



**CITY MANAGER'S OFFICE
M E M O R A N D U M**

September 2, 2014

TO: Ron Carlee, City Manager
Ron Kimble, Deputy City Manager

FROM: Dana Fenton, Intergovernmental Relations Manager

SUBJECT: Final 2014 "Short" Session Report

Attached is the final report of the 2014 "short" session of the North Carolina General Assembly. The report is categorized by major issue areas including: Fiscal & Administrative; Regulatory Reform; Environmental & Planning; Infrastructure; and Public Safety. Legislation described in the report represents issues of interest to the City of Charlotte and local governments. A chart describing the various study reports that are due to the 2015 General Assembly follows the issue area summaries.

The 2014 "short" session convened on May 14, 2014 and adjourned on August 20, 2014. During the "short" session, the General Assembly acted upon 492 bills and resolutions of which 410 were introduced in 2014 and 82 in 2013. A total of 117 bills passed by the House and Senate were enacted into law while five bills are pending on the Governor's desk.

The five bills pending on the Governor's desk are:

- HB 369 – Criminal Law Changes
- HB 1086 – NC and SC Rail Compact (note: for freight rail service in Southeast NC)
- SB 3 – JMAC Modifications
- SB 729 – Coal Ash Management Act of 2014
- SB 734 – Regulatory Reform Act of 2014

There is currently an effort supported by the Secretary of Commerce and various economic development groups to have the Governor call the General Assembly back for a special session on economic development. Specifically, supporters are calling for action on:

- Expansion of the Job Development Investment Grant program, which is North Carolina’s primary job recruitment tool
- Creation of a “Job Catalyst” closing fund for use in special cases when some additional push is needed to close an economic development deal
- Enactment of authority for small business entrepreneurs to access capital via “crowd funding”, which recognizes that in the digital age money is raised differently and new small ventures are financed differently as well
- Extension of the renewable energy, film production, and historic rehabilitation tax credits were left on the table in the 2014 “short” session

At this time, the Governor has not announced his intentions as to whether he will call the General Assembly back for such a session.

City’s 2014 Legislative Agenda

Final disposition of issues in the City’s 2014 legislative agenda:

Film Production Credits: The current film production credit program was allowed to expire this coming December 31, 2014, and will be replaced by the Film & Entertainment Grant Fund. For many reasons, the film production community does not view the replacement program as one that will help maintain North Carolina’s status as a top tier film producing State. The extension of the current film production credit program is one of the focus issues of groups calling on the Governor to bring back the General Assembly for a special session on economic development. (SB 744, Section 15.14B, SL 2014-100)

Public Transportation Buses: Legislation authorizing the City of Charlotte to operate up to 60 foot buses in specified circumstances passed the General Assembly. (HB 375; SL 2014-71)

Privilege License Tax: The authority for the local privilege license tax was reenacted for FY 2015 and will expire at the end of the fiscal year. While a replacement source of revenue was not specified, the Governor and numerous legislators have said they will work with local governments to enact a replacement source of revenue beginning in FY 2016. The City of Charlotte receives approximately \$18 million to \$18.5 million per year from this source of revenue. (HB 1050, Section 12, SL 2014-3)

Final disposition of other issues to which the City advocated support or opposition:

State Share of Funding for LYNX Blue Line Extension (Support): General Assembly maintained \$25 million appropriation for construction in FY 2015, which is consistent with the 2012 agreement reached by the General Assembly

Maintain Funding for Public Transportation (Support): General Assembly maintained FY 2015 funding for public transportation at the same levels as appropriated for FY 2014

Local Government Regulatory Reform (Opposed): HB 677, which would have prohibited local governments from deducting union dues from employee compensation and remitting to labor union or labor organization, was not enacted into law

Charlotte Douglas International Airport Commission Clarifications (Opposed): HB 133, which would amend the City Charter to clarify that the Charlotte Douglas International Airport Commission is an agency within the City of Charlotte and is empowered to apply for and hold an airport operating certificate issued by the Federal Aviation Administration, was enacted into law

Preempt Local Control over Trees (Opposed): HB 1191, which would have preempted local authority to regulate the “removal, replacement, and preservation of trees on private property within its jurisdiction”, was never considered and was not enacted into law

Zoning / Design and Aesthetics Controls (Opposed): HB 150, which would have clarified under which conditions local governments could enact building design standards for one- and two-family dwellings, was not enacted into law

Rental Registration (Opposed): HB 677, which would have overhauled the rental registration changes made by the 2011 General Assembly, was not enacted into law

This page intentionally left blank

FISCAL & ADMINISTRATIVE

Appropriations

SB 744 Appropriations Act of 2014 (Brown)

SL 2014-100

SB 744 amends the State's two-year biennial budget that was enacted in 2013. Where necessary, the bill amends the appropriation of funds previously made for FY 2015 and enacts a number of policy related provisions that may impact the operations of local governments. Sections of interest include:

- LYNX Blue Line Extension – The State share of construction funding is maintained at \$25 million annually, which is consistent with the agreement reached by the 2012 General Assembly.
- Powell Bill – The “Powell Bill” is the program that directs State gas tax dollars to local governments for local road needs. The appropriation for the program increases in the enacted Appropriations Act of 2014 by nearly \$9.5 million or 6.5%, which is due to a re-projection of State gas tax revenues.
- State Maintenance Assistance Program – The State Maintenance Assistance Program directs funding to local transit providers to partially underwrite local operating expenses. Appropriations for the program are maintained at levels appropