implementation Account."

SECTION 5.14.(d) G.S. 130A-310.10(a) reads as rewritten:

"(a) The Secretary shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), a report on inactive hazardous sites ~~to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division on or before October 1 of each year. The report shall include~~that includes at least the following:

(1) The Inactive Hazardous Waste Sites Priority List.

(2) A list of remedial action plans requiring State funding through the Inactive Hazardous Sites Cleanup Fund.

(3) A comprehensive budget to implement these remedial action plans and the adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the cost of said plans.

(4) A prioritized list of sites that are eligible for remedial action under CERCLA/SARA together with recommended remedial action plans and a comprehensive budget to implement such plans. The budget for implementing a remedial action plan under CERCLA/SARA shall include a statement as to any appropriation that may be necessary to pay the State's share of such plan.

(5) A list of sites and remedial action plans undergoing voluntary cleanup with Departmental approval.

(6) A list of sites and remedial action plans that may require State funding, a comprehensive budget if implementation of these possible remedial action plans is required, and the adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the possible costs of said plans.

(7) A list of sites that pose an imminent hazard.

(8) A comprehensive budget to develop and implement remedial action plans for sites that pose imminent hazards and that may require State funding, and the adequacy of the Inactive Hazardous Sites Cleanup Fund.

(8a) Repealed by Session Laws 2015-286, s. 4.7(f), effective October 22, 2015.

(9) Any other information requested by the General Assembly or the Environmental Review Commission."

SECTION 5.14.(e) G.S. 143-215.104U reads as rewritten:

"**§ 143-215.104U. Reporting requirements.**

(a) The Secretary shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), a report on ~~present an annual report to the Environmental Review Commission that shall include~~ at least the following:

(1) A list of all dry-cleaning solvent contamination reported to the Department.

(2) A list of all facilities and abandoned sites certified by the Commission and the status of contamination associated with each facility or abandoned site.

(3) An estimate of the cost of assessment and remediation required in connection with facilities or abandoned sites certified by the Commission and an estimate of assessment and remediation costs expected to be paid from the Fund.

(4) A statement of receipts and disbursements for the Fund.

(5) A statement of all claims against the Fund, including claims paid, claims denied, pending claims, anticipated claims, and any other obligations.

(6) The adequacy of the Fund to carry out the purposes of this Part together with any recommendations as to measures that may be necessary to assure the continued solvency of the Fund.

~~(b) The Secretary shall make the annual report required by this section on or before 1 October of each year.~~"

SECTION 5.14.(f) G.S. 130A-294(i) reads as rewritten:

"(i) The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), a report ~~to the Fiscal Research Division of the General Assembly, the Senate Appropriations Subcommittee on Natural and Economic Resources, the House Appropriations Subcommittee on Natural and Economic Resources, and the Environmental Review Commission on or before January 1 of each year~~ on the implementation and cost of the hazardous waste management program. The report shall include an evaluation of how well the State and private parties are managing and cleaning up hazardous waste. The report shall also include recommendations to the Governor, State agencies, and the General Assembly on ways to: improve waste management; reduce the amount of waste generated; maximize resource recovery, reuse, and conservation; and minimize the amount of hazardous waste which must be disposed of. The report shall include beginning and ending balances in the Hazardous Waste Management Account for the reporting period, total fees collected pursuant to G.S. 130A-294.1, anticipated revenue from all sources, total expenditures by activities and categories for the hazardous waste management program, any recommended adjustments in annual and tonnage fees which may be necessary to assure the continued availability of funds sufficient to pay the State's share of the cost of the hazardous waste management program, and any other information requested by the General Assembly. In recommending adjustments in annual and tonnage fees, the Department may propose fees for hazardous waste generators, and for hazardous waste treatment facilities that treat waste generated on site, which are designed to encourage reductions in the volume or quantity and toxicity of hazardous waste. The report shall also include a description of activities undertaken to implement the resident inspectors program established under G.S. 130A-295.02. In addition, the report shall include an annual update on the mercury switch removal program that shall include, at a minimum, all of the following:

(1) A detailed description of the mercury recovery performance ratio achieved by the mercury switch removal program.
(2) A detailed description of the mercury switch collection system developed and implemented by vehicle manufacturers in accordance with the NVMSRP.
(3) In the event that a mercury recovery performance ratio of at least 0.90 of the national mercury recovery performance ratio as reported by the NVMSRP is not achieved, a description of additional or alternative actions that may be implemented to improve the mercury switch removal program.
(4) The number of mercury switches collected and a description of how the mercury switches were managed.
(5) A statement that details the costs required to implement the mercury switch removal program, including a summary of receipts and disbursements from the Mercury Switch Removal Account."

SECTION 5.14.(g) The first combined report required by subsections (a) through (f) of this section shall be submitted to the Environmental Review Commission and the Fiscal Research Division no later than January 15, 2017.

CONSOLIDATE SEDIMENTATION POLLUTION CONTROL ACT AND STORMWATER REPORTS

SECTION 5.15.(a) G.S. 113A-67 reads as rewritten:

"**§ 113A-67. Annual Report.**

The Department shall report to the Environmental Review Commission on the implementation of this Article on or before ~~1 October~~October 1 of each year. The Department shall include in the report an analysis of how the implementation of the Sedimentation Pollution Control Act of 1973 is affecting activities that contribute to the sedimentation of streams, rivers, lakes, and other waters of the State. The report shall also include a review of the effectiveness of local erosion and sedimentation control programs. The report shall be submitted to the Environmental Review Commission with the report required by G.S. 143-214.7(e) as a single report."

SECTION 5.15.(b) G.S. 143-214.7(e) reads as rewritten:

"(e) On or before October 1 of each year, the ~~Commission~~ Department shall report to the Environmental Review Commission on the implementation of this section, including the status of any stormwater control programs administered by State agencies and units of local government. The status report shall include information on any integration of stormwater capture and reuse into stormwater control programs administered by State agencies and units of local government. The report shall be submitted to the Environmental Review Commission with the report required by G.S. 113A-67 as a single report."

SECTION 5.15.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission no later than October 1, 2016.

CONSOLIDATE VARIOUS WATER RESOURCES AND WATER QUALITY REPORTS BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.16.(a) G.S. 143-355(n) is repealed.

SECTION 5.16.(b) G.S. 143-355(o)(9) is repealed.

SECTION 5.16.(c) G.S. 143-355 is amended by adding a new subsection to read:

"(p) Report. – The Department of Environmental Quality shall report to the Environmental Review Commission on the implementation of this section, including the development of the State water supply plan and the development of basinwide hydrologic models, no later than November 1 of each year. The Department shall submit the report required by this subsection with the report on basinwide water quality management plans required by G.S. 143-215.8B(d) as a single report."

SECTION 5.16.(d) G.S. 143-215.8B(d) reads as rewritten:

"(d) ~~The~~ As a part of the report required pursuant to G.S. 143-355(p), the Commission and the Department shall each report on or before ~~1 October~~November 1 of each year on an annual basis to the Environmental Review Commission on the progress in developing and implementing basinwide water quality management plans and on increasing public involvement and public education in connection with basinwide water quality management planning. The report to the Environmental Review Commission by the Department shall include a written statement as to all concentrations of heavy metals and other pollutants in the surface waters of the State that are identified in the course of preparing or revising the basinwide water quality management plans."

SECTION 5.16.(e) The first combined report required by subsections (c) and (d) of this section shall be submitted to the Environmental Review Commission no later than November 1, 2016.

CONSOLIDATE REPORTS BY THE DIVISION OF WATER INFRASTRUCTURE OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY AND THE STATE WATER INFRASTRUCTURE AUTHORITY

SECTION 5.17.(a) 159G-26(a) reads as rewritten:

"(a) Requirement. – The Department ~~must~~ shall publish a report each year on the accounts in the Water Infrastructure Fund that are administered by the Division of Water Infrastructure. The report ~~must~~ shall be published by ~~1~~ November 1 of each year and cover the preceding fiscal year. The Department ~~must~~ shall make the report available to the public and ~~must~~ shall give a copy of the report to the Environmental Review ~~Commission and the~~Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research ~~Division of the Legislative Services Commission.~~Division with the report required by G.S. 159G-72 as a single report."

SECTION 5.17.(b) G.S. 159G-72 reads as rewritten:

"**§ 159G-72. State Water Infrastructure Authority; reports.**

No later than November 1 of each year, the Authority shall submit a report of its activity and findings, including any recommendations or legislative proposals, to the ~~Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division of the Legislative Services Commission.~~ Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division with the report required by G.S. 159G-26(a) as a single report."

SECTION 5.17.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division no later than November 1, 2016.

CONSOLIDATE REPORTS BY SOIL AND WATER CONSERVATION COMMISSION AND THE DIVISION OF SOIL AND WATER CONSERVATION OF THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

SECTION 5.18.(a) G.S. 106-850(e) reads as rewritten:

"(e) The Soil and Water Conservation Commission shall report on or before ~~31~~ January 31 of each year to the Environmental Review Commission, the Department of Agriculture and Consumer Services, and the Fiscal Research Division. This report shall include a list of projects that received State funding pursuant to the program, the results of the evaluations conducted pursuant to subdivision (7) of subsection (b) of this section, findings regarding the effectiveness of each of these projects to accomplish its primary purpose, and any recommendations to assure that State funding is used in the most cost-effective manner and accomplishes the greatest improvement in water quality. This report shall be submitted to the Environmental Review

Commission and the Fiscal Research Division with the reports required by G.S. 106-860(e) and G.S. 139-60(d) as a single report."

SECTION 5.18.(b) G.S. 106-860(e) reads as rewritten:

"(e) Report. – The Soil and Water Conservation Commission shall report no later than ~~31~~ January 31 of each year to the Environmental Review Commission, the Department of Agriculture and Consumer Services, and the Fiscal Research Division. The report shall include a summary of projects that received State funding pursuant to the Program, the results of the evaluation conducted pursuant to subdivision (5) of subsection (b) of this section, findings regarding the effectiveness of each project to accomplish its primary purpose, and any recommendations to assure that State funding is used in the most cost-effective manner and accomplishes the greatest improvement in water quality. This report shall be submitted to the Environmental Review Commission and the Fiscal Research Division as a part of the report required by G.S. 106-850(e)."

SECTION 5.18.(c) G.S. 139-60(d) reads as rewritten:

"(d) Report. – No later than January 31 of each year, the Division of Soil and Water Conservation of the Department of Agriculture and Consumer Services shall prepare a comprehensive report on the implementation of subsections (a) through (c) of this section. The report shall be submitted to the Environmental Review Commission and the Fiscal Research Division as a part of the report required by G.S. 106-850(e)."

SECTION 5.18.(d) The first combined report required by subsections (a) through (c) of this section shall be submitted to the Environmental Review Commission and the Fiscal Research Division no later than January 31, 2017.

DECREASE REPORTING FREQUENCY ON TERMINAL GROINS PILOT PROJECT BY THE COASTAL RESOURCES COMMISSION

SECTION 5.19. G.S. 113A-115.1(i) reads as rewritten:

"(i) No later than ~~September 1 of each year,~~January 1, 2017 and every five years thereafter, the Coastal Resources Commission shall report to the Environmental Review Commission on the implementation of this section. The report shall provide a detailed description of each proposed and permitted terminal groin and its accompanying beach fill project, including the information required to be submitted pursuant to subsection (e) of this section. For each permitted terminal groin and its accompanying beach fill project, the report shall also provide all of the following:

(1) The findings of the Commission required pursuant to subsection (f) of this section.

(2) The status of construction and maintenance of the terminal groin and its accompanying beach fill project, including the status of the implementation of the plan for construction and maintenance and the inlet management plan.

(3) A description and assessment of the benefits of the terminal groin and its accompanying beach fill project, if any.

(4) A description and assessment of the adverse impacts of the terminal groin and its accompanying beach fill project, if any, including a description and assessment of any mitigation measures implemented to address adverse impacts."

DECREASE REPORTING FREQUENCY ON PARKS SYSTEM PLAN BY THE DEPARTMENT OF NATURAL AND CULTURAL RESOURCES

SECTION 5.20. G.S. 143B-135.48(d) reads as rewritten:

"(d) No later than October ~~1 of each year,~~1, 2016 and every five years thereafter, the Department shall submit electronically the State Parks System Plan to the Environmental Review Commission, ~~the Senate and the House of Representatives appropriations committees with jurisdiction over natural and cultural resources,~~ the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division. Concurrently,

the Department shall submit a summary of each change to the Plan that was made during the previous ~~fiscal year.~~five fiscal years."

REDIRECT INTERAGENCY REPORT ON SUPERFUND COST SHARE TO THE ANER OVERSIGHT COMMITTEE

SECTION 5.21. Section 15.6 of S.L. 1999-237 reads as rewritten:

"Section 15.6.(a) The Department of ~~Environment and Natural Resources~~Environmental Quality may use available funds, with the approval of the Office of State Budget and Management, to provide the ten percent (10%) cost share required for Superfund cleanups on the National Priority List sites, to pay the operating and maintenance costs associated with these Superfund cleanups, and for the cleanup of priority inactive hazardous substance or waste disposal sites under Part 3 of Article 9 of Chapter 130A of the General Statutes. These funds may be in addition to those appropriated for this purpose.

"Section 15.6.(b) The Department of ~~Environment and Natural Resources~~Environmental Quality and the Office of State Budget and Management shall report to the ~~Environmental Review Commission and the Joint Legislative Commission on Governmental Operations~~Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds."

REDIRECT REPORT ON EXPENDITURES FROM BERNARD ALLEN EMERGENCY DRINKING WATER FUND TO ANER OVERSIGHT COMMITTEE

SECTION 5.22. G.S. 87-98(e) reads as rewritten:

"(e) The Department, in consultation with the Commission for Public Health and local health departments, shall report no later than October 1 of each year to the ~~Environmental Review Commission, the House of Representatives and Senate Appropriations Subcommittees on Natural~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division of the General Assembly on the implementation of this section. The report shall include the purpose and amount of all expenditures from the Fund during the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of the section, and may also include recommendations for any legislative action."

REDIRECT REPORT ON PARKS AND RECREATION TRUST FUND TO THE ANER OVERSIGHT COMMITTEE

SECTION 5.23. G.S. 143B-135.56(f) reads as rewritten:

"(f) Reports. – The North Carolina Parks and Recreation Authority shall report no later than October 1 of each year to the Joint Legislative ~~Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources,~~ Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission on allocations from the Trust Fund from the prior fiscal year. For funds allocated from the Trust Fund under subsection (c) of this section, this report shall include the operating expenses determined under subdivisions (1) and (2) of subsection (e) of this section."

PART VI. SEVERABILITY CLAUSE AND EFFECTIVE DATE

SECTION 6.1. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part declared to be unconstitutional or invalid.

SECTION 6.2. Except as otherwise provided, this act is effective when it becomes law.

HOUSE BILL 169:
Regulatory Reduction Act of 2016.

2016-2017 General Assembly

Committee:	Senate Commerce	**Date:**	May 25, 2016
Introduced by:		**Prepared by:**	Jeff Hudson, Jennifer McGinnis, Jennifer Mundt, Chris Saunders, and Layla Cummings, Legislative Staff
Analysis of:	PCS to Third Edition H169-CSSB-21		

SUMMARY: The Proposed Committee Substitute for House Bill 169 would amend a number State laws related to business regulation; State and local government regulation; and agricultural, energy, environmental, and natural resources regulation

BILL ANALYSIS:

PART I. ADMINISTRATIVE REFORMS

RESTRICTIONS ON RULES WITH SUBSTANTIAL FINANCIAL COSTS

SECTION 1.1. would place the following restrictions on rules that would have a substantial projected financial cost:

- Prohibit an agency from adopting a rule or set of rules with a projected aggregate financial cost equal to or greater than one hundred million dollars during any five-year period.
- Place the following requirements on an agency adopting a rule or set of rules with a projected aggregate financial cost equal to or greater than ten million dollars during any five-year period.
    - If the agency is a board or commission, the rule or set of rules must be approved by at least sixty percent of those voting.
    - If the agency is headed by a member of the Council of State, the Council of State member must sign a certification indicating the review and support of the rule or set of rules.
    - For other agencies, the Governor must sign a certification indicating the review and support of the rule or set of rules.
- Provide that a rule or set of rules with a projected aggregate financial cost equal to or greater than ten million dollars during any five-year period is automatically subject to legislative review as if ten letters of objection had been received.

SECTION 1.2. would prohibit an agency from incorporating all or part of a code, standard, or regulation adopted by the federal government, unless the agency establishes a procedure by which any change by the federal government is reviewed and approved by the agency within 30 days of the change.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

SECTION 1.3. would provide that rules adopted by an agency authorized to implement and enforce State and federal environmental laws that impose a more restrictive standard, limitation, or requirement than imposed by federal law and that are adopted to address a serious and unforeseen threat to public health, safety, or welfare are subject to the same limitations and legislative review requirements set out in Section 1.1 of the PCS that apply to a rule or set of rules with a projected aggregate financial cost equal to or greater than ten million dollars during any five-year period.

SECTION 1.4. would make clarifying and organizational changes to two sections of the statute governing the periodic review and expiration of rules process.

SECTION 1.5. would provide that the requirements of Sections 1.1, 1.3, and 1.4 of the PCS apply to rules adopted or undergoing the periodic review and expiration of rules process on or after that date.

PART II. BUSINESS REGULATION

EXEMPT CERTAIN BUILDING CODE CLASSIFICATIONS FROM ENERGY EFFICIENCY STANDARDS

Section 2.1. would require the Building Code Council to exempt the following use and occupancy classifications from the requirements of the Energy Conservation Code: Factory Group F, Storage Group S, and Utility and Miscellaneous Group U.

STREAMLINE MORTGAGE NOTICE REQUIREMENTS

Section 2.2. would remove a duplicative notice requirement required to be made by a servicer of a home loan. The statement mailing requirement and borrower notification requirement are satisfied when the person complies with the federal disclosure requirements.

AUTHORIZE NORTH CAROLINA DISTILLERIES TO BETTER COMPETE NATIONALLY AND INTERNATIONALLY

Section 2.3.(a) would authorize the holder of a distillery permit to sell spirituous liquor in closed containers, at wholesale or retail, for delivery outside the State. When sold for delivery outside the State, the retail price would be the distiller's price, and would not include the additional markups and charges that make up the uniform State price for spirituous liquor. This section would also direct the Alcoholic Beverage Control Commission to adopt rules consistent with this section.

This section would become effective July 1, 2016.

PART III. STATE AND LOCAL GOVERNMENT REGULATION

DIRECT THE MEDICAL CARE COMMISSION TO ADOPT THE RECOMMENDATIONS OF THE AMERICAN SOCIETY OF HEALTHCARE ENGINEERS FACILITY GUIDELINES INSTITUTE

Sections 3.1.(a) through 3.1.(e) would:

- Direct the Medical Care Commission to repeal a suite of rules that regulate licensing of hospitals pertaining to physical plant, general requirements, and construction requirements (Hospital Facilities Rules) by December 31, 2016, and to replace those particular rules with temporary (and subsequently permanent) rules by incorporating, by reference, all the applicable standards, rules, and requirements of the most current edition of the American Society for Healthcare

Engineering's Facility Guidelines Institute *Guidelines for Design and Construction of Hospitals and Outpatient Facilities* (Guidelines).

- Provide that the rules adopted to replace the Hospital Facilities Rules with the Guidelines would be exempt from the provisions of the Administrative Procedure Act (Act) under Chapter 150B of the General Statutes that require the preparation of fiscal notes.
- Provide that until the Hospital Facilities Rules are repealed and replaced by the Guidelines, the Hospital Facilities Rules would not be subject to the statutory periodic rules review required by the Act.

ELIMINATE EFFICIENCY STANDARDS HAVING BEEN MET OR EXCEEDED BY STATE BUILDINGS

Section 3.2.(a) would repeal G.S. 143-64.12 that:

- Directs the State Energy Office of the Department of Environmental Quality to develop a comprehensive program to manage energy, water, and other utility use for State agencies and State institutions of higher learning.
- Directs the Department of Administration (Department) to develop and implement policies to ensure that State purchasing practices improve efficiency regarding energy, water, and other utility use and take the cost of the product over the economic life of the product into consideration.
- Requires the Department to conduct an energy audit of each State agency or State institutions of higher learning once every 5 years.

Section 3.2.(b) would make a conforming change.

REPEAL CERTAIN EDUCATIONAL TESTING LAWS

Section 3.3. would remove a provision from an education testing statute that encourages local administrative units to continue to develop local testing programs designed to diagnose student needs.

PART IV. AGRICULTURE, ENERGY, ENVIRONMENTAL, AND NATURAL RESOURCES REGULATION

REPEAL RECYCLING REQUIREMENTS FOR DISCARDED COMPUTER EQUIPMENT AND TELEVISIONS

Section 4.1.(a) would repeal requirements for computer and television manufacturers to collect and recycle their products discarded by consumers in the State.

Section 4.1.(b) would repeal a ban on disposal of computers in landfills.

Section 4.1.(c) would repeal a ban on disposal of televisions in landfills.

Section 4.1.(d) would repeal a ban on disposal of computers by incineration in an incinerator for which a solid waste permit is required.

Section 4.1.(e) would repeal a ban on disposal of televisions by incineration in an incinerator for which a solid waste permit is required.

Section 4.1.(f) would repeal a reporting requirement for local governments regarding permanent recycling programs for discarded computer equipment and televisions.

REPEAL YARD WASTE PERMITTING REQUIREMENTS

Section 4.2.(a) would define "yard waste" as land-clearing debris, including stumps, limbs, leaves, grass, and untreated wood, and yard trash, including brush, grass, tree limbs, and similar vegetative material.

Section 4.2.(b) would provide that yard waste diverted from the waste stream or collected as source separated material would not be subject to a solid waste permit for transfer, treatment, processing, storage, or disposal in a permitted solid waste management facility. The provision, however, would not limit the authority of any local government to manage yard waste. Yard waste as defined under the PCS would include land-clearing debris, including stumps, limbs, leaves, grass, and untreated wood, and yard trash including brush, grass, tree limbs, and similar vegetative material.

Pursuant to provisions in the Administrative Code, facilities that accept yard waste could, depending on the type and amount of material accepted and the size of the facility, be required to obtain a solid waste permit for a treatment and processing facility, a land clearing and inert debris landfill, or could be required to file a Yard Waste Notification.

Section 4.2.(c) would provide that the section becomes effective July 1, 2017, and would apply to the transfer, treatment, processing, storage, or disposal of yard waste occurring on or after that date.

ELIMINATE OUTDATED PROVISIONS OF THE COASTAL AREA MANAGEMENT ACT

Section 4.3.(a) would repeal the statute that originally required coastal counties to develop a land-use plan or directed the Coastal Resources Commission to prepare and adopt a land-use plan for a county that failed to do so.

Section 4.3.(b) would repeal a conforming statute that authorizes the Secretary of Environmental Quality to make grants to local government units to assist in the development of local plans.

REPEAL PASTURE POINTS PROVISION

Section 4.4. would repeal a 2001 provision that directed the Soil and Water Conservation Commission to approve a point system applicable to pasture management practices no later than September 1, 2002. The point system was never implemented.

REPEAL RESTRICTION ON PET TURTLE SALES

Section 4.5. would direct the Commission for Public Health to repeal two rules prohibiting the sale of all turtles for purposes other than scientific, educational, or food purposes. The Food and Drug Administration prohibits the sale of turtles with a carapace length of less than four inches as pets (21 C.F.R. 1240.62).

PART V. ELIMINATE, CONSOLIDATE, AND AMEND REPORTS TO THE ENVIRONMENTAL REVIEW COMMISSION

Sections 5.1 through 5.10 would eliminate the following reports:

- Cost of implementing the Mining Act of 1971 by the Department of Environmental Quality (DEQ).

- The implementation of the sustainable energy efficient buildings program by the Department of Administration (DOA).
- Systemwide municipal and domestic wastewater collection system permit program by the Environmental Management Commission (EMC).
- Reducing vehicle emissions from state employee and private sector vehicles by the Department of Transportation (DOT).
- Purchase of new motor vehicles and fuel savings by DOA.
- State of the Environment Report by DEQ.
- Fish kill activity by DEQ.
- Developing engineering standards governing municipal and domestic systems to allow regional interconnection by the EMC.
- Implementation of the North Carolina Beach and Inlet Management Plan by DEQ.
- Informal review process for agency review of engineering work.

Sections 5.11 through 5.18 would make consolidate and make other changes to the following reports:

- The Coastal Resources Commission, EMC, and Marine Fisheries Commission report on progress in developing and implementing the Coastal Habitat Protection Plans would be consolidated with the report requiring DEQ to report on any significant changes in the Plans.
- DEQ's report on the cost of the State's environmental permitting programs would be consolidated with the report on the time required to process all permit applications in the One-Stop for Certain Environmental Permits Programs. The annual reports would become due biennially with the first combined report due no later than January 1, 2017.
- The EMC's report on permits and renewals for facilities discharging to surface waters would be consolidated with the report on the operation and activities of the Commission. The quarterly reports would become due annually with the first combined report due no later than January 1, 2017.
- DEQ's report on the status of solid waste management would be consolidated with the reports on recycling of computer equipment and televisions, the Brownfields Property Reuse Act, the Inactive Hazardous Waste Response Act of 1987, the Dry-Cleaning Solvent Cleanup Act of 1997, and the implementation and cost of the hazardous waste management program. The combined report would be due annually with the first report due no later than January 15, 2017.
- DEQ's report on the Sedimentation Pollution Control Act of 1973 would be consolidated with EMC's report on stormwater control. The first annual combined report would be due no later than October 1, 2016.
- DEQ's reports on the development of the State water supply plan and the development of basinwide hydrological models would be consolidated with the report on basinwide water quality management submitted by the EMC and DEQ. The first annual combined report would be due no later than November 1, 2016.
- DEQ's report on accounts in the Water Infrastructure Fund would be consolidated with the State Water Infrastructure Authority's reports of its activity and findings. The first annual combined

report would be due no later than October 1, 2016 and the combined report would also be received by the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources (ANER Oversight Committee) and the Fiscal Research Division.

- The Soil and Water Conservation Commission's reports on the Agriculture Cost Share Program for Nonpoint Source Pollution Control Program and the Community Conservation and Assistance Program would be consolidated with the comprehensive report on the Agricultural Water Resources Assistance Program by the Division of Soil and Water Conservation of the Department of Agriculture and Consumer Services. The first annual combined report would be due no later than January 31, 2017.

Sections 5.19 through 5.23 would make the following changes to reports:

- Decrease reporting frequency on the terminal groins pilot project by the Coastal Resources Commission from annually to every 5 years.
- Decrease reporting frequency on the parks system plan by the Department of Natural and Cultural Resources from annually to every five years and add the ANER Oversight Committee as a recipient of the report.
- Redirect interagency report on superfund cost share to the ANER Oversight Committee.
- Redirect reports on expenditures from the Bernard Allen Emergency Drinking Water Fund to the ANER Oversight Committee.
- Redirect report on the Parks and Recreation Trust Fund to the ANER Oversight Committee.

PART VI. SEVERABILITY CLAUSE AND EFFECTIVE DATE

Section 6.1. would add a severability clause to the bill.

Section 6.2. would provide that the bill would be effective when it becomes law, except as otherwise specified.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H 3

HOUSE BILL 169
Committee Substitute Favorable 3/18/15
Committee Substitute #2 Favorable 7/16/15

Short Title: Limit Motor Vehicle Emissions Inspections. (Public)

Sponsors:

Referred to:

March 9, 2015

A BILL TO BE ENTITLED

AN ACT TO LIMIT COUNTIES IN WHICH MOTOR VEHICLE EMISSIONS INSPECTIONS ARE REQUIRED.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-215.107A reads as rewritten:

"**§ 143-215.107A. Motor vehicle emissions testing and maintenance program.**

(a) General Provisions. –

(1) G.S. 143-215.107(a)(6) shall be implemented as provided in this section.

(2) Motor vehicle emissions inspections shall be performed by a person who holds an emissions inspection mechanic license issued as provided in G.S. 20-183.4A(c) at a station that holds an emissions inspection station license issued under G.S. 20-183.4A(a) or at a place of business that holds an emissions self-inspector license issued as provided in G.S. 20-183.4A(d). Motor vehicle emissions inspections may be performed by a decentralized network of test-and-repair stations as described in 40 Code of Federal Regulations § 51.353 (1 July 1998 Edition). The Commission may not require that motor vehicle emissions inspections be performed by a network of centralized or decentralized test-only stations.

(b) Repealed by Session Laws 2000-134, s. 2, effective July 14, 2000.

(c) Counties Covered. – Motor vehicle emissions inspections shall be performed in the following counties: Alamance, ~~Brunswick,~~ Buncombe, ~~Burke,~~ Cabarrus, ~~Caldwell, Carteret, Catawba, Chatham, Cleveland, Craven,~~ Cumberland, Davidson, Durham, ~~Edgecombe,~~ Forsyth, ~~Franklin,~~ Gaston, ~~Granville,~~ Guilford, ~~Harnett, Haywood, Henderson,~~ Iredell, Johnston, ~~Lee, Lenoir,~~ Lincoln, Mecklenburg, ~~Moore, Nash, New Hanover, Onslow,~~ Orange, Pitt, Randolph, ~~Robeson, Rockingham,~~ Rowan, ~~Rutherford, Stanly, Stokes, Surry,~~ Union, ~~Wake, Wayne, Wilkes and Wilson.~~and Wake."

SECTION 2. No later than July 1, 2018, the Department of Environment and Natural Resources shall prepare and submit to the United States Environmental Protection Agency for approval by that agency a proposed North Carolina State Implementation Plan amendment based on the change to the motor vehicle emissions testing program provided in this act.

SECTION 3. This act becomes effective on the later of the following dates and applies to motor vehicles inspected, or due to be inspected, on or after the effective date of this act:

(1) January 1, 2020.

(2) The first day of a month that is 60 days after the Department of Environment and Natural Resources certifies to the Revisor of Statutes that the United States Environmental Protection Agency has approved an amendment to the North Carolina State Implementation Plan submitted as required by Section 2 of this act. The Department shall provide this notice along with the effective date of this act on its Web site and by written or electronic notice to emissions inspection mechanic license holders, emissions inspection station licensees, and self-inspector licensees in the counties where motor vehicle emissions inspection requirements are removed by this act.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H D

HOUSE BILL 169
Committee Substitute Favorable 3/18/15
Committee Substitute #2 Favorable 7/16/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H169-CSSB-21 [v.32]
05/25/2016 07:11:09 PM

Short Title: Regulatory Reduction Act of 2016. (Public)

Sponsors:

Referred to:

March 9, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE CITIZENS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

PART I. ADMINISTRATIVE REFORMS

RESTRICTIONS ON RULES WITH SUBSTANTIAL FINANCIAL COSTS

SECTION 1.1. Chapter 150B of the General Statutes is amended by adding a new section to read:

"**§ 150B-19.4. Requirements on rules with substantial financial costs.**

(a) Prohibition. – Notwithstanding any authority given to an agency to adopt a rule, an agency may not adopt a permanent rule or set of rules with a projected aggregate financial cost to all persons affected equal to or greater than one hundred million dollars ($100,000,000) during any five-year period. The agency's determination of the projected aggregate financial cost of a permanent rule or set of rules shall comply with the requirements of G.S. 150B-21.4(b1). The agency's determination of the projected aggregate financial cost of a permanent rule or set of rules shall not include any financial benefits of the permanent rule or set of rules.

(b) Limitation. – If an agency determines that a proposed permanent rule or set of rules will have a projected aggregate financial cost to all persons affected equal to or greater than ten million dollars ($10,000,000) during any five-year period, the adoption of the permanent rule or set of rules must comply with the following:

(1) If the agency is a board, a commission, a council, or other similar unit of government, a certification that the adoption of the rule or set of rules must be approved by at least sixty percent (60%) of those voting on the rule or set of rules.

(2) For an agency headed by a member of the Council of State, the adoption of the rule or set of rules must be accompanied by a certification signed by the member of the Council of State, indicating the member's review and support of the rule or set or rules.

(3) For all other agencies, the adoption of the rule or set of rules must be accompanied by a certification signed by the Governor indicating the Governor's review and support of the rule or set of rules.

(c) Legislative review. – A permanent rule or set of rules subject to the limitation of subsection (b) of this section shall be subject to the provisions of G.S. 150B-21.3(b1) as if, pursuant to G.S. 150B-21.3(b2), the rule or set of rules received written objections from 10 or more persons and a bill specifically disapproving the rule or set of rules was introduced in a house of the General Assembly before the thirty-first legislative day."

SECTION 1.2. G.S. 150B-21.6 reads as rewritten:

"**§ 150B-21.6. Incorporating material in a rule by reference.**

An agency may incorporate the following material by reference in a rule without repeating the text of the referenced material:

(1) Another rule or part of a rule adopted by the agency.

(2) All or part of a code, standard, or regulation adopted by another ~~agency, the federal government,~~ agency or a generally recognized organization or association.

(3) Repealed by Session Laws 1997-34, s. 5.

(4) All or part of a code, standard, or regulation adopted by the federal government if the agency establishes a procedure by which any change by the federal government is reviewed and approved by the agency within 30 days of the change.

In incorporating material by reference, the agency must designate in the rule whether or not the incorporation includes subsequent amendments and editions of the referenced material. The agency can change this designation only by a subsequent rule-making proceeding. The agency must have copies of the incorporated material available for inspection and must specify in the rule both where copies of the material can be obtained and the cost on the date the rule is adopted of a copy of the material.

A statement in a rule that a rule incorporates material by reference in accordance with former G.S. 150B-14(b) is a statement that the rule does not include subsequent amendments and editions of the referenced material. A statement in a rule that a rule incorporates material by reference in accordance with former G.S. 150B-14(c) is a statement that the rule includes subsequent amendments and editions of the referenced material."

SECTION 1.3. G.S. 150B-19.3(a) reads as rewritten:

"(a) An agency authorized to implement and enforce State and federal environmental laws may not adopt a permanent rule for the protection of the environment or natural resources that imposes a more restrictive standard, limitation, or requirement than those imposed by federal law or rule, if a federal law or rule pertaining to the same subject matter has been adopted, unless adoption of the rule is required by one of the subdivisions of this subsection. A permanent rule required by a serious and unforeseen threat to the public health, safety, or welfare shall be subject to the limitation and legislative review provisions of G.S. 150B-19.4(b) and (c). A permanent rule required by one of the following subdivisions of this subsection shall be subject to the provisions of G.S. 150B-21.3(b1) as if the rule received written objections from 10 or more persons under G.S. 150B-21.3(b2):

~~(1) A serious and unforeseen threat to the public health, safety, or welfare.~~

(2) An act of the General Assembly or United States Congress that expressly requires the agency to adopt rules.

(3) A change in federal or State budgetary policy.

(4) A federal regulation required by an act of the United States Congress to be adopted or administered by the State.

(5) A court order."

SECTION 1.4. G.S. 150B-21.3A reads as rewritten:

"...

(e) ~~Rules to Conform to or Implement Federal Law. – Rules adopted to conform to or implement federal law shall not expire as provided by this section. The Commission shall report annually to the Committee on any rules that do not expire pursuant to this subsection.~~

~~(e1) Rules to Protect Inchoate or Accrued Rights of Retirement Systems Members. – Rules deemed by the Boards of Trustees established under G.S. 128-28 and G.S. 135-6 to protect inchoate or accrued rights of members of the Retirement Systems administered by the State Treasurer shall not expire as provided by this section. The Commission shall report annually to the Committee on any rules that do not expire pursuant to this subsection.~~Exclusions. – The Commission shall report annually to the Committee on any rules that do not expire pursuant to this subsection. The following rules shall not expire as provided in this section:

(1) Rules adopted to conform to or implement federal law.

(2) Rules deemed by the Boards of Trustees established under G.S. 128-28 and G.S. 135-6 to protect inchoate or accrued rights of members of the Retirement Systems administered by the State Treasurer.

...."

SECTION 1.5. Sections 1.1, 1.2, 1.3, and 1.4 are effective when the act becomes law. Sections 1.1, 1.3, and 1.4 apply to rules adopted or undergoing the review process on or after that date.

PART II. BUSINESS REGULATION

EXEMPT CERTAIN BUILDING CODE CLASSIFICATIONS FROM ENERGY EFFICIENCY STANDARDS

SECTION 2.1. G.S. 143-138 is amended by adding a new subsection to read:

"(b16) Exclusion from Energy Efficiency Code Requirements for Certain Use and Occupancy Classifications.— The Council shall provide for an exemption from any requirements in the energy efficiency standards pursuant to Chapter 13 of the 2012 North Carolina Building Code and the 2012 Energy Conservation Code, and any subsequent amendments to the Building Code and Energy Conservation Code, for the following use and occupancy classifications pursuant to Chapter 3 of the 2012 North Carolina Building Code: Section 306, Factory Group F; Section 311, Storage Group S; and Section 312, Utility and Miscellaneous Group U."

STREAMLINE MORTGAGE NOTICE REQUIREMENTS

SECTION 2.2. G.S. 45-91 reads as rewritten:

"**§ 45-91. Assessment of fees; processing of payments; publication of statements.**

A servicer must comply as to every home loan, regardless of whether the loan is considered in default or the borrower is in bankruptcy or the borrower has been in bankruptcy, with the following requirements:

(1) Any fee that is incurred by a servicer shall be both:

a. Assessed within 45 days of the date on which the fee was incurred. Provided, however, that attorney or trustee fees and costs incurred as a result of a foreclosure action shall be assessed within 45 days of the date they are charged by either the attorney or trustee to the servicer.

b. Explained clearly and conspicuously in a statement mailed to the borrower at the borrower's last known address within 30 days after assessing the fee, provided the servicer shall not be required to take any action in violation of the provisions of the federal bankruptcy code. The servicer shall not be required to send such a statement for a fee that: (i) results from a service that is affirmatively requested by the borrower, (ii) is paid for by the borrower at the time the service is provided, and (iii) is not charged to the borrower's loan account.

(2) All amounts received by a servicer on a home loan at the address where the borrower has been instructed to make payments shall be accepted and credited, or treated as credited, within one business day of the date received, provided that the borrower has made the full contractual payment and has provided sufficient information to credit the account. If a servicer uses the scheduled method of accounting, any regularly scheduled payment made prior to the scheduled due date shall be credited no later than the due date. Provided, however, that if any payment is received and not credited, or treated as credited, the borrower shall be notified within 10 business days by mail at the borrower's last known address of the disposition of the payment, the reason the payment was not credited, or treated as credited to the account, and any actions necessary by the borrower to make the loan current.

(2a) The notification required by subdivision (2) of this section is not necessary if (i) the servicer complies with the terms of any agreement or plan made with the borrower and has applied and credited payments received in the manner required, and (ii) the servicer is applying and crediting payments to the borrower's account in compliance with all applicable State and federal laws, including bankruptcy laws, and if at least one of the following occurs:

a. The borrower has entered into a written loss mitigation, loan modification, or forebearance agreement with the servicer that itemizes all amounts due and specifies how payments will be applied and credited;

b. The borrower has elected to participate in an alternative payment plan, such as a biweekly payment plan, that specifies as part of a written agreement how payments will be applied and credited; or

c. The borrower is making payments pursuant to a bankruptcy plan.

(3) Failure to charge the fee or provide the information within the allowable time and in the manner required under subdivision (1) of subsection (a) of this section constitutes a waiver of such fee.

(4) All fees charged by a servicer must be otherwise permitted under applicable law and the contracts between the parties. Nothing herein is intended to permit the application of payments or method of charging interest which is less protective of the borrower than the contracts between the parties and other applicable law.

(5) The obligations of mortgage servicers set forth in G.S. 53-244.110.

(6) The statement mailing requirement and borrower notification requirements of this section are deemed satisfied by compliance with the disclosure requirements contained in Regulation Z, 12 C.F.R. § 1026.41."

AUTHORIZE NORTH CAROLINA DISTILLERIES TO BETTER COMPETE NATIONALLY AND INTERNATIONALLY

SECTION 2.3.(a) G.S. 18B-1105 reads as rewritten:

"**§ 18B-1105. Authorization of distillery permit.**

(a) Authorized Acts. – The holder of a distillery permit may do any of the following:

(1) Manufacture, purchase, import, possess and transport ingredients and equipment used in the distillation of spirituous liquor

(2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to exporters and local boards within the ~~State,~~State. ~~and, subject to the laws of other jurisdictions, at wholesale or retail to private or public agencies or establishments of other states or nations.~~

(2a) Sell spirituous liquor in closed containers at wholesale or retail, subject to the laws of other jurisdictions, for delivery outside the State.

(3) Transport into or out of the distillery the maximum amount of liquor allowed under federal law, if the transportation is related to the distilling process.

(4) Sell spirituous liquor distilled at the distillery in closed containers to visitors who tour the distillery for consumption off the premises. Sales under this subdivision are allowed only in a county where the establishment of a county or municipal ABC store has been approved pursuant to G.S. 18B 602(g) and are subject to the time and day restrictions in G.S. 18B 802. Spirituous liquor sold under this subdivision shall (i) be listed as a code item for sale in the State, (ii) be sold at the price set by the Commission for the code item pursuant to G.S. 18B 804(b), and (iii) have affixed to its bottle a sticker that bears the words "North Carolina Distillery Tour Commemorative Spirit" in addition to any other labeling requirements set by law. Consumers purchasing spirituous liquor under this subdivision are limited to purchasing, and the selling distillery is limited to selling to each consumer, no more than one bottle of spirituous liquor per 12 month period. The distillery shall use a commonly adopted standard point of sale system to maintain searchable electronic records captured at the point of sale, to include the purchaser's name, drivers license number, and date of birth for at least 12 months from the date of purchase. The Commission shall adopt rules regulating the retail sale of spirituous liquor under this subdivision.

(b) Distilleries for Fuel Alcohol. – Any person in possession of a Federal Operating Permit pursuant to Title 27, Code of Federal Regulations, Part 19 (April 1, 2010 Edition), shall obtain a fuel alcohol permit before manufacturing any alcohol. The permit shall entitle the permittee to perform only those acts allowed by the Federal Operating Permit, and all conditions of the Federal Operating Permit shall apply to the State permit."

SECTION 2.3.(b) G.S. 18B-804 is amended by adding a new subsection to read:

"**§ 18B-804. Alcoholic beverage pricing.**

(a) Uniform Price of Spirituous Liquor. – The retail price of spirituous liquor sold in ABC stores and permitted distilleries shall be uniform throughout the State, unless otherwise provided by the ABC law.

(b) Sale Price of Spirituous Liquor. – The sale of spirituous liquor, including antique spirituous liquor, sold at the uniform State price shall consist of the following components:

(1) The distiller's or the antique spirituous liquor seller's price.

(2) The freight and bailment charges of the State warehouse as determined by the Commission.

(3) A markup for local boards as determined by the Commission.

(4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3).

(5) An additional markup for local boards equal to three and one-half percent (3 1/2%) of the sum of subdivisions (1), (2), and (3).

(6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.

(6a) The bailment surcharge.

(6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters.

(7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.

(8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.

(9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty dollars ($20.00) on each four liters and a proportional sum on lesser quantities.

(b1) Price of Spirituous Liquor Sold at Distillery. – When the holder of a distillery permit sells spirituous liquor distilled at the distillery pursuant to G.S. 18B-1105(a)(4), the retail price of the spirituous liquor shall be the uniform State price set by subsection (a) of this section. However, the holder of the distillery permit shall not be required to remit the components of the price set forth by subdivisions (2), (3), (5), (6), (6a), (6b), and (7) of subsection (b) of this section.

(b2) Price of Spirituous Liquor Sold for Delivery Outside the State. – When the holder of a distillery permit sells spirituous liquor for delivery outside the State pursuant to G.S. 18B-1105(a)(2a), the retail price of the spirituous liquor shall be the distiller's price.

(c) Sale Price of Fortified Wine. – The sale price of fortified wine shall include the tax levied by G.S. 105-113.80(b), as well as State and local sales taxes.

(d) Repealed by Session Laws 1985, c. 59, s. 2."

SECTION 2.3.(c) G.S. 18B-800 reads as rewritten:

"**§ 18B-800. Sale of alcoholic beverages in ABC stores.**

(a) Spirituous Liquor. – Except as provided in ~~Article 10~~ Articles 10 and 11 of this Chapter, spirituous liquor may be sold only in ABC stores operated by local boards.

(b) Fortified Wine. – In addition to spirituous liquor, ABC stores may sell fortified wine. ABC stores may also sell wine products, irrespective of alcohol content by volume, which were classified as fortified wine by the ABC Commission prior to July 7, 2004.

(c) Commission Approval. – No ABC store may sell any alcoholic beverage which has not been approved by the Commission for sale in this State.

(d) Expired.

(e) Each ABC store shall display spirits which are distilled in North Carolina in an area dedicated solely to North Carolina products."

SECTION 2.3.(d) The Alcoholic Beverage Control Commission shall adopt temporary rules to amend its rules consistent with this section.

SECTION 2.3.(e) This section becomes effective July 1, 2016.

PART III. STATE AND LOCAL GOVERNMENT REGULATION

DIRECT THE MEDICAL CARE COMMISSION TO ADOPT THE RECOMMENDATIONS OF THE AMERICAN SOCIETY OF HEALTHCARE ENGINEERS FACILITY GUIDELINES INSTITUTE

SECTION 3.1.(a) Definitions. – For purposes of this section and its implementation:

(1) "Hospital Facilities Rules" means all of the following:

a. 10A NCAC 13B .6001 – Physical Plant: Location.

b. 10A NCAC 13B .6002 – Physical Plant: Roads and Parking.

c. 10A NCAC 13B .6104 – General Requirements: Access and Safety.

d. 10A NCAC 13B .6201 – Construction Requirements: Medical, Surgical, and Post-Partum Care Unit.

e. 10A NCAC 13B .6202 – Construction Requirements: Special Care Unit.

f. 10A NCAC 13B .6203 – Construction Requirements: Neonatal Level I and Level II Nursery Unit.

g. 10A NCAC 13B .6204 – Construction Requirements: Neonatal Level III and Level IV Nursery.

h. 10A NCAC 13B .6205 – Construction Requirements: Psychiatric Unit.

i. 10A NCAC 13B .6206 – Construction Requirements: Surgical Department Requirements.
j. 10A NCAC 13B .6207 – Construction Requirements: Obstetrical Department Requirements.
k. 10A NCAC 13B .6209 – Construction Requirements: Emergency Services.
l. 10A NCAC 13B .6210 – Construction Requirements: Imaging Services.
m. 10A NCAC 13B .6211 – Construction Requirements: Laboratory Services.
n. 10A NCAC 13B .6212 – Construction Requirements: Morgue.
o. 10A NCAC 13B .6213 – Construction Requirements: Pharmacy Services.
p. 10A NCAC 13B .6214 – Construction Requirements: Dietary Services.
q. 10A NCAC 13B .6215 – Construction Requirements: Administration.
r. 10A NCAC 13B .6216 – Construction Requirements: Medical Records Services.
s. 10A NCAC 13B .6217 – Construction Requirements: Central Medical and Surgical Supply Services.
t. 10A NCAC 13B .6218 – Construction Requirements: General Storage.
u. 10A NCAC 13B .6219 – Construction Requirements: Laundry Services.
v. 10A NCAC 13B .6220 – Construction Requirements: Physical Rehabilitation Services.
w. 10A NCAC 13B .6221 – Construction Requirements: Engineering Services.
x. 10A NCAC 13B .6222 – Construction Requirements: Waste Processing.
y. 10A NCAC 13B .6223 – Construction Requirements: Details and Finishes.
z. 10A NCAC 13B .6224 – Construction Requirements: Elevator Requirements.
aa. 10A NCAC 13B .6225 – Construction Requirements: Mechanical Requirements.
bb. 10A NCAC 13B .6226 – Construction Requirements: Plumbing and Other Piping Systems Requirements.
cc. 10A NCAC 13B .6227 – Construction Requirements: Electrical Requirements.

(2) "Guidelines" means the American Society for Healthcare Engineering's Facility Guidelines Institute 'Guidelines for Design and Construction of Hospitals and Outpatient Facilities.'

SECTION 3.1.(b) Repeal Hospital Facilities Rules. – The Secretary of Health and Human Services and the Medical Care Commission shall repeal the Hospital Facilities Rules on or before December 31, 2016.

SECTION 3.1.(c) Implementation and Rule-Making Authority. – Before the effective date of the repeal of the Hospital Facilities Rules required pursuant to subsection (b) of this Section, the Medical Care Commission shall adopt temporary rules to replace the Hospital Facilities Rules and, incorporate by reference all applicable rules, standards, and requirements of

the most current edition of the Guidelines. If temporary rules are not adopted before the repeal of the Hospital Faculties Rules required pursuant to subsection (a) of this section, the Commission shall utilize the 2014 Edition of the Guidelines until such time as temporary rules are adopted. Furthermore, the Commission shall adopt permanent rules pursuant to this Section.

SECTION 3.1.(d) Additional Rule-Making Authority. – The Commission shall adopt rules to replace the Hospital Facilities Rules. Notwithstanding G.S. 150B-19(4), the rules adopted by the Commission pursuant to this section shall conform to the provisions of subsection (c) of this Section. Rules adopted pursuant to this Section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this Section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been received as provided by G.S. 150B-21.3(b2). Furthermore, rules adopted pursuant to this Section shall be exempt from the provisions of Chapter 150B of the General Statutes that require the preparation of fiscal notes for any rule proposed to incorporate the Guidelines by reference.

SECTION 3.1.(e) Exemption from Periodic Review. – Until such time as the Hospital Facilities Rules are repealed pursuant to subsection (b) of this section, the Hospital Facilities Rules shall be exempt from the periodic review process required pursuant to G.S. 150B-21.3A.

ELIMINATE EFFICIENCY STANDARDS HAVING BEEN MET OR EXCEEDED BY STATE BUILDINGS

SECTION 3.2.(a) G.S. 143-64.12 is repealed.

SECTION 3.2.(b) G.S. 116-30.3B.(c) is repealed.

REPEAL CERTAIN EDUCATIONAL TESTING LAWS

SECTION 3.3. G.S. 115C-174.12(c) reads as rewritten:

"(c) Local boards of education shall cooperate with the State Board of Education in implementing the provisions of this Article, including the regulations and policies established by the State Board of Education. Local school administrative units shall use the annual tests to fulfill the purposes set out in this Article. ~~Local school administrative units are encouraged to continue to develop local testing programs designed to diagnose student needs.~~"

PART IV. AGRICULTURE, ENERGY, ENVIRONMENTAL, AND NATURAL RESOURCES REGULATION

REPEAL RECYCLING REQUIREMENTS FOR DISCARDED COMPUTER EQUIPMENT AND TELEVISIONS

SECTION 4.1.(a) Part 2H of Article 9 of Chapter 130A of the General Statutes is repealed.

SECTION 4.1.(b) 130A-309.10(f)(14) is repealed.

SECTION 4.1.(c) 130A-309.10(f)(15) is repealed.

SECTION 4.1.(d) 130A-309.10(f1)(7) is repealed.

SECTION 4.1.(e) 130A-309.10(f1)(8) is repealed.

SECTION 4.1.(f) G.S. 130A-309.09A(d)(8) is repealed.

REPEAL YARD WASTE PERMITTING REQUIREMENTS

SECTION 4.2.(a) G.S. 130A-290(a) reads as rewritten:

"**§ 130A-290. Definitions.**

(a) Unless a different meaning is required by the context, the following definitions shall apply throughout this Article:

...

(45) "Yard trash" means solid waste ~~consisting solely of vegetative matter~~ resulting from landscaping ~~maintenance.~~and yard maintenance, including brush, grass, tree limbs, and similar vegetative material.

(46) "Yard waste" means yard trash and land-clearing debris, including stumps, limbs, leaves, grass, and untreated wood."

SECTION 4.2.(b) G.S. 130A-294 is amended by adding a new subsection to read:

"(v) Yard waste diverted from the waste stream or collected as source separated material is not subject to a solid waste permit for transfer, treatment, processing, storage, or disposal in a permitted solid waste management facility. Operators of facilities where yard waste is subject to transfer, treatment, processing, storage, or disposal shall, however, comply with all other federal, State, or local laws, ordinances, rules, regulations, or orders, including zoning, flood plain, and wetland restrictions, sedimentation and erosion control requirements, and mining regulations. Nothing in this subsection shall be construed as limiting the authority of any local government to manage the transfer, treatment, processing, storage, or disposal of yard waste."

SECTION 4.2.(c) This section becomes effective July 1, 2017, and applies to the transfer, treatment, processing, storage, or disposal of yard waste occurring on or after that date.

ELIMINATE OUTDATED PROVISIONS OF THE COASTAL AREA MANAGEMENT ACT

SECTION 4.3.(a) G.S. 113A-109 is repealed.

SECTION 4.3.(b) G.S. 113A-112 is repealed.

REPEAL PASTURE POINTS PROVISION

SECTION 4.4. Section 4.(c) of S.L. 2001-355 is repealed.

REPEAL RESTRICTION ON PET TURTLE SALES

SECTION 4.5. The Commission for Public Health shall repeal 10A NCAC 41A .0301 (Definitions) and 10A NCAC 41A .0302 (Sale of Turtles Restricted) on or before December 1, 2016. Until the effective date of the repeal of the rule required pursuant to this section, the Department of Health and Human Services, the Department of Environmental Quality, or any other political subdivision of the State shall not implement or enforce 10A NCAC 41A .0301 (Definitions) and 10A NCAC 41A .0302 (Sale of Turtles Restricted).

PART V. ELIMINATE, CONSOLIDATE, AND AMEND REPORTS TO THE ENVIRONMENTAL REVIEW COMMISSION

ELIMINATE ANNUAL REPORT ON MINING ACCOUNT PURSUANT TO THE MINING ACT OF 1971 BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.1. G.S. 74-54.1(c) is repealed.

ELIMINATE ANNUAL REPORT ON THE IMPLEMENTATION OF THE SUSTAINABLE ENERGY EFFICIENT BUILDINGS PROGRAM BY THE DEPARTMENT OF ADMINISTRATION

SECTION 5.2.(a) G.S. 143-135.39(f) and (g) are repealed.

SECTION 5.2.(b) G.S. 143-135.40(b) is repealed.

ELIMINATE QUARTERLY REPORT ON SYSTEMWIDE MUNICIPAL AND DOMESTIC WASTEWATER COLLECTION SYSTEM PERMIT PROGRAM BY THE ENVIRONMENTAL MANAGEMENT COMMISSION

SECTION 5.3. G.S. 143-215.9B reads as rewritten:

"**§ 143-215.9B. Systemwide municipal and domestic wastewater collection system permit program report.**

The Environmental Management Commission shall develop and implement a permit program for municipal and domestic wastewater collection systems on a systemwide basis. The collection system permit program shall provide for performance standards, minimum design and construction requirements, a capital improvement plan, operation and maintenance requirements, and minimum reporting requirements. In order to ensure an orderly and cost-effective phase-in of the collection system permit program, the Commission shall implement the permit program over a five-year period beginning 1 July 2000. The Commission shall issue permits for approximately twenty percent (20%) of municipal and domestic wastewater collection systems that are in operation on 1 July 2000 during each of the five calendar years beginning 1 July 2000 and shall give priority to those collection systems serving the largest populations, those under a moratorium imposed by the Commission under G.S. 143-215.67, and those for which the Department of Environmental Quality has issued a notice of violation for the discharge of untreated wastewater. ~~The Commission shall report on its progress in developing and implementing the collection system permit program required by this section as a part of each quarterly report the Environmental Management Commission makes to the Environmental Review Commission pursuant to G.S. 143B-282(b).~~"

ELIMINATE ANNUAL REPORTS ON REDUCING VEHICLE EMISSIONS FROM STATE EMPLOYEE AND PRIVATE SECTOR VEHICLES BY THE DEPARTMENT OF TRANSPORTATION

SECTION 5.4. G.S. 143-215.107C(d) and (e) are repealed.

ELIMINATE ANNUAL REPORT ON PURCHASE OF NEW MOTOR VEHICLES AND FUEL SAVINGS BY THE DEPARTMENT OF ADMINISTRATION

SECTION 5.5. G.S. 143-341(8)(i).2b. reads as rewritten:

"2b. As used in this sub-sub-subdivision, "fuel economy" and "class of comparable automobiles" have the same meaning as in Part 600 of Title 40 of the Code of Federal Regulations (July 1, 2008 Edition). As used in this sub-sub-subdivision, "passenger motor vehicle" has the same meaning as "private passenger vehicle" as defined in G.S. 20-4.01. Notwithstanding the requirements of sub-sub-subdivision 2a. of this sub-subdivision, every request for proposals for new passenger motor vehicles to be purchased by the Department shall state a preference for vehicles that have a fuel economy for the new vehicle's model year that is in the top fifteen percent (15%) of its class of comparable automobiles. The award for every new passenger motor vehicle that is purchased by the Department shall be based on the Department's evaluation of the best value for the State, taking into account fuel economy ratings and life cycle cost that reasonably consider both projected fuel costs and acquisition costs. This sub-sub-subdivision does not apply to vehicles used in law enforcement, emergency medical response, and firefighting. ~~The Department shall report the number of new passenger motor vehicles that are purchased as required by this sub-sub-subdivision, the savings or costs for the purchase of vehicles to comply with this sub-sub-subdivision, and the quantity and cost of fuel saved for the previous fiscal year on or before October 1 of each year to the Joint Legislative~~

~~Commission on Governmental Operations and the Environmental Review Commission.~~"

ELIMINATE BIENNIAL STATE OF THE ENVIRONMENT REPORT BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.6. G.S. 143B-279.5 is repealed.

ELIMINATE ANNUAL REPORT ON FISH KILL ACTIVITY BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.7. G.S. 143B-279.7(c) is repealed.

ELIMINATE THE ENVIRONMENTAL MANAGEMENT COMMISSION QUARTERLY REPORT ON DEVELOPING ENGINEERING STANDARDS GOVERNING MUNICIPAL AND DOMESTIC SYSTEMS TO ALLOW REGIONAL INTERCONNECTION

SECTION 5.8. Section 11.1 of S.L. 1999-329 reads as rewritten:

"Section 11.1. The Environmental Management Commission shall develop engineering standards governing municipal and domestic wastewater collection systems that will allow interconnection of these systems on a regional basis. ~~The Commission shall report on its progress in developing the engineering standards required by this section as a part of each quarterly report the Commission makes to the Environmental Review Commission pursuant to G.S. 143B-282(b).~~"

ELIMINATE BIENNIAL REPORT ON IMPLEMENTATION OF THE NORTH CAROLINA BEACH AND INLET MANAGEMENT PLAN BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.9. Section 13.9(d) of S.L. 2000-67 reads as rewritten:

"Section 13.9.(d) Each plan shall be as complete as resources and available information allow. ~~The Department of Environment and Natural Resources shall revise the plan every two years and shall submit the revised plan to the General Assembly no later than March 1 of each odd-numbered year. The Department may issue a supplement to the plan in even-numbered years if significant new information becomes available.~~"

ELIMINATE ANNUAL REPORT ON INFORMAL REVIEW PROCESS FOR AGENCY REVIEW OF ENGINEERING WORK

SECTION 5.10. Sections 29(j) and 29(k) of S.L. 2014-120 are repealed.

CONSOLIDATE REPORTS ON THE COASTAL HABITAT PROTECTION PLAN

SECTION 5.11.(a) G.S. 143B-279.8(e) reads as rewritten:

"(e) The Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall report to the Joint Legislative Commission on Governmental Operations and the Environmental Review Commission on progress in developing and implementing the Coastal Habitat Protection Plans, including the extent to which the actions of the three commissions are consistent with the Plans, on or before ~~1 September~~September 1 of each ~~year.~~year in which any significant revisions to the Plans are made."

SECTION 5.11.(b) G.S. 143B-279.8(f) is repealed.

CONSOLIDATE AND REDUCE FREQUENCY OF REPORTS ON COST AND IMPLEMENTATION OF ENVIRONMENTAL PERMITTING PROGRAMS

SECTION 5.12.(a) G.S. 143-215.3A(c) reads as rewritten:

"(c) The Department shall report to the Environmental Review Commission and the Fiscal Research Division on the cost of the State's environmental permitting programs contained within the Department on or before January 1 ~~November~~ of each odd-numbered year. The report shall

include, but is not limited to, fees set and established under this Article, fees collected under this Article, revenues received from other sources for environmental permitting and compliance programs, changes made in the fee schedule since the last report, anticipated revenues from all other sources, interest earned and any other information requested by the General Assembly. The Department shall submit this report with the report required by G.S. 143B-279.17 as a single report."

SECTION 5.12.(b) G.S. 143B-279.17 reads as rewritten:

"**§ 143B-279.17. Tracking and report on permit processing times.**

The Department of Environmental Quality shall track the time required to process all permit applications in the One-Stop for Certain Environmental Permits Programs established by G.S. 143B-279.12 and the Express Permit and Certification Reviews established by G.S. 143B-279.13 that are received by the Department. The processing time tracked shall include (i) the total processing time from when an initial permit application is received to issuance or denial of the permit and (ii) the processing time from when a complete permit application is received to issuance or denial of the permit. No later than ~~March~~ January 1 of each odd-numbered year, the Department shall report to the Fiscal Research Division of the General Assembly and the Environmental Review Commission on the permit processing times required to be tracked pursuant to this section. The Department shall submit this report with the report required by G.S. 143-215.3A(c) as a single report."

SECTION 5.12.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission and the Fiscal Research Division no later than January 1, 2017.

CONSOLIDATE AND REDUCE FREQUENCY OF REPORTS BY THE ENVIRONMENTAL MANAGEMENT COMMISSION

SECTION 5.13.(a) G.S. 143B-282(b) reads as rewritten:

"(b) The Environmental Management Commission shall submit ~~quarterly~~ written reports as to its operation, activities, programs, and progress to the Environmental Review ~~Commission.~~Commission by January 1 of each year. The Environmental Management Commission shall supplement the written reports required by this subsection with additional written and oral reports as may be requested by the Environmental Review Commission. ~~The Environmental Management Commission shall submit the written reports required by this subsection whether or not the General Assembly is in session at the time the report is due.~~"

SECTION 5.13.(b) G.S. 143-215.1(h) reads as rewritten:

"(h) Each applicant for a new permit or the modification of an existing permit issued under subsection (c) of this section shall include with the application: (i) the extent to which the new or modified facility is constructed in whole or in part with funds provided or administered by the State or a unit of local government, (ii) the impact of the facility on water quality, and (iii) whether there are cost-effective alternative technologies that will achieve greater protection of water quality. The Commission shall prepare ~~a quarterly~~ an annual summary and analysis of the information provided by applicants pursuant to this subsection. The Commission shall submit the summary and analysis required by this subsection to the Environmental Review Commission (ERC) as a part of each ~~quarterly~~ annual report that the Commission is required to make to the ERC under G.S. 143B-282(b)."

SECTION 5.13.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission no later than January 1, 2017.

CONSOLIDATE WASTE MANAGEMENT REPORTS BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.14.(a) G.S. 130A-309.06(c) reads as rewritten:

"(c) The Department shall report to the Environmental Review Commission and the Fiscal Research Division on or before ~~15 January~~January 15 of each year on the status of solid waste management efforts in the State. The report shall include:

(1) A comprehensive analysis, to be updated in each report, of solid waste generation and disposal in the State projected for the 20-year period beginning on July 1, ~~1 July~~ 1991.

(2) The total amounts of solid waste recycled and disposed of and the methods of solid waste recycling and disposal used during the calendar year prior to the year in which the report is published.

(3) An evaluation of the development and implementation of local solid waste management programs and county and municipal recycling programs.

(4) An evaluation of the success of each county or group of counties in meeting the municipal solid waste reduction goal established in G.S. 130A-309.04.

(5) Recommendations concerning existing and potential programs for solid waste reduction and recycling that would be appropriate for units of local government and State agencies to implement to meet the requirements of this Part.

(6) An evaluation of the recycling industry, the markets for recycled materials, the recycling of polystyrene, and the success of State, local, and private industry efforts to enhance the markets for these materials.

(7) Recommendations to the Governor and the Environmental Review Commission to improve the management and recycling of solid waste in the State, including any proposed legislation to implement the recommendations.

(8) A description of the condition of the Solid Waste Management Trust Fund and the use of all funds allocated from the Solid Waste Management Trust Fund, as required by G.S. 130A-309.12(c).

(9) A description of the review and revision of bid procedures and the purchase and use of reusable, refillable, repairable, more durable, and less toxic supplies and products by both the Department of Administration and the Department of Transportation, as required by G.S. 130A-309.14(a1)(3).

(10) A description of the implementation of the North Carolina Scrap Tire Disposal Act that includes the amount of revenue used for grants and to clean up nuisance tire collection under the provisions of G.S 130A-309.64.

(11) A description of the management of white goods in the State, as required by G.S. 130A-309.85.

(12) A summary of the report by the Department of Transportation on the amounts and types of recycled materials that were specified or used in contracts that were entered into by the Department of Transportation during the previous fiscal year, as required by G.S. 136-28.8(g).

(13) Repealed by Session Laws 2010-142, s. 1, effective July 22, 2010.

(14) (Expiring October 1, 2023) A description of the activities related to the management of abandoned manufactured homes in the State in accordance with G.S. 130A-117, the beginning and ending balances in the Solid Waste Management Trust Fund for the reporting period and the amount of funds used, itemized by county, for grants made under Part 2F of Article 9 of Chapter 130A of the General Statutes.

(15) A report on the recycling of discarded computer equipment and televisions in the State pursuant to 130A-309-140(a).

(16) An evaluation of the Brownfields Property Reuse Act pursuant to G.S. 130A-310.40.

(17) A report on the Inactive Hazardous Waste Response Act of 1987 pursuant to G.S. 130A-310.10(a).

(18) A report on the Dry-Cleaning Solvent Cleanup Act of 1997 pursuant to G.S. 143-215.104U(a) until such time as the Act expires pursuant to Part 6 of Article 21A of Chapter 143 of the General Statutes.

(19) A report on the implementation and cost of the hazardous waste management program pursuant to G.S. 130A-294(i)."

SECTION 5.14.(b) G.S. 130A-309.140(a) reads as rewritten:

"(a) ~~No later than January 15 of each year, the Department shall submit a report on~~ The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), a report on the recycling of discarded computer equipment and televisions in the State under this ~~Part to the Environmental Review Commission.~~Part. The report must include an evaluation of the recycling rates in the State for discarded computer equipment and televisions, a discussion of compliance and enforcement related to the requirements of this Part, and any recommendations for any changes to the system of collection and recycling of discarded computer equipment, televisions, or other electronic devices."

SECTION 5.14.(c) G.S. 130A-310.40 reads as rewritten:

"**§ 130A-310.40. Legislative reports.**

The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), ~~prepare and submit to the Environmental Review Commission, concurrently with the report on the Inactive Hazardous Sites Response Act of 1987 required under G.S. 130A-310.10,~~ an evaluation of the effectiveness of this Part in facilitating the remediation and reuse of existing industrial and commercial properties. This evaluation shall include any recommendations for additional incentives or changes, if needed, to improve the effectiveness of this Part in addressing such properties. This evaluation shall also include a report on receipts by and expenditures from the Brownfields Property Reuse Act Implementation Account."

SECTION 5.14.(d) G.S. 130A-310.10(a) reads as rewritten:

"(a) The Secretary shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), a report on inactive hazardous sites ~~to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division on or before October 1 of each year. The report shall include~~that includes at least the following:

(1) The Inactive Hazardous Waste Sites Priority List.

(2) A list of remedial action plans requiring State funding through the Inactive Hazardous Sites Cleanup Fund.

(3) A comprehensive budget to implement these remedial action plans and the adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the cost of said plans.

(4) A prioritized list of sites that are eligible for remedial action under CERCLA/SARA together with recommended remedial action plans and a comprehensive budget to implement such plans. The budget for implementing a remedial action plan under CERCLA/SARA shall include a statement as to any appropriation that may be necessary to pay the State's share of such plan.

(5) A list of sites and remedial action plans undergoing voluntary cleanup with Departmental approval.

(6) A list of sites and remedial action plans that may require State funding, a comprehensive budget if implementation of these possible remedial action plans is required, and the adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the possible costs of said plans.

(7) A list of sites that pose an imminent hazard.

(8) A comprehensive budget to develop and implement remedial action plans for sites that pose imminent hazards and that may require State funding, and the adequacy of the Inactive Hazardous Sites Cleanup Fund.

(8a) Repealed by Session Laws 2015-286, s. 4.7(f), effective October 22, 2015.

(9) Any other information requested by the General Assembly or the Environmental Review Commission."

SECTION 5.14.(e) G.S. 143-215.104U reads as rewritten:

"**§ 143-215.104U. Reporting requirements.**

(a) The Secretary shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), a report on ~~present an annual report to the Environmental Review Commission that shall include~~ at least the following:

(1) A list of all dry-cleaning solvent contamination reported to the Department.

(2) A list of all facilities and abandoned sites certified by the Commission and the status of contamination associated with each facility or abandoned site.

(3) An estimate of the cost of assessment and remediation required in connection with facilities or abandoned sites certified by the Commission and an estimate of assessment and remediation costs expected to be paid from the Fund.

(4) A statement of receipts and disbursements for the Fund.

(5) A statement of all claims against the Fund, including claims paid, claims denied, pending claims, anticipated claims, and any other obligations.

(6) The adequacy of the Fund to carry out the purposes of this Part together with any recommendations as to measures that may be necessary to assure the continued solvency of the Fund.

~~(b) The Secretary shall make the annual report required by this section on or before 1 October of each year.~~"

SECTION 5.14.(f) G.S. 130A-294(i) reads as rewritten:

"(i) The Department shall include in the status of solid waste management report required to be submitted on or before January 15 of each year pursuant to G.S. 130A-309.06(c), a report ~~to the Fiscal Research Division of the General Assembly, the Senate Appropriations Subcommittee on Natural and Economic Resources, the House Appropriations Subcommittee on Natural and Economic Resources, and the Environmental Review Commission on or before January 1 of each year~~ on the implementation and cost of the hazardous waste management program. The report shall include an evaluation of how well the State and private parties are managing and cleaning up hazardous waste. The report shall also include recommendations to the Governor, State agencies, and the General Assembly on ways to: improve waste management; reduce the amount of waste generated; maximize resource recovery, reuse, and conservation; and minimize the amount of hazardous waste which must be disposed of. The report shall include beginning and ending balances in the Hazardous Waste Management Account for the reporting period, total fees collected pursuant to G.S. 130A-294.1, anticipated revenue from all sources, total expenditures by activities and categories for the hazardous waste management program, any recommended adjustments in annual and tonnage fees which may be necessary to assure the continued availability of funds sufficient to pay the State's share of the cost of the hazardous waste management program, and any other information requested by the General Assembly. In recommending adjustments in annual and tonnage fees, the Department may propose fees for hazardous waste generators, and for hazardous waste treatment facilities that treat waste generated on site, which are designed to encourage reductions in the volume or quantity and toxicity of hazardous waste. The report shall also include a description of activities undertaken to implement the resident inspectors program established under G.S. 130A-295.02. In addition, the report shall include an annual update on the mercury switch removal program that shall include, at a minimum, all of the following:

(1) A detailed description of the mercury recovery performance ratio achieved by the mercury switch removal program.
(2) A detailed description of the mercury switch collection system developed and implemented by vehicle manufacturers in accordance with the NVMSRP.
(3) In the event that a mercury recovery performance ratio of at least 0.90 of the national mercury recovery performance ratio as reported by the NVMSRP is not achieved, a description of additional or alternative actions that may be implemented to improve the mercury switch removal program.
(4) The number of mercury switches collected and a description of how the mercury switches were managed.
(5) A statement that details the costs required to implement the mercury switch removal program, including a summary of receipts and disbursements from the Mercury Switch Removal Account."

SECTION 5.14.(g) The first combined report required by subsections (a) through (f) of this section shall be submitted to the Environmental Review Commission and the Fiscal Research Division no later than January 15, 2017.

CONSOLIDATE SEDIMENTATION POLLUTION CONTROL ACT AND STORMWATER REPORTS

SECTION 5.15.(a) G.S. 113A-67 reads as rewritten:

"**§ 113A-67. Annual Report.**

The Department shall report to the Environmental Review Commission on the implementation of this Article on or before ~~1 October~~October 1 of each year. The Department shall include in the report an analysis of how the implementation of the Sedimentation Pollution Control Act of 1973 is affecting activities that contribute to the sedimentation of streams, rivers, lakes, and other waters of the State. The report shall also include a review of the effectiveness of local erosion and sedimentation control programs. The report shall be submitted to the Environmental Review Commission with the report required by G.S. 143-214.7(e) as a single report."

SECTION 5.15.(b) G.S. 143-214.7(e) reads as rewritten:

"(e) On or before October 1 of each year, the ~~Commission~~ Department shall report to the Environmental Review Commission on the implementation of this section, including the status of any stormwater control programs administered by State agencies and units of local government. The status report shall include information on any integration of stormwater capture and reuse into stormwater control programs administered by State agencies and units of local government. The report shall be submitted to the Environmental Review Commission with the report required by G.S. 113A-67 as a single report."

SECTION 5.15.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission no later than October 1, 2016.

CONSOLIDATE VARIOUS WATER RESOURCES AND WATER QUALITY REPORTS BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY

SECTION 5.16.(a) G.S. 143-355(n) is repealed.

SECTION 5.16.(b) G.S. 143-355(o)(9) is repealed.

SECTION 5.16.(c) G.S. 143-355 is amended by adding a new subsection to read:

"(p) Report. – The Department of Environmental Quality shall report to the Environmental Review Commission on the implementation of this section, including the development of the State water supply plan and the development of basinwide hydrologic models, no later than November 1 of each year. The Department shall submit the report required by this subsection with the report on basinwide water quality management plans required by G.S. 143-215.8B(d) as a single report."

SECTION 5.16.(d) G.S. 143-215.8B(d) reads as rewritten:

"(d) ~~The~~ As a part of the report required pursuant to G.S. 143-355(p), the Commission and the Department shall each report on or before ~~1 October~~November 1 of each year on an annual basis to the Environmental Review Commission on the progress in developing and implementing basinwide water quality management plans and on increasing public involvement and public education in connection with basinwide water quality management planning. The report to the Environmental Review Commission by the Department shall include a written statement as to all concentrations of heavy metals and other pollutants in the surface waters of the State that are identified in the course of preparing or revising the basinwide water quality management plans."

SECTION 5.16.(e) The first combined report required by subsections (c) and (d) of this section shall be submitted to the Environmental Review Commission no later than November 1, 2016.

CONSOLIDATE REPORTS BY THE DIVISION OF WATER INFRASTRUCTURE OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY AND THE STATE WATER INFRASTRUCTURE AUTHORITY

SECTION 5.17.(a) 159G-26(a) reads as rewritten:

"(a) Requirement. – The Department ~~must~~ shall publish a report each year on the accounts in the Water Infrastructure Fund that are administered by the Division of Water Infrastructure. The report ~~must~~ shall be published by ~~1~~ November 1 of each year and cover the preceding fiscal year. The Department ~~must~~ shall make the report available to the public and ~~must~~ shall give a copy of the report to the Environmental Review ~~Commission and the~~Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research ~~Division of the Legislative Services Commission.~~Division with the report required by G.S. 159G-72 as a single report."

SECTION 5.17.(b) G.S. 159G-72 reads as rewritten:

"**§ 159G-72. State Water Infrastructure Authority; reports.**

No later than November 1 of each year, the Authority shall submit a report of its activity and findings, including any recommendations or legislative proposals, to the ~~Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division of the Legislative Services Commission.~~ Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division with the report required by G.S. 159G-26(a) as a single report."

SECTION 5.17.(c) The first combined report required by subsections (a) and (b) of this section shall be submitted to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division no later than November 1, 2016.

CONSOLIDATE REPORTS BY SOIL AND WATER CONSERVATION COMMISSION AND THE DIVISION OF SOIL AND WATER CONSERVATION OF THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

SECTION 5.18.(a) G.S. 106-850(e) reads as rewritten:

"(e) The Soil and Water Conservation Commission shall report on or before ~~31~~ January 31 of each year to the Environmental Review Commission, the Department of Agriculture and Consumer Services, and the Fiscal Research Division. This report shall include a list of projects that received State funding pursuant to the program, the results of the evaluations conducted pursuant to subdivision (7) of subsection (b) of this section, findings regarding the effectiveness of each of these projects to accomplish its primary purpose, and any recommendations to assure that State funding is used in the most cost-effective manner and accomplishes the greatest improvement in water quality. This report shall be submitted to the Environmental Review

Commission and the Fiscal Research Division with the reports required by G.S. 106-860(e) and G.S. 139-60(d) as a single report."

SECTION 5.18.(b) G.S. 106-860(e) reads as rewritten:

"(e) Report. – The Soil and Water Conservation Commission shall report no later than ~~31~~ January 31 of each year to the Environmental Review Commission, the Department of Agriculture and Consumer Services, and the Fiscal Research Division. The report shall include a summary of projects that received State funding pursuant to the Program, the results of the evaluation conducted pursuant to subdivision (5) of subsection (b) of this section, findings regarding the effectiveness of each project to accomplish its primary purpose, and any recommendations to assure that State funding is used in the most cost-effective manner and accomplishes the greatest improvement in water quality. This report shall be submitted to the Environmental Review Commission and the Fiscal Research Division as a part of the report required by G.S. 106-850(e)."

SECTION 5.18.(c) G.S. 139-60(d) reads as rewritten:

"(d) Report. – No later than January 31 of each year, the Division of Soil and Water Conservation of the Department of Agriculture and Consumer Services shall prepare a comprehensive report on the implementation of subsections (a) through (c) of this section. The report shall be submitted to the Environmental Review Commission and the Fiscal Research Division as a part of the report required by G.S. 106-850(e)."

SECTION 5.18.(d) The first combined report required by subsections (a) through (c) of this section shall be submitted to the Environmental Review Commission and the Fiscal Research Division no later than January 31, 2017.

DECREASE REPORTING FREQUENCY ON TERMINAL GROINS PILOT PROJECT BY THE COASTAL RESOURCES COMMISSION

SECTION 5.19. G.S. 113A-115.1(i) reads as rewritten:

"(i) No later than ~~September 1 of each year,~~January 1, 2017 and every five years thereafter, the Coastal Resources Commission shall report to the Environmental Review Commission on the implementation of this section. The report shall provide a detailed description of each proposed and permitted terminal groin and its accompanying beach fill project, including the information required to be submitted pursuant to subsection (e) of this section. For each permitted terminal groin and its accompanying beach fill project, the report shall also provide all of the following:

(1) The findings of the Commission required pursuant to subsection (f) of this section.

(2) The status of construction and maintenance of the terminal groin and its accompanying beach fill project, including the status of the implementation of the plan for construction and maintenance and the inlet management plan.

(3) A description and assessment of the benefits of the terminal groin and its accompanying beach fill project, if any.

(4) A description and assessment of the adverse impacts of the terminal groin and its accompanying beach fill project, if any, including a description and assessment of any mitigation measures implemented to address adverse impacts."

DECREASE REPORTING FREQUENCY ON PARKS SYSTEM PLAN BY THE DEPARTMENT OF NATURAL AND CULTURAL RESOURCES

SECTION 5.20. G.S. 143B-135.48(d) reads as rewritten:

"(d) No later than October ~~1 of each year,~~1, 2016 and every five years thereafter, the Department shall submit electronically the State Parks System Plan to the Environmental Review Commission, ~~the Senate and the House of Representatives appropriations committees with jurisdiction over natural and cultural resources,~~ the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division. Concurrently,

the Department shall submit a summary of each change to the Plan that was made during the previous ~~fiscal year.~~five fiscal years."

REDIRECT INTERAGENCY REPORT ON SUPERFUND COST SHARE TO THE ANER OVERSIGHT COMMITTEE

SECTION 5.21. Section 15.6 of S.L. 1999-237 reads as rewritten:

"Section 15.6.(a) The Department of ~~Environment and Natural Resources~~Environmental Quality may use available funds, with the approval of the Office of State Budget and Management, to provide the ten percent (10%) cost share required for Superfund cleanups on the National Priority List sites, to pay the operating and maintenance costs associated with these Superfund cleanups, and for the cleanup of priority inactive hazardous substance or waste disposal sites under Part 3 of Article 9 of Chapter 130A of the General Statutes. These funds may be in addition to those appropriated for this purpose.

"Section 15.6.(b) The Department of ~~Environment and Natural Resources~~Environmental Quality and the Office of State Budget and Management shall report to the ~~Environmental Review Commission and the Joint Legislative Commission on Governmental Operations~~Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds."

REDIRECT REPORT ON EXPENDITURES FROM BERNARD ALLEN EMERGENCY DRINKING WATER FUND TO ANER OVERSIGHT COMMITTEE

SECTION 5.22. G.S. 87-98(e) reads as rewritten:

"(e) The Department, in consultation with the Commission for Public Health and local health departments, shall report no later than October 1 of each year to the ~~Environmental Review Commission, the House of Representatives and Senate Appropriations Subcommittees on Natural~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division of the General Assembly on the implementation of this section. The report shall include the purpose and amount of all expenditures from the Fund during the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of the section, and may also include recommendations for any legislative action."

REDIRECT REPORT ON PARKS AND RECREATION TRUST FUND TO THE ANER OVERSIGHT COMMITTEE

SECTION 5.23. G.S. 143B-135.56(f) reads as rewritten:

"(f) Reports. – The North Carolina Parks and Recreation Authority shall report no later than October 1 of each year to the Joint Legislative ~~Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources,~~ Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission on allocations from the Trust Fund from the prior fiscal year. For funds allocated from the Trust Fund under subsection (c) of this section, this report shall include the operating expenses determined under subdivisions (1) and (2) of subsection (e) of this section."

PART VI. SEVERABILITY CLAUSE AND EFFECTIVE DATE

SECTION 6.1. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part declared to be unconstitutional or invalid.

SECTION 6.2. Except as otherwise provided, this act is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 71

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

S71-ASB-93 [v.1]

Amends Title [NO]
H169-CSSB-21

Date ,2016

Representative Ruben

moves to amend the bill on page 9, lines 32 and 33, by inserting between those lines:

"**LIMIT MOTOR VEHICLE EMISSIONS INSPECTIONS**

SECTION 4.6.(a) G.S. 143-215.107A reads as rewritten:

"**§ 143-215.107A. Motor vehicle emissions testing and maintenance program.**

(a) General Provisions. –

(1) G.S. 143-215.107(a)(6) shall be implemented as provided in this section.

(2) Motor vehicle emissions inspections shall be performed by a person who holds an emissions inspection mechanic license issued as provided in G.S. 20-183.4A(c) at a station that holds an emissions inspection station license issued under G.S. 20-183.4A(a) or at a place of business that holds an emissions self-inspector license issued as provided in G.S. 20-183.4A(d). Motor vehicle emissions inspections may be performed by a decentralized network of test-and-repair stations as described in 40 Code of Federal Regulations § 51.353 (1 July 1998 Edition). The Commission may not require that motor vehicle emissions inspections be performed by a network of centralized or decentralized test-only stations.

(b) Repealed by Session Laws 2000-134, s. 2, effective July 14, 2000.

(c) Counties Covered. – Motor vehicle emissions inspections shall be performed in the following counties: Alamance, Brunswick, Buncombe, ~~Burke~~, Cabarrus, Caldwell, Carteret, Catawba, Chatham, ~~Cleveland~~, Craven, Cumberland, Davidson, Durham, Edgecombe, Forsyth, Franklin, Gaston, Granville, Guilford, Harnett, Haywood, Henderson, Iredell, Johnston, Lee, Lenoir, Lincoln, Mecklenburg, Moore, Nash, New Hanover, Onslow, Orange, Pitt, Randolph, Robeson, Rockingham, Rowan~~, Rutherford~~, Stanly, ~~Stokes, Surry,~~ Union, Wake, Wayne, ~~Wilkes~~ and Wilson.

(d) Repealed by Session Laws 2012-200, s. 12(a), effective August 1, 2012."

SECTION 4.6.(b) No later than December 31, 2016, the Department of Environmental Quality shall prepare and submit to the United States Environmental Protection Agency for approval by that agency a proposed North Carolina State Implementation Plan amendment based on the change to the motor vehicle emissions testing program provided in this section.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 71

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S71-ASB-93 [v.1]

SECTION 4.6.(c) This section becomes effective on the later of the following dates and applies to motor vehicles inspected, or due to be inspected, on or after the effective date of this act:

(1) July 1, 2017.

(2) The first day of a month that is 60 days after the Department of Environmental Quality certifies to the Revisor of Statutes that the United States Environmental Protection Agency has approved an amendment to the North Carolina State Implementation Plan submitted as required by Section 4.6(b) of this act. The Department shall provide this notice along with the effective date of this act on its Web site and by written or electronic notice to emissions inspection mechanic license holders, emissions inspection station licensees, and self-inspector licensees in the counties where motor vehicle emissions inspection requirements are removed by this act.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 169 DATE May 26th 2016

S. B. No. _____ Amendment No. 2
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Mike ~~Hager~~ Rabon
)
Sen.)

1 moves to amend the bill on page 5, line 14
2 ( ) WHICH CHANGES THE TITLE
3 by ~~that~~ changing the line to read "selling each
4 consumer, no more than one bottle of each product
5 produced at the distillery of spirituous liquor
6 per 12"
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19

SIGNED ~~Mike Hager~~

ADOPTED _____ FAILED _____ TABLED _____

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Senate Pages Attending

COMMITTEE: Commerce **ROOM:** 1027

DATE: 5-26 **TIME:** 9 AM

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!....*or else!*

	Page Name	Hometown	Sponsoring Senator
1.	David Huffman ~~Sydney Richmond~~	Stedman	Meredith
2.	Elise Tison	Bakersville	Hise
3.	Carolina [Lee] Sanchez	Burnsville	Hise
4.	Avery Hilbert	Wilmington	Lee
5.	Aubrey Hill	Charlotte	Pate
6.	McCall Holland	Ocean Isle Beach	Rabon
7.	Brantley Butler	Madison	Berger
8.			
9.			
10.			

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

NCGA

NORTH CAROLINA GENERAL ASSEMBLY

Senate Commerce Committee

May 26, 2016

Room 1027/1128

9:00 AM

Senate Sergeant at Arms:

Terry Barnhardt

John Enloe

Becky Myrick

Senate Commerce Committee

May 26, 2016 – Room 1027/1128 – 9:00 AM

PLEASE SIGN IN BELOW

NAME	FIRM OR AGENCY
Caroline Daley	Governors office
Andy Chase	RMA
Carson Jenie	MVA
CS Hollis	CSH
LAURA PURYEAR	LAURIE ONORIO, LLC
Rose Williams	NCLM
Sarah McQuillan	SSGNC
Jamar McCarthy	Waddell Intern
[illegible]	MWC
[illegible]	[illegible]
Jackson Stanley	CCS
Flint Benson	SEANL
Lexi [illegible]	NRMA
Caroline Christman	NC DOC
[illegible]	" " " "
TOM BOWLIN	NC NG
Katy Kingsbury	BP
Elizabeth Bise	BP
Erin Jones	TWC

Hugh Johnson NCACC

Sarah Collins NCLM

Erin Wynne NCLM

John Roberts Orange County

Elizabeth Robinson NCRMA

Hannah Jones Jordan, Price et al

BCI

UNC DO

JAKE PARKER NCFB

TJ Bugbee NP

Jaz Tunnell PNG

Senate Commerce Committee

May 26, 2016 – Room 1027/1128 – 9:00 AM

PLEASE SIGN IN BELOW

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Dana Sofos	SA
Jeff Stafford	SA
ANDY VAUGHN	SA
David McGowan	NC Petro Council
STEVEN WEBB	NCNBA
Catherine Harward	NCFB
Paul S Herman	NCFB
Doug Lassiter	NCSTA
Thomas Moore	CCA
David Farrell	VB
John Stevens	NCADA
David Heinen	NC Center for Nonprofits
Julie Lure	NCMA
Rodney Sadler	Pharmaceutical Assoc.
Amanda Donovan	TSS
Chris McDaniel	KTS
Jake Cashion	NCC
Meagan Lee	NCC

Sue Ann Forrest	NCICU
Caroline Thomas	DEQ
Jay Rous	NCAEC
	CCS
John Cooper	
Patricia Gibbons	CCS
Arnold Bost	NCCN
James Porter	NCCN
Brooks Rainey Pearm	SELC
Ms Marie Arlin	SELC
Tom Beason	EPA, NCSEU
Kerry Burke	NCUC
Chris Broughton	NLC
Hayden Burgess	FOP
Sarah Bales	BHA
Rick Zechini	Williams Mullen
Sos Wells	Sen. Rochester
Mark Cantu	NCHBA
Aubrey Temple	Self
Dave Horne	SA

Kara Weishaar SA
Peyton Wyatt I

VISITOR REGISTRATION SHEET

(Committee Name)

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
Mollie Young	DEQ
Jon Carr	Tohpe

SPEAKER

~~VISITOR~~ REGISTRATION SHEET

Senate Comm on Commerce

(Committee Name)

5.26.16

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
Tom BEAN	NCSEA

Senate Committee on Commerce
Tuesday, May 31, 2016 at 11:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 11:00 AM on May 31, 2016 in Room 1027/1128 of the Legislative Building. Twenty three members were present.

Senator Rick Gunn, Chair, presided.

There were no pages.

HB 151 Vacation Rentals/Orange Co. Jail Construction. (Representatives Tine, Setzer, J. Bell, Jackson)
Sen. Daniel moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it carried. Sen. Krawiec introduced the bill. Wendy Graf Ray an attorney for the Legislative Analysis Department and Sen. Krawiec responded to questions from the members. Frederick A. Moreno the Deputy Legal Counsel for the NC Real Estate Commission and Janet B. Thoren the Director of Regulatory Affairs for the NC Real Estate Commission also assisted with questions from the members. Sen. Ford moved for an unfavorable to the bill – favorable to the PCS and it carried.

The meeting adjourned at 11:25 AM.

Senator Rick Gunn, Chair
Presiding

Karen Johns, Committee Clerk

Senate Committee on Commerce
Tuesday, May 31, 2016, 11:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 151	Property Insurance Rate-Making Reform.	Representative Tine Representative Setzer Representative J. Bell Representative Jackson

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Tuesday, May 31, 2016

Senator Gunn,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1, BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL

HB **151** **(CS#1)** Property Insurance Rate-Making Reform.

Draft Number:	H151-PCS40634-SU-43
Sequential Referral:	Judiciary I
Recommended Referral:	None
Long Title Amended:	Yes

TOTAL REPORTED: 1

Senator Joyce Krawiec will handle HB 151

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 151
Committee Substitute Favorable 3/24/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H151-CSSU-43 [v.6]
05/30/2016 04:32:53 PM

Short Title: Vacation Rentals/Orange Co. Jail Construction. (Public)

Sponsors:

Referred to:

March 5, 2015

A BILL TO BE ENTITLED

AN ACT TO AMEND THE VACATION RENTAL ACT TO CLARIFY THE ROLE OF REAL ESTATE BROKERS IN TRANSACTIONS BETWEEN LANDLORDS AND TENANTS AND TO PROTECT MEMBERS OF THE ARMED FORCES BY ALLOWING TERMINATION OF RENTAL AGREEMENTS UPON TRANSFER OR REDEPLOYMENT AND TO CLARIFY THE PROCEDURE FOR AWARDING AND COLLECTING CERTAIN COURT FEES IN EVICTION PROCEEDINGS; AND TO ALLOW AMENDMENTS TO A LEASE OF REAL PROPERTY TO ORANGE COUNTY TO FACILITATE JAIL CONSTRUCTION.

The General Assembly of North Carolina enacts:

PART I. CHANGES TO THE VACATION RENTAL ACT/SUMMARY EJECTMENT/RESIDENTIAL RENTAL AGREEMENTS

SECTION 1.1. G.S. 42A-4 reads as rewritten:

"**§ 42A-4. Definitions.**

The following definitions apply in this Chapter:

(1) Advanced payments. – All payments made by a tenant in a vacation rental agreement to a landlord or the landlord's real estate broker prior to occupancy for the purpose of renting a vacation rental property for a future period of time as specified in the vacation rental agreement.

(2) Landlord. – An owner of residential property offered for lease as a vacation rental with or without the assistance of a real estate broker.

(3) Reserved.

~~(1)~~(4) Real estate broker. – A real estate broker as defined in G.S. 93A-2(a).

~~(2)~~(5) Residential property. – An apartment, condominium, single-family home, townhouse, cottage, or other property that is devoted to residential use or occupancy by one or more persons for a definite or indefinite period.

~~(3)~~(6) Vacation rental. – The rental of residential property for vacation, leisure, or recreation purposes for fewer than 90 days by a person who has a place of permanent residence to which he or she intends to return.

~~(4)~~(7) Vacation rental agreement. – A written agreement between a landlord or his or her real estate broker and a tenant in which the tenant agrees to rent residential property belonging to the landlord for a vacation rental."

SECTION 1.2. G.S. 42A-19(b) reads as rewritten:

"(b) Except as otherwise provided in this subsection, upon termination of the landlord's interest in the residential property subject to a vacation rental agreement, whether by sale, assignment, death, appointment of receiver or otherwise, the landlord or the landlord's agent, or the real estate broker, shall, within 30 days, transfer all advance rent paid by the tenant, and the portion of any fees remaining after any lawful deductions made under G.S. 42A-16, to the landlord's successor in interest and thereafter notify the tenant by mail of such transfer and of the transferee's name and address. If a real estate broker is holding advanced rents paid by the tenant pursuant to a vacation rental agreement at the time of the termination of the landlord's interest, the real estate broker may deduct from the advanced rents transferred to the landlord's successor in interest any management fee earned by the real estate broker prior to the transfer. The written agency agreement between the landlord and the real estate broker shall govern when the fee has been earned. If the real estate broker deducts an earned management fee from the advanced rents, the landlord shall be responsible to the landlord's successor in interest for the amount deducted. For vacation rentals that end more than 180 days after the recording of the interest of the landlord's successor in interest, unless the landlord's successor in interest has agreed in writing to honor the vacation rental agreement, the landlord or the landlord's agent, or the real estate broker, shall, within 30 days, transfer all advance rent paid by the tenant, and the portion of any fees remaining after any lawful deductions made under G.S. 42A-16, to the tenant. Compliance with this subsection shall relieve the landlord or real estate broker of further liability with respect to any payment of rent or fees. Funds held as a security deposit shall be disbursed in accordance with G.S. 42A-18."

SECTION 1.3. Article 5 of Chapter 42A of the General Statutes reads as rewritten:

"Article 5.

Landlord and Tenant Duties.

§ 42A-31. Landlord to provide fit premises.

A landlord of a residential property used for a vacation rental shall:

(1) Comply with all current applicable building and housing ~~codes.~~codes to the extent required by the operation of the codes. However, no new requirement is imposed if a structure is exempt from a current building or housing code.

...

(6) Provide a minimum of one operable carbon monoxide alarm per rental unit per level, either battery-operated or electrical, that is listed by a nationally recognized testing laboratory that is OSHA-approved to test and certify to American National Standards Institute/Underwriters Laboratories Standards ANSI/UL2034 or ANSI/UL2075, and install the carbon monoxide alarms in accordance with either the standards of the National Fire Protection Association or the minimum protection designated in the manufacturer's instructions, which the landlord shall retain or provide as proof of compliance. A landlord that installs one carbon monoxide alarm per rental unit per level shall be deemed to be in compliance with standards under this subdivision covering the location and number of alarms. The landlord shall replace or repair the carbon monoxide alarms within a commercially reasonable time after receipt of notification if the landlord is notified of needed replacement or repairs in writing by the tenant. The landlord shall ensure that a carbon monoxide alarm is operable and in good repair on an annual basis. Unless the landlord and the tenant have a written agreement to the contrary, the landlord shall place new batteries in a battery-operated carbon monoxide alarm annually and the tenant shall replace the batteries as needed during the tenancy. Failure of the tenant to replace the batteries as needed shall not be considered as negligence on the part of the tenant or the landlord. A carbon monoxide alarm may be combined with smoke alarms if the combined alarm does both of the following: (i) complies with

ANSI/UL2034 or ANSI/UL2075 for carbon monoxide alarms and ANSI/UL217 for smoke alarms; and (ii) emits an alarm in a manner that clearly differentiates between detecting the presence of carbon monoxide and the presence of smoke. This subdivision applies only to dwelling units having a fossil-fuel burning heater, appliance, or fireplace, and in any dwelling unit having an attached garage. Any operable carbon monoxide detector installed before January 1, 2015, shall be deemed to be in compliance with this subdivision.

These duties shall not be waived; however, the landlord and tenant may make additional covenants not inconsistent herewith in the vacation rental agreement.

...

"**§ 42A-33. Responsibilities and liability of real estate broker.**

(a) A real estate broker managing a vacation rental property on behalf of a landlord shall do all of the following:

(1) Manage the property in accordance with the terms of the written agency agreement signed by the landlord and real estate broker.

(2) Offer vacation rental property to the public for leasing in compliance with all applicable federal and State laws, regulations, and ethical duties, including but not limited to those prohibiting discrimination on the basis of race, color, religion, sex, national origin, handicapping condition, or familial status.

(3) Notify the landlord regarding any necessary repairs to keep the property in a fit and habitable or safe condition and follow the landlord's direction in arranging for any such necessary repairs, including repairs to all electrical, plumbing, sanitary, heating, ventilating, and other facilities and major appliances supplied by the landlord upon written notification from the tenant that repairs are needed.

(4) Verify that the landlord has installed operable smoke detectors and carbon monoxide alarms.

(5) Verify that the landlord has annually placed new batteries in a battery-operated smoke detector or carbon monoxide alarm. Failure of the tenant to replace the batteries as needed shall not be considered negligence on the part of the real estate broker.

(b) A real estate broker managing a vacation rental property on behalf of a landlord client shall not become personally liable as a party in any civil action between the landlord and tenant if the real estate broker fails to identify the landlord of the property in the vacation rental agreement with the tenant."

SECTION 1.4. Article 6 of Chapter 42A of the General Statutes is amended by adding a new section to read:

"**§ 42A-37. Early termination of vacation rental agreement by military personnel.**

(a) Any member of the Armed Forces of the United States who executes a vacation rental agreement and subsequently receives (i) an order for deployment with a military unit for a period overlapping with the rental period or (ii) permanent change of station orders requiring the member to relocate on a date prior to the beginning of the lease term may terminate the member's vacation rental agreement by providing the landlord or landlord's agent with a written notice of termination within ten calendar days of receipt of the order. The notice must be accompanied by either a copy of the official military orders or a written verification signed by the member's commanding officer. Termination of a lease pursuant to this subsection is effective immediately upon receipt of the notice by the landlord or landlord's agent. All monies paid by the terminating member, with the exception of nonrefundable fees paid to third parties as described in G.S. 42-16(a), in connection with the vacation rental agreement shall be refunded to the member within 30 days of termination of the agreement.

(b) A member's termination of a vacation rental agreement pursuant to subsection (a) of this section shall also terminate any obligation a spouse or dependent of the member may have under the vacation rental agreement.

(c) The right to terminate a vacation rental agreement as described in subsection (a) of this section shall extend to the spouse of any member of the Armed Forces of the United States. A spouse exercising the right to terminate a rental agreement shall provide the same notice as described in subsection (a) of this section.

(d) The provisions of this section may not be waived or modified by the agreement of the parties."

SECTION 1.5. G.S. 42-36.2(a) reads as rewritten:

"(a) When Sheriff May Remove Property. – Before removing a tenant's personal property from demised premises pursuant to a writ for possession of real property or an order, the sheriff shall give the tenant notice of the approximate time the writ will be executed. The time within which the sheriff shall have to execute the writ shall be no more than five days from the sheriff's receipt thereof. The sheriff shall remove the tenant's property, as provided in the writ, no earlier than the time specified in the notice, unless:

(1) The landlord, or his authorized agent, signs a statement saying that the tenant's property can remain on the premises, in which case the sheriff shall simply lock the premises; or

(2) The landlord, or his authorized agent, signs a statement saying that the landlord does not want to eject the tenant because the tenant has paid all court costs charged to him and has satisfied his indebtedness to the landlord.

Upon receipt of ~~either statement by the landlord,~~a statement described in subdivision (2) of this subsection, the sheriff shall return the writ unexecuted to the issuing clerk of court and shall make a notation on the writ of his reasons. The sheriff shall attach a copy of the landlord's statement to the writ. If the writ is returned unexecuted because the landlord signed a statement described in subdivision (2) of this subsection, the clerk shall make an entry of satisfaction on the judgment docket. If the sheriff padlocks, the costs of the proceeding shall be charged as part of the court costs."

SECTION 1.6. G.S. 42-44 reads as rewritten:

"**§ 42-44. General remedies, penalties, and limitations.**

...

(c1) A real estate broker as defined in G.S. 93A-2 managing a rental property on behalf of a landlord shall not be personally liable as a party in a civil action between the landlord and tenant if the real estate broker fails to identify the landlord of the property in the rental agreement.

..."

SECTION 1.7. G.S. 42-46 reads as rewritten:

"**§ 42-46. Authorized ~~fees.~~late fees and eviction fees.**

...

(f) Court-Appearance Fee. – Pursuant to a written lease, a landlord may charge a court-appearance fee in an amount equal to ten percent (10%) of the monthly rent only if the tenant was in default of the ~~lease;~~lease and the landlord filed, served, and prosecuted successfully a complaint for summary ejectment and/or monies owed in the small claims ~~court; and neither party appealed the judgment of the magistrate.~~court. If the tenant appeals the judgment of the magistrate, a fee awarded by a magistrate to the landlord under this subsection shall be vacated.

(g) Second Trial Fee. – Pursuant to a written lease, a landlord may charge a second trial fee for a new trial following an appeal from the judgment of a magistrate. To qualify for the fee, the landlord must prove that the tenant was in default of the lease and the landlord prevailed. The landlord's fee may not exceed twelve percent (12%) of the monthly rent in the lease.

(h) Limitations on Charging and Collection of Fees.

(1) A landlord who claims fees under subsections (e) through (g) of this section is entitled to charge and retain only one of the above fees for the landlord's complaint for summary ejectment and/or money owed.

(2) A landlord who earns a fee under subsections (e) through (g) of this section may not deduct payment of that fee from a tenant's subsequent rent payment or declare a failure to pay the fee as a default of the lease for a subsequent summary ejectment action.

(3) It is contrary to public policy for a landlord to put in a lease or claim any fee for filing a complaint for summary ejectment and/or money owed other than the ones expressly authorized by subsections (e) through (g) of this section, and a reasonable attorney's fee as allowed by law.

(4) Any provision of a residential rental agreement contrary to the provisions of this section is against the public policy of this State and therefore void and unenforceable.

(5) If the rent is subsidized by the United States Department of Housing and Urban Development, by the United States Department of Agriculture, by a State agency, by a public housing authority, or by a local government, any fee charged pursuant to this section shall be calculated on the tenant's share of the contract rent only, and the rent subsidy shall not be included."

SECTION 1.8. G.S. 93A-2(c)(6) reads as rewritten:

"(6) Any salaried person employed by a licensed real estate broker, for and on behalf of the owner of any real estate or the improvements thereon, which the licensed broker has contracted to manage for the owner, if the salaried employee's employment is limited to: exhibiting units on the real estate to prospective tenants; providing the prospective tenants with information about the lease of the units; accepting applications for lease of the units; completing and executing preprinted form leases; and accepting security deposits and rental payments for the units only when the deposits and rental payments are made payable to the owner or the broker employed by the owner. The salaried employee shall not negotiate the amount of security deposits or rental payments and shall not negotiate leases or any rental agreements on behalf of the owner or broker. However, in a vacation rental transaction as defined by ~~G.S. 42A-4(3),~~G.S. 42A-4(6), the employee may offer a prospective tenant a rental price and term from a schedule setting forth prices and terms and the conditions and limitations under which they may be offered. The schedule shall be written and provided by the employee's employing broker with the written authority of the landlord."

SECTION 1.9. This section becomes effective July 1, 2016. Nothing in this section shall be construed as being applicable to or affecting any litigation pending on that date.

PART II. FACILITATE ORANGE COUNTY JAIL CONSTRUCTION

SECTION 2.1. Upon agreement by Orange County, the Department of Administration shall amend the land lease, recorded in book 6085 at page 494, Orange County Registry, to provide as follows:

(1) That Orange County may grant a leasehold deed of trust, with a duration of up to 40 years from the original lease date, in the land and the buildings on the land.

(2) That in the event of a default the mortgage holder may foreclose its security interest and evict the County from the premises.

(3) That both the date for commencement of construction and the date for completion of construction and occupation shall be extended by 18 months from the dates set forth in the original lease.

SECTION 2.2. Notwithstanding Chapter 146 of the General Statutes or any other provision of law, the lease amendments described in Section 1 of this act shall not require Governor or Council of State Approval.

SECTION 2.3. Once the lease amendments described in Section 1 of this Act have been made, any term or provision of the lease that is contrary to the language of those amendments shall be deemed of no effect and the terms of the lease as amended shall control.

SECTION 2.4. The lease amendments required by this act shall be in such form as the Secretary of Administration, or the Secretary's designee, may approve.

PART III. EFFECTIVE DATE

SECTION 3.1. Except as otherwise provided, this act is effective when it becomes law.

HOUSE BILL 151:
Vacation Rentals/Orange Co. Jail Construction.

2016-2017 General Assembly

Committee:	Senate Commerce	**Date:**	May 31, 2016
Introduced by:	Reps. Tine, Setzer, J. Bell, Jackson	**Prepared by:**	Wendy Ray Committee Counsel
Analysis of:	PCS to Second Edition H151-CSSU-43		

SUMMARY: The Proposed Committee Substitute for House Bill 151 makes changes to the Vacation Rental Act, amends provisions of law related to summary ejectment and residential rental agreements, and amends a State land lease to facilitate construction of a new jail in Orange County as follows:

- ***Amends the Vacation Rental Act by adding definitions of terms used in the Act, clarifying when a real estate broker may deduct management fees from advanced payments, requiring landlords to provide carbon monoxide detectors in rental properties, setting out responsibilities of real estate brokers managing rental properties, and providing for early termination of vacation rental agreements when a member of the Armed Forces is deployed or relocated.***
- ***Provides that a writ for possession in a summary ejectment is not returned unexecuted when the landlord allows property to remain on the premises but the sheriff padlocks it.***
- ***Provides that a real estate broker is not personally liable in a civil action between landlord and tenant because he or she fails to identify the landlord in a rental agreement.***
- ***Provides that a landlord may charge a court-appearance fee in a successfully prosecuted summary ejectment action, but the fee is vacated if the tenant appeals the judgment.***
- ***Amends a land lease between the Department of Administration and Orange County to facilitate construction of a new jail by allowing the County to grant a leasehold of trust in the land and buildings, allowing the mortgage holder to foreclose if the County defaults, and extending the original lease dates for commencement and completion of construction by 18 months.***

BILL ANALYSIS: The Proposed Committee Substitute for House Bill 151 does the following:

Part I of the PCS makes changes to statutes related to vacation rentals, residential rental agreements, and summary ejectment procedures.

Section 1 provides definitions for "advanced payments" and "landlord", terms that are currently used but not defined in the Vacation Rental Act.

Section 1.2 provides that a real estate broker holding advanced payments from a tenant when a landlord's interest in a rental property terminates may deduct management fees earned prior to the transfer per the agency agreement between the broker and landlord. The landlord would be responsible to his or her successor in interest for any amount deducted.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

Section 1.3 requires the landlord of a vacation rental property to provide one carbon monoxide alarm for each level of each rental unit if the unit has a fossil-fuel burning heater, appliance, or fireplace, or if the unit has an attached garage.

This section also sets out responsibilities and liabilities of real estate brokers who manage vacation rental properties on behalf of a landlord.

Section 1.4 provides for early termination of a vacation rental agreement for a member of the Armed Forces of the United States if he or she receives an order for deployment or a permanent change of station after executing the vacation rental agreement. The member would have to provide written notice of cancellation to the landlord within ten calendar days of receipt of the order and provide a copy of the order or verification signed by the member's commanding officer. This right to terminate also extends to the spouse of a member of the Armed Forces.

Section 1.5 provides that a writ for possession of real property in a summary ejectment is not returned unexecuted when the landlord allows property to remain on the premises but the sheriff locks the premises.

Section 1.6 provides that a real estate broker managing a rental property on behalf of a landlord is not personally liable in a civil action between the landlord and tenant when the broker fails to identify the landlord in the rental agreement.

Section 1.7 authorizes a landlord to charge a court-appearance fee when a tenant is in default of a lease and the landlord successfully prosecutes a complaint for summary judgment, but provides that the fee awarded shall be vacated if the tenant appeals.

Section 1.8 is a conforming change to a cross-reference needed due to the renumbering of definitions in Section 1.1.

Part II of the PCS authorizes amendments to a lease of State property to Orange County in order to facilitate construction of a new jail.

Sections 2.1-2.4 require the Department of Administration, upon agreement by Orange County, to amend its lease of land to the County to provide:

- That the County may grant a leasehold deed of trust in the land and buildings for up to 40 years.
- That the mortgage holder may foreclose and evict the County if it defaults.
- That the dates for commencement and completion of construction set out in the original lease are extended by 18 months.

The amendments would not be required to be submitted to the Governor or Council of State for approval.

EFFECTIVE DATE: Part I of the bill, pertaining to vacation and residential rental agreements, would become effective July 1, 2016, but would not affect any litigation pending on that date. The remainder of the act would be effective when it becomes law.

HOUSE BILL 151
Committee Substitute Favorable 3/24/15

Short Title: Property Insurance Rate-Making Reform. (Public)

Sponsors:

Referred to:

March 5, 2015

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE FAIRNESS AND EQUITY OF THE PROPERTY INSURANCE RATE-MAKING PROCESS BY PROVIDING FOR GREATER TRANSPARENCY REGARDING THE ROLE OF CATASTROPHE MODELING IN PROPERTY INSURANCE RATE FILINGS, BY PROVIDING THAT MODELED LOSSES IN A PROPERTY RATE FILING BE PROPERLY ALLOCABLE TO NORTH CAROLINA, AND BY REQUIRING THE RATE BUREAU TO DESIGNATE IN A FILING THAT PORTION OF THE RATE IN EACH TERRITORY ALLOCABLE TO WIND AND HAIL.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-36-10 reads as rewritten:

"**§ 58-36-10. Method of rate making; factors considered.**

The following standards shall apply to the making and use of rates:

...

(3) In the case of property insurance rates under this Article, consideration may be given to the experience of property insurance business during the most recent five-year period for which that experience is available. In the case of property insurance rates under this Article, consideration shall be given to the insurance public protection classifications of fire districts established by the Commissioner. The Commissioner shall establish and modify from time to time insurance public protection districts for all rural areas of the State and for cities with populations of 100,000 or fewer, according to the most recent annual population estimates certified by the State Budget Officer. In establishing and modifying these districts, the Commissioner shall use standards at least equivalent to those used by the Insurance Services Office, Inc., or any successor organization. The standards developed by the Commissioner are subject to Article 2A of Chapter 150B of the General Statutes. The insurance public protection classifications established by the Commissioner issued pursuant to the provisions of this Article shall be subject to appeal as provided in G.S. 58-2-75, et seq. The exceptions stated in G.S. 58-2-75(a) do not apply. <u>If the Rate Bureau presents any modeled hurricane losses based upon a commercial hurricane simulation computer model with a property insurance rate filing, the Bureau shall present data from more than one such model. The Commissioner shall consider modeled hurricane losses presented by the Rate Bureau.</u>

...."

SECTION 2. G.S. 58-36-15 reads as rewritten:

"**§ 58-36-15. Filing loss costs, rates, plans with Commissioner; public inspection of filings.**

...

(d2) The following supporting data, at a minimum, shall be included in any property insurance rate filing where a catastrophe model is used:

(1) Any simulated loss from a catastrophe model should include the following:

a. An event identifier.

b. The simulation year.

c. The state and county of first landfall and the wind speed based upon the Saffir-Simpson scale at landfall.

d. The gross amount of North Carolina damages before application of any deductible or other applicable policy provisions that impact the coverage, calculated with and without any applicable demand surge adjustments.

e. The net amount of North Carolina insured loss after application of any deductible or other applicable policy provisions that impact the coverage, calculated with and without any applicable demand surge adjustments.

f. Any other information required by rules promulgated by the Commissioner.

(2) Annual historical exposure and hurricane loss data by territory for 2003 and each subsequent year. The Bureau shall also provide annual historical exposure and hurricane loss data by territory for 1987 through 2002 to the extent this data is reasonably available.

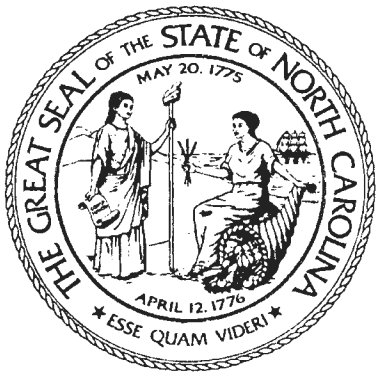
(3) If requested by the Department, a statistical analysis comparing the historic loss data required by subdivision (2) of this subsection with any simulated losses used to support the rate filing.

(4) Trade secret information provided under this subsection is confidential and shall be handled in accordance with the provisions of G.S. 66-152 and G.S. 132-1.2.

(d3) In all residential property insurance rate filings, the Bureau shall set forth for each territory in the State (i) that portion of the rate based on all risks with the exception of wind and hail and (ii) that portion of the rate based on consideration of risks and the costs of reinsurance for wind and hail. The Department shall post both the filed rate and the final rate for each territory on its Web site, including that portion of the filed rate and the final rate for each territory based on all risks with the exception of wind and hail and that portion based on wind and hail.

...."

SECTION 3. This act becomes effective August 1, 2015, and applies to filings by the Rate Bureau on or after that date.



SENATE COMMERCE COMMITTEE

May 31, 2016

11:00 AM

Senate Sergeant-at-Arms

Giles Jeffreys

Charles Marsalis

Hal Roach

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 31, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Andy Walsh	SAB
Colleen Kochanek	KCG
Susanna Hartley	NC Realtors
Isabel Villa-Garcia	NC REALTORS
Jake Cashion	NCC
Lexi Arthur	NCRMA
Tim Kent	NC Beer Wine
	MWC
	NCADA
TJ Burbee	NP
Gary Salamido	NC Chamber
Donna Clarke	UNCJG

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 31, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Tonya Horton	TSS
Nathan Batts	NCBA
Janet Thoren	NCREC
Garrett Rider	NCREC
Fred Moreno	NCREC
Cady Thomas	Focus Carolina
Kathy Hawkins	Duke Energy
John Bole	B & H
Tommy Sevier	MVA
Cameron Henley	MVA
Brooks Rainey Pearson	SELC

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 31, 2016
Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
David Sloan	SELC
Mary Maclean Asbill	SELC
Bill Scroggin	JT
Tony McEwen	Wilmington
TYLER NEWMAN	BASE
Henry Jones	Jordan Price
Welch Jones	Jordan Price
Hugh Johnson	NCACC
Jon Carr	Jordan Price
Hunter Bell	Bell Davis
Sue Ann Forrest	NCICU

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 31, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
PETER MAYNARD	
Ed Sunlof	BP
Joel Maynard	BPM : ASSOC

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 31, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Kris Apter	DOT
Jennie Owens	LOLLC
LAURA PURYEAR	
Bonnie Wilson	Topsail
Paul Sherman	NCFB
Allison Pitts	NCDA&CS
AaronOxendine	NCDA&CS
Lynn Teague	NMFS
Tim Nims	NC HBA
Tom Benon	EDF

VISITOR REGISTRATION SHEET

SENATE COMMERCE — May 31, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO KAREN JOHNS

NAME	FIRM OR AGENCY AND ADDRESS
Michelle Frazier	MFS
Susan Valaani	NCC
[illegible]	[illegible]
Earl McKee	Orange County BOCC
Mickey Spivey	Young Moore and Henderson PA
Joanna Bilionis	NC Rate Bureau
RAL EVANS	NORTH CAROLINA RATE BUREAU
Chris Broughton	NCWC
Tim Lucas	NC Rate Bureau
Robert PASCHAL	YOUNG MOORE
Rebecca Williams	NC Rate Bureau
CHRIS DILLON	AARP

Senate Committee on Commerce
Friday, June 24, 2016 at 9:00 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Commerce met at 9:00 AM on June 24, 2016 in Room 1027/1128 of the Legislative Building. Eighteen members were present.

Senator Wesley Meredith, Chair, presided.

Lexi Ray from Knightdale and J'nea Wiggins from Knightdale served as pages.

HB 483 Land-Use Regulatory Changes. (Representative Jordan)
Rep. Jordan was asked to introduce the bill. Sen. Meredith asked for comments from the audience who also answered questions from the members. They spoke in the order as listed. JoAnne L. Carlyle the City Attorney for High Point, Johanna H. Reese the Director of Government Relations for the NC Association of County Commissioners, Rose Vaughn Williams the Director of Public and Government Relations for the NC League of Municipalities, and J. Michael Carpenter the Executive Vice President and General Counsel of the NC Home Builders Association. Rep. Jordan also responded to questions from the members. Sen. McGinnis moved for a favorable report and it carried. Sen. Gunn will manage the bill during session.

HB 805 Measurability Assessments. (Representatives Blackwell, Avila)
Sen. Barefoot moved to adopt the proposed committee substitute (PCS) to the committee for discussion and it was carried. Rep. Avila introduced the bill. Questions from the members were responded to by Rep. Avila and Wendy Graf Ray an attorney from the Legislative Analysis Department. Carol Shaw the Principal Evaluator from the Program Evaluation Department also commented on the bill. Sen. Gunn moved for an unfavorable to the bill – favorable to the PCS and it carried. Sen. Gunn will manage the bill during session.

The meeting adjourned at 10:01.

Senator Wesley Meredith, Chair
Presiding

Debbie Lown, Committee Clerk

Senate Committee on Commerce
Friday, June 24, 2016, 9:00 AM
1027/1128 Legislative Building

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 483	Land-Use Regulatory Changes.	Representative Jordan
HB 805	Measurability Assessments.	Representative Blackwell Representative Avila

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Friday, June 24, 2016

Senator Meredith,
submits the following with recommendations as to passage:

FAVORABLE

HB **483** **(SCS#1)** Land-Use Regulatory Changes.

Draft Number:	None
Sequential Referral:	Rules and Operations of the Senate
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator Rick Gunn will handle HB 483

NORTH CAROLINA GENERAL ASSEMBLY
SENATE

COMMERCE COMMITTEE REPORT
Senator Gunn, Co-Chair
Senator Meredith, Co-Chair

Friday, June 24, 2016

Senator Meredith,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1, BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL

HB **805** **(CS#1)** Measurability Assessments.

Draft Number:	H805-PCS30531-BB-3
Sequential Referral:	None
Recommended Referral:	None
Long Title Amended:	No

TOTAL REPORTED: 1

Senator Rick Gunn will handle HB 805

HOUSE BILL 483:
Land-Use Regulatory Changes.

2016-2017 General Assembly

Committee:	Senate Commerce	**Date:**	June 24, 2016
Introduced by:	Rep. Jordan	**Prepared by:**	Wendy Ray*
Analysis of:	Fourth Edition		Committee Counsel

SUMMARY: House Bill 483 would make changes to the land use regulatory laws in North Carolina.

BILL ANALYSIS:

Sections 1 and 2-- Vesting

Sections 1 and 2 provide that amendments in city and county land development regulations, including zoning ordinances or unified development ordinances, must not be applicable or enforceable without the written consent of the owner with regard to buildings, uses, or developments for which any of the following approvals or permits have been validly issued and remain unexpired:

- A zoning approval, which includes, but is not limited to, a zoning permit, a site plan approval, a conditional use permit, or any other permit or approval given under the authority the General Statutes that authorizes the use of land.
- A building permit issued under Chapter 160A or Chapter 153A.

Amendments must not be applicable or enforceable without the written consent of the owner if a vested right has been established and such vested right remains valid and unexpired or if a vested right is established by the terms of a development agreement. A vested right, once established as provided for in this section, precludes any action by a city which would change or delay the development or use of the property as set forth in the application, except where a change in State or federal law mandating local government enforcement occurs after the application is submitted that has a fundamental effect on such development or use. These sections vest all stages of a multi-phase development at the time of application for the initial phase if the developer gives notice that this is a multi-phase project and submits a plan describing with reasonable certainty the type and intensity of use for a specific parcel or parcels of property and showing the proposed phase boundaries.

A right which has been vested remains vested for a period of ten years for multi-phased developments. Nothing prohibits a judicial determination that a vested right exists in a particular case.

The vesting provisions, as enacted in G.S. 160A-385(b1) and G.S. 153A-344(b1) are effective with respect to phased development approvals which are valid and unexpired on the effective date of this act.

Sections 3 and 4— Claims filed directly with superior or business court without going to the board of adjustment

Section 3 provides that certain claims can be filed directly in superior court or business court without having to appeal to a board of adjustment. It provides that permit applicant and certain property owners

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

who are aggrieved by a final decision of an administrative official involving the application or enforcement of a city or county zoning ordinance, subdivision ordinance, unified development ordinance, or other ordinance regulating the use or development of land may, in lieu of taking an appeal to a board of adjustment, maintain an original action in the superior court or business court for declaratory relief, injunctive relief, damages, or other remedy provided or allowed by law or equity, where any one or more of the following claims or defenses are asserted:

- That the ordinance violates the United States or North Carolina constitutions.
- That the ordinance or the final decision of the administrative official is invalid or unenforceable on grounds of ultra vires, pre-emption, including pre-emption under G.S. 160A-174(b), or is otherwise in excess of authority.
- That the ordinance or the final decision of the administrative official violates common law or statutory vested rights of the aggrieved person.
- That the ordinance or the final decision of the administrative official constitutes a taking of property.

The aggrieved party may join any other claims and defenses arising from or relating to the final decision of the administrative official, including, without limitation, claims or defenses relating to the interpretation or application of the ordinance.

Time for Commencement of Action. – Any action brought pursuant to this section must be commenced within one year after the date on which written notice of the final decision is delivered to the aggrieved party by personal delivery, electronic mail, or by first-class mail.

Availability of alternative remedy.- Any person otherwise entitled to maintain an action under this section may elect instead to present any of the claims or defenses by way of appeal to the board of adjustment and may thereafter appeal from a decision by the board of adjustment. Once an appeal setting forth such claims or defenses has been filed and its related hearing before the board of adjustment commenced, a party may not thereafter bring an action as authorized by this section, provided, however, that nothing herein shall be deemed to preclude a party from maintaining an action under federal law or a takings claim.

Notice to abutting landowners.- A person who commences an action pursuant to this section shall notify by first class mail the owners of all parcels of land abutting the parcel of land that is the subject of the complaint that such action has been filed. The notice shall include a copy of the complaint. The notice must be mailed no later than 30 days after the commencement of the action, unless an extension not to exceed 30 days is granted pursuant to Rule 6(b) of the North Carolina Rules of Civil Procedure.

Section 4 amends the statute dealing with appeals of quasi-judicial decisions of decision-making boards when that appeal is to superior court. It provides that the petitioner may assert and the court must determine de novo any of the following claims or defenses:

- That the ordinance violates the United States or North Carolina constitutions.
- That the ordinance or the final decision of the administrative official is invalid or unenforceable on grounds of ultra vires, pre-emption, including pre-emption under G.S. 160A-174(b), or is otherwise in excess of authority.
- That the ordinance or the final decision of the administrative official violates common law or statutory vested rights of the aggrieved person.

It also provides that claims or defenses, to the extent they do not involve some act of the board or its members, must be made known to the decision-making board at the hearing.

Section 5--- No Estoppel Effect When Challenging Unlawful Conditions-

Section 5 provides that a landowner or permit applicant must not be precluded from challenging any unlawful condition imposed on a development. A local government is not permitted to raise estoppel or other similar grounds as a defense to such challenge. This does not apply to rezoning decisions.

Section 6—Attorney Fees Against Cities or Counties

Under current law, if a city or county is a party in an action and acted outside the scope of its legal authority, then the court may award reasonable attorneys' fees and costs to the party who challenged the local government's action. If the court finds that the city or county abused its discretion, then the court shall award attorneys' fees.

Section 6 provides that if the court finds that the city or county violated a statute or case law setting forth unambiguous limits on its authority, then the court shall award reasonable attorneys' fees and costs to the party who challenged the action. In all other matters, the court may award reasonable attorneys' fees and costs to the prevailing private litigant. For purposes of this section "unambiguous" means that the limits of authority are not reasonably susceptible to multiple constructions.

Sections 7 and 8- Performance Guarantees-

Cities (Part 2 of Article 19 of Chapter 160A) and counties (Part 2 of Article 18 of Chapter 153A) are authorized to adopt ordinances to regulate the subdivision of land within their territorial jurisdiction. These statutes authorize subdivision ordinances to require the construction of "community service facilities." To ensure compliance with these and other ordinance requirements, cities and counties are authorized to provide for performance guarantees at the time the plat is recorded. Performance guarantees are financial assurances that guarantee funds if the developer fails to complete the agreed-to improvements and may include: a surety bond issued by a company, a letter of credit by a financial institution, or other forms of guarantee that provide equivalent security.

Section 7 would provide that for cities, the ordinance may provide for performance guarantees either at the time the plat is recorded or at a time subsequent to the recording, but prior to the issuance of a permit under G.S.160A-417(a)(1). If the city fails to adopt an ordinance setting forth performance guarantees that comply with current law, a city must not be authorized to require successful completion of required improvements prior to a plat being recorded. This section provides that the type and term of the performance guarantee or extension of the performance guarantee is at the election of the developer provided that the guarantee or extension be available to assure the successful completion of the requirements for which the performance guarantee is required. The developer also would be allowed to reduce the amount of the performance guarantee to reflect only remaining incomplete items.

Section 7 also would add the following provisions with respect to performance guarantees:

- At the election of the developer, the 125% of the reasonably estimated cost of completion may be conclusively determined by a report provided by a licensed architect or a registered engineer. This report may contain unit pricing information provided by a licensed general contractor or any other competent source which the architect or engineer certifies as accurate. The reasonably

estimated cost of completion shall include all costs of inflation and costs of administration and enforcement, no matter how such charges are denominated.

- The developer may post one form of a performance guarantee in lieu of multiple bonds, letters of credit or other equivalent security, for all development matters related to the same project requiring performance guarantees, including subdivision, erosion control, and storm water.
- No person other than the following may claim any rights to any performance guarantee: (1) the local government to whom the performance guarantee is provided, (2) the developer for whose benefit the performance guarantee is given, and (3) the person or entity issuing the performance guarantee for the benefit of the developer. This provision G.S. 160A-372(g)(6), is declarative of existing law as to all performance guarantees issued pursuant to Chapter 160A or Chapter 153A and is not intended to be a change in existing law as to performance guarantees whenever issued.

Section 8 makes the following changes in the performance guarantee statutes for counties (which also appear in Section 7 for cities). The ordinance may provide for performance guarantees either at the time the plat is recorded or at a time subsequent to the recording, but prior to the issuance of a permit. If the county fails to adopt an ordinance setting forth performance guarantees that comply with current law, a county must not be authorized to require successful completion of required improvements prior to a plat being recorded. This section provides that the type and term of the performance guarantee or extension of the performance guarantee is at the election of the developer provided that the guarantee or extension be available to assure the successful completion of the requirements for which the performance guarantee is required. The developer also would be allowed to reduce the amount of the performance guarantee to reflect only remaining incomplete items.

Sections 9 and 10- Limit Illegal Condition in Special Use or Conditional Use Permits

Under current law governing special use or conditional use permits, cities and counties are prohibited from imposing requirements for which they do not have authority under statute or from imposing requirements for which the courts have held to be unenforceable.

Sections 9 and 10 add specificity to provisions prohibiting a city or county from imposing requirements for which they do not have authority by expressly listing : taxes, impact fees, building design elements not voluntarily offered by petitioner, street improvements in excess of those allowed by statute, driveway related improvements in excess of those allowed by statute, and other unauthorized limitations on the development or use of land.

Sections 11 and 12—No "Enforcing" Inspections Policies Beyond those Allowed by Building Code

Current law restricts the authority of inspection departments by prohibiting a county or city from "adopting" a local ordinance or resolution or any other policy that would require regular, routine inspections of one or two family residential buildings or structures in addition to the specific inspections required by the Building Code, unless the county or city has obtained the approval of the Building Code Council to conduct such inspections. Exempt from the prohibition are inspections upon unforeseen or unique circumstances that require immediate action.

Sections 11 and 12 would provide that counties and cities may not "enforce" a local ordinance or resolution requiring regular inspection beyond those allowed by the North Carolina Building Code.

Section 13- Curb Cut Regulations

G.S. 160A-307 provides that a city may regulate the size, location, and manner of driveway connections into any street or alley. The ordinance may require the construction or reimbursement of certain construction costs for driveway connections into any street or alley if (1) the need for such improvements is reasonably attributable to traffic using the driveway and (2) the improvements serve the traffic of the driveway.

Under current law, no street or alley under the control of DOT may be improved without the consent of the DOT. However, if there is a conflict between the driveway regulations of the DOT and the driveway improvements required by the city, then the more stringent requirement applies.

Section 13 eliminates the provision requiring that more stringent requirements apply when there is a conflict between DOT driveway regulations and driveway improvements required by the city. This section also provides a city may not require the applicant to acquire right of way from property not owned by the applicant.

EFFECTIVE DATE: G.S. 160A-385(b1), as enacted by Section 1 of this act, and G.S. 153A-344(b1) as enacted by Section 2 of this act, are effective with respect to phased development approvals which are valid and unexpired on the effective date of this act. G.S. 160A-372(g)(6), as enacted by Section 7 of this act, is declarative of existing law as to all performance guarantees issued pursuant to Chapter 160A or Chapter 153A and is not intended to be a change in existing law as to performance guarantees whenever issued. The remainder of this act is effective when it becomes law, and applies to permit applications filed, permits previously issued which remain valid and unexpired on the date this act becomes law, actions filed in court, and claims and defenses asserted on or after that date.

**Brad Krehely, counsel to Senate Judiciary I, substantially contributed to this summary.*

HOUSE BILL 483
Committee Substitute Favorable 4/28/15
Third Edition Engrossed 4/29/15
Senate Judiciary I Committee Substitute Adopted 6/21/16

Short Title: Land-Use Regulatory Changes. (Public)

Sponsors:

Referred to:

April 2, 2015

A BILL TO BE ENTITLED

AN ACT TO MAKE CHANGES TO THE LAND-USE REGULATORY LAWS OF THE STATE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-385 reads as rewritten:

"**§ 160A-385. Changes.**

...

(b) Amendments in land development regulations, as defined in G.S. 160A-400.21(6), including zoning ordinances or unified development ordinances, shall not be applicable or enforceable without the written consent of the owner with regard to ~~buildings and uses~~ buildings, uses, or developments for which ~~either (i) building permits have been issued pursuant to G.S. 160A-417 prior to the enactment of the ordinance making the change or changes so long as the permits remain valid and unexpired pursuant to G.S. 160A-418 and unrevoked pursuant to G.S. 160A-422 or (ii) a vested right has been established pursuant to G.S. 160A-385.1 and such vested right remains valid and unexpired pursuant to G.S. 160A-385.1.~~any of the following approvals or permits have been validly issued and remain unexpired pursuant to law:

(1) A zoning approval, which includes, but is not limited to, a zoning permit, a site plan approval, a conditional use permit, or any other permit or approval given under the authority of Article 19 of Chapter 160A of the General Statutes that authorizes the use of land.

(2) A building permit issued pursuant to this Chapter.

The applicable application for either such zoning approval or building permit must be submitted in accordance with G.S. 143-755 prior to the change in the development regulations. Amendments shall also not be applicable or enforceable without the written consent of the owner if a vested right has been established pursuant to G.S. 160A-385.1, and such vested right remains valid and unexpired or if a vested right is established by the terms of a development agreement authorized by Part 3D of this Article. A vested right, once established as provided for in this section, precludes any action by a city which would change, alter, impair, prevent, diminish, or otherwise delay the development or use of the property as set forth in the application, except where a change in State or federal law mandating local government enforcement occurs after the application is submitted that has a fundamental effect on such development or use.

(b1) For purposes of this section, a multi-phased development shall be considered vested for the entire development with the land development regulations then in place at the time of application for the initial phase so long as the developer notifies the approving authority in an

application that it is a multi-phased project and submits a plan describing with reasonable certainty the type and intensity of use for a specific parcel or parcels of property and showing the proposed phase boundaries. A right which has been vested as provided for in this subsection shall remain vested for a period of 10 years.

(b2) Nothing in this section shall preclude a judicial determination, based on common law principles or other statutory provisions, that a vested right exists in a particular case."

SECTION 2. G.S. 153A-344 reads as rewritten:

"**§ 153A-344. Planning board; zoning plan; certification to board of commissioners.**

...

(b) Amendments in land development regulations, as defined in G.S. 153A-349.2(6), including zoning ordinances or unified development ordinances, shall not be applicable or enforceable without the written consent of the owner with regard to ~~buildings and uses~~ buildings, uses, or developments for which ~~either (i) building permits have been issued pursuant to G.S. 153A-357 prior to the enactment of the ordinance making the change or changes so long as the permits remain valid and unexpired pursuant to G.S. 153A-358 and unrevoked pursuant to G.S. 153A-362 or (ii) a vested right has been established pursuant to G.S. 153A-344.1 and such vested right remains valid and unexpired pursuant to G.S. 153A-344.1.~~any of the following approvals or permits have been validly issued and remain unexpired pursuant to law:

(1) A zoning approval, which includes, but is not limited to, a zoning permit, a site plan approval, a conditional use permit, or any other permit or approval given under the authority of Article 18 of Chapter 153A of the General Statutes that authorizes the use of land.

(2) A building permit issued pursuant to this Chapter.

The applicable application for either such zoning approval or building permit must be submitted in accordance with G.S. 143-755 prior to the change in the development regulations. Amendments shall also not be applicable or enforceable without the written consent of the owner if a vested right has been established pursuant to G.S. 153A-344.1, and such vested right remains valid and unexpired or if a vested right is established by the terms of a development agreement authorized by Part 3A of this Article. A vested right, once established as provided for in this section, precludes any action by a city which would change, alter, impair, prevent, diminish, or otherwise delay the development or use of the property as set forth in the application, except where a change in State or federal law mandating local government enforcement occurs after the application is submitted that has a fundamental effect on such development or use.

(b1) For purposes of this section, a multi-phased development shall be considered vested for the entire development with the land development regulations then in place at the time of application for the initial phase so long as the developer notifies the approving authority in the application that it is a multi-phased project and submits a plan describing with reasonable certainty the type and intensity of use for a specific parcel or parcels of property and showing the proposed phase boundaries. A right which has been vested as provided for in this subsection shall remain vested for a period of 10 years.

(b2) Nothing in this section shall preclude a judicial determination, based on common law principles or other statutory provisions, that a vested right exists in a particular case."

SECTION 3. Part 3 of Article 19 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"**§ 160A-393.1. Civil action for declaratory relief, injunctive relief, or other remedies.**

(a) Action for Relief Authorized. – Notwithstanding the provisions of G.S. 160A-388, any person who either meets the criteria set forth in G.S. 160A-393(d)(1) or is a permit applicant and who is aggrieved by a final decision of an administrative official involving the application or enforcement or a city or county zoning ordinance, subdivision ordinance, unified development ordinance, or other ordinance regulating the use or development of land may, in lieu of taking an appeal to a board of adjustment, maintain an original action in the superior court or business court

for declaratory relief, injunctive relief, damages, or other remedy provided or allowed by law or equity, where any one or more of the following claims or defenses are asserted:

(1) That the ordinance, either on its face or as applied by the final decision of the administrative official, violates the United States or North Carolina Constitutions.

(2) That the ordinance or the final decision of the administrative official is invalid or unenforceable on grounds of ultra vires, preemption, including preemption under G.S. 160A-174(b), or is otherwise in excess of authority.

(3) That the ordinance or the final decision of the administrative official violates common law or statutory vested rights of the aggrieved person.

(4) That the ordinance or the final decision of the administrative official constitutes a taking of property.

In any action brought pursuant to this subsection and notwithstanding G.S. 160A-388(b1), the aggrieved party may join any other claims and defenses arising from or relating to the final decision of the administrative official, including, without limitation, claims or defenses relating to the interpretation or application of the ordinance.

(b) Time for Commencement of Action. – Any action brought pursuant to this section shall be commenced within one year after the date on which written notice of the final decision is delivered to the aggrieved party by personal delivery, electronic mail, or by first-class mail.

(c) Availability of Alternative Remedy. – Any person otherwise entitled to maintain an action under this section may elect instead to present any of the claims or defenses set forth in subdivisions (1) through (3) of subsection (a) of this section by way of appeal to the board of adjustment as provided in G.S. 160A-388(b1) and may thereafter appeal from a decision by the board of adjustment as provided in G.S. 160A-393. Once an appeal setting forth such claims or defenses has been filed pursuant to G.S. 160A-388(b1)(1) and its related hearing before the board of adjustment commenced, a party may not thereafter bring an action as authorized by this section, provided, however, that nothing herein shall be deemed to preclude a party from maintaining an action under federal law or a takings claim.

(d) Notice to Abutting Landowners. – A person who commences an action pursuant to this section shall notify by first-class mail the owners of all parcels of land abutting the parcel of land that is the subject of the complaint that such action has been filed. The notice shall include a copy of the complaint. The person bringing the civil action may rely on the county tax listing to determine owners of property entitled to mailed notice and the applicable mailing addresses. The notice shall be mailed no later than 30 days after the commencement of the action, unless an extension not to exceed 30 days is granted pursuant to Rule 6(b) of the North Carolina Rules of Civil Procedure."

SECTION 4. G.S. 160A-393 reads as rewritten:

"**§ 160A-393. Appeals in the nature of certiorari.**

...

(j) Hearing on the Record. – The court shall hear and decide all issues raised by the petition by reviewing the record submitted in accordance with subsection (h) of this section. Except that the court may, in its discretion, allow the record to be supplemented with affidavits, testimony of witnesses, or documentary or other evidence if, and to the extent that, the record is not adequate to allow an appropriate determination of the following issues:

(1) Whether a petitioner or intervenor has standing.

(2) Whether, as a result of impermissible conflict as described in G.S. 160A-388(e)(2), or locally adopted conflict rules, the decision-making body was not sufficiently impartial to comply with due process principles.

(3) Whether the decision-making body erred for the reasons set forth in sub-subdivisions a. and b. of subdivision (1) of subsection (k) of this

~~section.~~section, including an error related to the claims or defenses in subdivision (k)(4) of this section.

(k) Scope of Review. –

(1) When reviewing the decision of a decision-making board under the provisions of this section, the court shall ensure that the rights of petitioners have not been prejudiced because the decision-making body's findings, inferences, conclusions, or decisions were:

a. In violation of constitutional provisions, including those protecting procedural due process rights.

b. In excess of the statutory authority conferred upon the city or the authority conferred upon the decision-making board by ordinance.

c. Inconsistent with applicable procedures specified by statute or ordinance.

d. Affected by other error of law.

e. Unsupported by substantial competent evidence in view of the entire record.

f. Arbitrary or capricious.

(2) When the issue before the court is whether the decision-making board erred in interpreting an ordinance, the court shall review that issue de novo. The court shall consider the interpretation of the decision-making board, but is not bound by that interpretation, and may freely substitute its judgment as appropriate.

(3) The term "competent evidence," as used in this subsection, shall not preclude reliance by the decision-making board on evidence that would not be admissible under the rules of evidence as applied in the trial division of the General Court of Justice if (i) the evidence was admitted without objection or (ii) the evidence appears to be sufficiently trustworthy and was admitted under such circumstances that it was reasonable for the decision-making board to rely upon it. The term "competent evidence," as used in this subsection, shall not be deemed to include the opinion testimony of lay witnesses as to any of the following:

a. The use of property in a particular way would affect the value of other property.

b. The increase in vehicular traffic resulting from a proposed development would pose a danger to the public safety.

c. Matters about which only expert testimony would generally be admissible under the rules of evidence.

(4) The petitioner may assert and the court shall determine de novo, based on the record in subsection (j) of this section, any of the following claims or defenses:

a. That the ordinance, either on its face or as applied by the final decision of the administrative official, violates the United States or North Carolina Constitutions.

b. That the ordinance or the final decision of the administrative official is invalid or unenforceable on grounds of ultra vires, preemption, including preemption under G.S. 160A-174(b), or is otherwise in excess of authority.

c. That the ordinance or the final decision of the administrative official violates common law or statutory vested rights of the aggrieved person.

(5) In order to raise any of the claims or defenses listed in subdivision (4) of this subsection, to the extent that they do not involve some act of the decision-making board itself or any of its members, the claim or defense shall be made known to the decision-making board at the hearing.

...."

SECTION 5. Part 3 of Article 19 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"**§ 160A-393.2. No estoppel effect when challenging unlawful conditions.**

No landowner or permit applicant shall be precluded from timely challenging any unlawful condition imposed on a development as part of the application of land development regulations as defined in G.S. 160A-400.21(6) as a result of actions by the landowner or permit applicant to proceed with the development or use. A local government may not raise estoppel, waiver, release, or acceptance or other similar grounds as a defense to such challenge. This section shall not apply to rezoning decisions."

SECTION 6. G.S. 6-21.7 reads as rewritten:

"**§ 6-21.7. Attorneys' fees; cities or counties acting outside the scope of their authority.**

In any action in which a city or county is a party, upon a finding by the court that the city or county ~~acted outside the scope of its legal authority,~~ violated a statute or case law setting forth unambiguous limits on its authority, the court ~~may~~ shall award reasonable attorneys' fees and costs to the party who successfully challenged the city's or county's ~~action, provided that if the court also finds that the city's or county's action was an abuse of its discretion, the court shall award attorneys' fees and costs.~~action. In all other matters, the court may award reasonable attorneys' fees and costs to the prevailing private litigant. For purposes of this section, "unambiguous" means that the limits of authority are not reasonably susceptible to multiple constructions."

SECTION 7. G.S. 160A-372 reads as rewritten:

"**§ 160A-372. Contents and requirements of ordinance.**

...

(c) The ordinance may provide for the more orderly development of subdivisions by requiring the construction of community service facilities in accordance with municipal plans, policies, and standards. To assure compliance with these and other ordinance requirements, the ordinance may provide for performance guarantees ~~to assure successful completion of required improvements~~ either at the time the plat is recorded as provided in subsection (b) of this ~~section.~~ section or at a time subsequent to the recording of the plat, but prior to the issuance of a permit pursuant to G.S. 160A-417(a)(1), to assure successful completion of required improvements. In the event a city fails to adopt an ordinance setting forth performance guarantees in compliance with subsection (g) of this section, a city shall not be authorized to require the successful completion of required improvements prior to a plat being recorded. For any specific development, the type and term of performance ~~guarantee~~ guarantee, or any extension of the performance guarantee, shall be at the election of the ~~developer.~~developer provided that any performance guarantee or extension be available to assure the successful completion of improvements for which it is required. The developer shall be allowed, without limitation, to reduce the amount of the performance guarantee to reflect only the remaining incomplete items.

...

(g) For purposes of this section, all of the following shall apply with respect to performance guarantees:

(1) The term "performance guarantee" shall mean any of the following forms of guarantee:

a. Surety bond issued by any company authorized to do business in this State.

b. Letter of credit issued by any financial institution licensed to do business in this State.

c. Other form of guarantee that provides equivalent security to a surety bond or letter of credit.

(2) The performance guarantee shall be returned or released, as appropriate, in a timely manner upon the acknowledgement by the city or county that the

improvements for which the performance guarantee is being required are complete. If the improvements are not complete and the current performance guarantee is expiring, the performance guarantee shall be extended, or a new performance guarantee issued, for an additional period until such required improvements are complete. A developer shall demonstrate reasonable, good faith progress toward completion of the required improvements that are the subject of the performance guarantee or any extension. The form of any extension shall remain at the election of the developer.

(3) The amount of the performance guarantee shall not exceed one hundred twenty-five percent (125%) of the reasonably estimated cost of completion at the time the performance guarantee is issued. Any extension of the performance guarantee necessary to complete required improvements shall not exceed one hundred twenty-five percent (125%) of the reasonably estimated cost of completion of the remaining incomplete improvements still outstanding at the time the extension is obtained. At the election of the developer, the one hundred twenty-five percent (125%) of the reasonably estimated cost of completion may be conclusively determined by a report provided under seal by an architect licensed under the provisions of Chapter 83A of the General Statutes or an engineer registered under the provisions of Chapter 89C of the General Statutes. This report may contain unit pricing information provided by a general contractor, licensed under Chapter 87 of the General Statutes, or any other competent source which the architect or engineer certifies, under seal, as accurate. The reasonably estimated cost of completion shall include all costs of inflation and costs of administration and enforcement, no matter how such related fees or charges are denominated.

(4) The performance guarantee shall only be used for completion of the required improvements and not for repairs or maintenance after completion.

(5) The developer shall have the option to post one form of a performance guarantee as provided for in subdivision (1) of this subsection, in lieu of multiple bonds, letters of credit, or other equivalent security, for all development matters related to the same project requiring performance guarantees, including, without limitation, subdivision, erosion control, and storm water.

(6) No person shall have or may claim any rights under or to any performance guarantee provided pursuant to this subsection or in or to the proceeds of any such performance guarantee other than the following:

a. The local government to whom such performance guarantee is provided.

b. The developer at whose request or for whose benefit such performance guarantee is given.

c. The person or entity issuing or providing such performance guarantee at the request of or for the benefit of the developer."

SECTION 8. G.S. 153A-331(e) reads as rewritten:

"(e) The ordinance may provide for the more orderly development of subdivisions by requiring the construction of community service facilities in accordance with county plans, policies, and standards. To assure compliance with these and other ordinance requirements, the ordinance may provide for performance guarantees ~~to assure successful completion of required improvements~~ either at the time the plat is recorded as provided in subsection (b) of this ~~section.~~ section or at a time subsequent to the recording of the plat, but prior to the issuance of a permit pursuant to G.S. 153A-357(a)(1), to assure successful completion of required improvements. In the event a county fails to adopt an ordinance setting forth performance guarantees in compliance with subsection (g) of this section, a county shall not be authorized to require the successful

completion of required improvements prior to a plat being recorded. For any specific development, the type and term of performance ~~guarantee from the range specified by the county~~ guarantee, or any extension of the performance guarantee, shall be at the election of the ~~developer.~~developer, provided that any performance guarantee or extension be available to assure the successful completion of the improvements for which it is required. The developer shall be allowed, without limitation, to reduce the amount of the performance guarantee to reflect only the remaining incomplete items."

SECTION 9. G.S. 160A-381(c) reads as rewritten:

"(c) The regulations may also provide that the board of adjustment, the planning board, or the city council may issue special use permits or conditional use permits in the classes of cases or situations and in accordance with the principles, conditions, safeguards, and procedures specified therein and may impose reasonable and appropriate conditions and safeguards upon these permits. Conditions and safeguards imposed under this subsection shall not include requirements for which the city does not have authority under statute to regulate nor requirements for which the courts have held to be unenforceable if imposed directly by the ~~city.~~city, including, without limitation, taxes, impact fees, building design elements within the scope of subsection (h) of this section not voluntarily offered by petitioner, street improvements in excess of those allowed in G.S. 160A-372, driveway-related improvements in excess of those allowed in G.S. 136-18(29) and G.S. 160A-307, or other unauthorized limitations on the development or use of land. When deciding special use permits or conditional use permits, the city council or planning board shall follow quasi-judicial procedures. Notice of hearings on special or conditional use permit applications shall be as provided in G.S. 160A-388(a2). No vote greater than a majority vote shall be required for the city council or planning board to issue such permits. For the purposes of this section, vacant positions on the board and members who are disqualified from voting on a quasi-judicial matter shall not be considered "members of the board" for calculation of the requisite majority. Every such decision of the city council or planning board shall be subject to review of the superior court in the nature of certiorari in accordance with G.S. 160A-388.

Where appropriate, such conditions may include requirements that street and utility rights-of-way be dedicated to the public and that provision be made of recreational space and facilities."

SECTION 10. G.S. 153A-340(c1) reads as rewritten:

"(c1) The regulations may also provide that the board of adjustment, the planning board, or the board of commissioners may issue special use permits or conditional use permits in the classes of cases or situations and in accordance with the principles, conditions, safeguards, and procedures specified therein and may impose reasonable and appropriate conditions and safeguards upon these permits. Conditions and safeguards imposed under this subsection shall not include requirements for which the county does not have authority under statute to regulate nor requirements for which the courts have held to be unenforceable if imposed directly by the ~~county.~~ county, including, without limitation, taxes, impact fees, building design elements within the scope of subsection (l) of this section not voluntarily offered by petitioner, street improvements in excess of those allowed in G.S. 160A-372, driveway-related improvements in excess of those allowed in G.S. 136-18(29), or other unauthorized limitations on the development or use of land. Where appropriate, the conditions may include requirements that street and utility rights-of-way be dedicated to the public and that recreational space be provided. When deciding special use permits or conditional use permits, the board of county commissioners or planning board shall follow quasi-judicial procedures. Notice of hearings on special or conditional use permit applications shall be as provided in G.S. 160A-388(a2). No vote greater than a majority vote shall be required for the board of county commissioners or planning board to issue such permits. For the purposes of this section, vacant positions on the board and members who are disqualified from voting on a quasi-judicial matter shall not be considered "members of the board" for calculation of the requisite majority. Every such decision of the board of county commissioners or planning

board shall be subject to review of the superior court in the nature of certiorari consistent with G.S. 160A-388."

SECTION 11. G.S. 153A-352(b) reads as rewritten:

"(b) Except as provided in G.S. 153A-364, a county may not adopt or enforce a local ordinance or resolution or any other policy that requires regular, routine inspections of buildings or structures constructed in compliance with the North Carolina Residential Code for One- and Two-Family Dwellings in addition to the specific inspections required by the North Carolina Building Code without first obtaining approval from the North Carolina Building Code Council. The North Carolina Building Code Council shall review all applications for additional inspections requested by a county and shall, in a reasonable manner, approve or disapprove the additional inspections. This subsection does not limit the authority of the county to require inspections upon unforeseen or unique circumstances that require immediate action. In performing the specific inspections required by the North Carolina Building Code, the inspector shall conduct all inspections requested by the permit holder for each scheduled inspection visit. For each requested inspection, the inspector shall inform the permit holder of instances in which the work inspected is incomplete or otherwise fails to meet the requirements of the North Carolina Residential Code for One- and Two-Family Dwellings."

SECTION 12. G.S. 160A-412(b) reads as rewritten:

"(b) Except as provided in G.S. 160A-424, a city may not adopt or enforce a local ordinance or resolution or any other policy that requires regular, routine inspections of buildings or structures constructed in compliance with the North Carolina Residential Code for One- and Two-Family Dwellings in addition to the specific inspections required by the North Carolina Building Code without first obtaining approval from the North Carolina Building Code Council. The North Carolina Building Code Council shall review all applications for additional inspections requested by a city and shall, in a reasonable manner, approve or disapprove the additional inspections. This subsection does not limit the authority of the city to require inspections upon unforeseen or unique circumstances that require immediate action. In performing the specific inspections required by the North Carolina Building Code, the inspector shall conduct all inspections requested by the permit holder for each scheduled inspection visit. For each requested inspection, the inspector shall inform the permit holder of instances in which the work inspected is incomplete or otherwise fails to meet the requirements of the North Carolina Residential Code for One- and Two-Family Dwellings."

SECTION 13. G.S. 160A-307 reads as rewritten:

"**§ 160A-307. Curb cut regulations.**

A city may by ordinance regulate the size, location, direction of traffic flow, and manner of construction of driveway connections into any street or alley. The ordinance may require the construction or reimbursement of the cost of construction and public dedication of medians, acceleration and deceleration lanes, and traffic storage lanes for driveway connections into any street or alley if:

(1) The need for such improvements is reasonably attributable to the traffic using the driveway; and

(2) The improvements serve the traffic of the driveway.

No street or alley under the control of the Department of Transportation may be improved without the consent of the Department of Transportation. ~~However, if there is a conflict between the written driveway regulations of the Department of Transportation and the related driveway improvements required by the city, the more stringent requirement shall apply.~~A city may not require the applicant to acquire right-of-way from property not owned by the applicant."

SECTION 14. G.S. 160A-385(b1), as enacted by Section 1 of this act, and G.S. 153A-344(b1), as enacted by Section 2 of this act, are effective with respect to phased development approvals which are valid and unexpired on the effective date of this act. G.S. 160A-372(g)(6), as enacted by Section 7 of this act, is declarative of existing law as to all

performance guarantees issued pursuant to Chapter 160A or Chapter 153A of the General Statutes and is not intended to be a change in existing law as to performance guarantees whenever issued. The remainder of this act is effective when it becomes law and applies to permit applications filed, permits previously issued which remain valid and unexpired on the date this act becomes law, actions filed in court, and claims and defenses asserted on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H D

HOUSE BILL 805
Committee Substitute Favorable 8/13/15
PROPOSED SENATE COMMITTEE SUBSTITUTE H805-CSBB-3 [v.2]
06/23/2016 03:48:48 PM

Short Title: Measurability Assessments. (Public)

Sponsors:

Referred to:

April 15, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR MEASURABILITY ASSESSMENTS OF STATE PROGRAMS.

The General Assembly of North Carolina enacts:

SECTION 1. The North Carolina General Statutes are amended by adding a new Chapter to read:

"**Chapter 143E.**

"**The North Carolina Measurability Assessment Act of 2016.**

"**§ 143E-1. Title.**

This Chapter shall be known and may be cited as the "North Carolina Measurability Assessment Act of 2016."

"**§ 143E-2. Request for measurability assessment.**

The General Assembly may require a measurability assessment of any proposed or existing State program to determine whether the program is or will be capable of reporting performance and return on investment.

"**§ 143E-3. Definition of measurability assessment.**

(a) A measurability assessment is an independent evaluation conducted on a new or existing State program.

(b) A measurability assessment must include or determine all of the following:

(1) Whether and to what degree the program is unique and does not duplicate or negate results of another public or private program or enterprise.

(2) The local, regional, or statewide problems or needs that the program is intended to address.

(3) Whether there is a program design portrayed by a logic model as defined by the Logic Model Development Guide by the W.K. Kellogg Foundation, including an evaluation of that logic model.

(4) Whether there is evidence that the program produces results attributable to the program to remedy the problem or need. The information required by this subdivision shall include the following, as applicable:

a. For a proposed program, whether the evidence stems from a formative evaluation of proposed activities through a field trial using a valid and reliable instrument or method to measure changes in a randomized control group that was not subjected to the proposed activities to changes in a randomized group that did receive the proposed activities.

b. For an existing program asserting existence of evidence, whether the evidence stemmed from a post-program summative evaluation using an experimental or quasi-experimental research design.

c. For both proposed and existing programs, if the evidence had been subjected to alternative interpretations and peer review.

(5) The capacity of the administering entity to expand the program based upon existing evidence or results.

(6) How the program proposes to engage in strategic planning.

(7) How the program proposes to measure performance, including measurement of the following:

a. Total costs of program services with costs separately reported for each activity associated with each service.

b. Outputs or counts of units of services and for individual activities associated with each service.

c. Costs per unit of service and for individual activities associated with each service.

d. Outcomes or results attributable to each program service, including results upon completion of program service; results still evident one, two, and three years after completion; ultimate or permanent results; and when and how permanent results will be determined by the program.

e. Customer or client satisfaction with program services.

f. Statewide impacts of program outcomes as evidenced by census data or other statewide data.

g. Performance compared to standards and what standards the program intends to use.

(8) How the program will continuously improve quality of program services and consistency with the strategic plan.

(9) Whether the administering entity has conducted an assessment to identify financial and legal risks to the entity or the State and has plans for minimizing risk exposure.

(10) Whether the program conducts five-year forecasts of annual recurring costs and sources of funding for each year.

(11) Whether the program proposes to share costs with primary beneficiaries through a fee-for-service, co-payment, or tuition basis and the extent to which any expected cost-sharing is or will be means-tested and by what method.

(12) How program staffing requirements are determined and an evaluation of those requirements.

(13) Whether the program has or proposes to have a financial accounting system capable of accounting for all assets, liabilities, receipts, and disbursements.

(14) Whether the program is or will be post-audited and if there are any potential impediments to audits or evaluations by the State Auditor, agency internal auditors, or the Program Evaluation Division of the General Assembly.

(c) The assessor must submit a written report containing the results of the measurability assessment to the Program Evaluation Division at a time and in a format required by the Program Evaluation Division.

"**§ 143E-4. Administration of measurability assessment process.**

(a) The Program Evaluation Division must use a competitive process to prequalify independent measurability assessors. The assessors will be independent contractors compensated through a uniform fee system established by the Program Evaluation Division, and there will be no guarantee that any prequalified assessor will receive assessment assignments. The Program

Evaluation Division shall not assign an assessor to a measurability assessment if the assessor has been employed by or contracted with the entity within five years preceding the assessment.

(b) The Program Evaluation Division shall establish standards for assessor qualifications, independence, and for conducting and reporting measurability assessments. Individuals who do not meet the qualifications may not be used to conduct measurability assessments.

(c) Whenever a measurability assessment is required, the Program Evaluation Division shall select the assessor and require the agency or institution to reimburse the Program Evaluation Division for the assessor's costs and for a share of the Program Evaluation Division costs for administering the measurability assessment program."

SECTION 2. This act becomes effective October 1, 2016.

HOUSE BILL 805:
Measurability Assessments.

2016-2017 General Assembly

Committee:	Senate Commerce	**Date:**	June 24, 2016
Introduced by:	Reps. Blackwell, Avila	**Prepared by:**	Amy Darden Committee Co-Counsel
Analysis of:	PCS to Second Edition H805-CSBB-3		

SUMMARY: ***The PCS for House Bill 805 would establish the North Carolina Measurability Assessment Act of 2016 to provide for assessments of State programs.***

BILL ANALYSIS:

Section 1 would establish the North Carolina Measurability Act of 2016 to provide for assessments of State programs as follows:

- The General Assembly may require a measurability assessment of any proposed or existing State program to determine whether the program is or will be capable of reporting performance and return on investment.
- A measurability assessment is an independent evaluation that must include or determine among other things:
    - Whether and to what degree the program is unique and does not duplicate or negate results of another public or private program or enterprise.
    - The local, regional, or statewide problems or needs that the program is intended to address.
    - Whether there is a program design portrayed by a logic model as defined by the Logic Model Development Guide by the W.K. Kellogg Foundation.
    - Whether there is evidence that the program produces results attributable to the program to remedy the problem or need.
    - The capacity of the administering entity to expand the program based upon existing evidence or results.
    - How the program proposes to engage in strategic planning.
    - How the program proposes to measure performance.
    - How the program will continuously improve quality of program services and consistency with the strategic plan.
    - Whether the administering entity has conducted an assessment to identify financial and legal risks to the entity or the State and has plans for minimizing risk exposure.
    - Whether the program conducts five-year forecasts of annual recurring costs and sources of funding for each year.

This bill analysis was prepared by the nonpartisan legislative staff for the use of legislators in their deliberations and does not constitute an official statement of legislative intent.

  - Whether the program proposes to share costs with primary beneficiaries through a fee-for-service, co-payment, or tuition basis and the extent to which any expected cost-sharing is or will be means tested and by what method.
  - How program staffing requirements are determined and an evaluation of those requirements.
  - Whether the program has or proposes to have a financial accounting system capable of accounting for all assets, liabilities, receipts, and disbursements.
  - Whether the program is or will be postaudited and if there are any potential impediments to audits or evaluations by the State Auditor, agency internal auditors, or the Program Evaluation Division of the General Assembly (PED).

- The assessor must submit a written report containing the results of the measurability assessment to PED.
- PED would identify independent measurability assessors as follows:
  - PED must use a competitive process to prequalify independent measurability assessors.
  - PED will establish standards for assessor qualifications, independence, and for conducting and reporting measurability assessments.
  - Whenever a measurability assessment is required, PED will select the assessor and require the agency or institution to reimburse PED for the assessor's costs and for a share of PED costs for administering the measurability assessment program.

EFFECTIVE DATE: This act would become effective October 1, 2016.

Karen Cochrane-Brown substantially contributed to this summary.

HOUSE BILL 805
Committee Substitute Favorable 8/13/15

Short Title: Measurability Assessments. (Public)

Sponsors:

Referred to:

April 15, 2015

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR MEASURABILITY ASSESSMENTS OF STATE PROGRAMS.

The General Assembly of North Carolina enacts:

SECTION 1. The North Carolina General Statutes are amended by adding a new Chapter to read:

"**Chapter 143E.**

"**The North Carolina Measurability Assessment Act of 2015.**

"**§ 143E-1. Title.**

This Chapter shall be known and may be cited as the "North Carolina Measurability Assessment Act of 2015."

"**§ 143E-2. Request for measurability assessment.**

The General Assembly may require a measurability assessment of any proposed or existing State program to determine whether the program is or will be capable of reporting performance and return on investment.

"**§ 143E-3. Definition of measurability assessment.**

(a) A measurability assessment is an independent evaluation conducted on a new or existing State program.

(b) A measurability assessment must include or determine all of the following:

(1) Whether and to what degree the program is unique and does not duplicate or negate results of another public or private program or enterprise.

(2) The local, regional, or statewide problems or needs that the program is intended to address.

(3) Whether there is a program design portrayed by a logic model as defined by the Logic Model Development Guide by the W.K. Kellogg Foundation, including an evaluation of that logic model.

(4) Whether there is evidence that the program produces results attributable to the program to remedy the problem or need. The information required by this subdivision shall include the following, as applicable:

a. For a proposed program, whether the evidence stems from a formative evaluation of proposed activities through a field trial using a valid and reliable instrument or method to measure changes in a randomized control group that was not subjected to the proposed activities to changes in a randomized group that did receive the proposed activities.

b. For an existing program asserting existence of evidence, whether the evidence stemmed from a post-program summative evaluation using an experimental or quasi-experimental research design.

c. For both proposed and existing programs, if the evidence had been subjected to alternative interpretations and peer review.

(5) The capacity of the administering entity to expand the program based upon existing evidence or results.

(6) How the program proposes to engage in strategic planning.

(7) How the program proposes to measure performance, including measurement of the following:

a. Total costs of program services with costs separately reported for each activity associated with each service.

b. Outputs or counts of units of services and for individual activities associated with each service.

c. Costs per unit of service and for individual activities associated with each service.

d. Outcomes or results attributable to each program service, including results upon completion of program service; results still evident one, two, and three years after completion; ultimate or permanent results; and when and how permanent results will be determined by the program.

e. Customer or client satisfaction with program services.

f. Statewide impacts of program outcomes as evidenced by census data or other statewide data.

g. Performance compared to standards and what standards the program intends to use.

(8) How the program will continuously improve quality of program services and consistency with the strategic plan.

(9) Whether the administering entity has conducted an assessment to identify financial and legal risks to the entity or the State and has plans for minimizing risk exposure.

(10) Whether the program conducts five-year forecasts of annual recurring costs and sources of funding for each year.

(11) Whether the program proposes to share costs with primary beneficiaries through a fee-for-service, co-payment, or tuition basis and the extent to which any expected cost-sharing is or will be means-tested and by what method.

(12) How program staffing requirements are determined and an evaluation of those requirements.

(13) Whether the program has or proposes to have a financial accounting system capable of accounting for all assets, liabilities, receipts, and disbursements.

(14) Whether the program is or will be post-audited and if there are any potential impediments to audits or evaluations by the State Auditor, agency internal auditors, or the Program Evaluation Division of the General Assembly.

(c) The assessor must submit a written report containing the results of the measurability assessment to the Office of State Budget and Management (OSBM) and the Program Evaluation Division of the General Assembly (Program Evaluation Division) at a time and in a format required by OSBM.

"**§ 143E-4. Administration of measurability assessment process.**

(a) OSBM must use a competitive process to prequalify independent measurability assessors. The assessors will be independent contractors compensated through a uniform fee

system established by OSBM, and there will be no guarantee that any prequalified assessor will receive assessment assignments. OSBM shall not assign an assessor to a measurability assessment if the assessor has been employed by or contracted with the entity within five years preceding the assessment.

(b) OSBM, in consultation with the Program Evaluation Division, shall establish standards for assessor qualifications, independence, and for conducting and reporting measurability assessments. Individuals who do not meet the qualifications may not be used to conduct measurability assessments.

(c) Whenever a measurability assessment is required, OSBM, in consultation with the Program Evaluation Division, shall select the assessor and require the agency or institution to reimburse OSBM for the assessor's costs and for a share of OSBM costs for administering the measurability assessment program."

SECTION 2. There is appropriated from the General Fund to the Office of State Budget and Management the sum of seventy-five thousand dollars ($75,000) for the 2015-2016 fiscal year for the implementation of this act.

SECTION 3. This act becomes effective October 1, 2015.

Senate Pages Attending

COMMITTEE: Commerce ROOM: 1027

DATE: 6-24 TIME: 9AM

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!....*or else!!!!!*

Page Name	Hometown	Sponsoring Senator
1. Lexi Ray	Knightdale	Ford
2. J'nea Wiggins	"	"
3.		
4.		
5.		
6.		
7.		
8.		

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

NCGA

NORTH CAROLINA GENERAL ASSEMBLY

Senate Committee

On

Commerce

June 24, 2016

Room: 1027/1128

9:00 AM

Senate Sergeant at Arms:

Terry Barnhardt

Becky Myrick

Senate Committee on Commerce

June 24, 2016 – Room 1027/1128 – 9:00 AM

Speaker Sign-Up

PLEASE SIGN IN BELOW

NAME	FIRM OR AGENCY
JOANNE CARLYLE	CITY ATTORNEY HIGH POINT
Johanna Reese	County Comm Assn.

Senate Committee on Commerce

June 24, 2016 – Room 1027/1128 – 9:00 AM

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NAME	FIRM OR AGENCY
Susan Vick	Duke Energy
Meaghan Weis	NCC
Jake Cash	NCC
Erin Wynia	NCLM
David Bryson	[illegible]
John Cauley	City of High Point
Joe McGlees	McClatchy Co. South

Senate Committee on Commerce

June 24, 2016 – Room 1027/1128 – 9:00 AM

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NAME	FIRM OR AGENCY
RAVI CHITTILLA	AIDE to Sen. Chaudhuri
Chris Braughton	MWC
Mallard Jenkins	DNCR
Joshua Colora	NSS
Rose Williams	NCLM
Rachel Bradley	NCDPI
Tom West	NCSICU
	DOT
Margaret Dyce	OSBM/DMVA
Bob Lahmie	K/A
Elizabeth Biser	BP
Weldon Jones	Gordon Rose
Andy Wachell	JA
Gwen McSwain	KTS
	MWC
Amy Elke	NCMA
Hal Benson	SEANC
Ken Melton	KMA

VISITOR REGISTRATION SHEET

SENATE COMMERCE — June 24, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO DEBBIE LOWN

NAME	FIRM OR AGENCY AND ADDRESS
Sarah McQuilla	SSANC
Betsy McCarley	SSANC
Catherine Harwaid	NCFB
Wendy Kelly	Focus carolina
Isabel Villa-Garcia	NC REALTORS
Cassy Thomas	Focus Carolina
Carolyn Thomas	DEQ
Kathy Hanley	Duke Energy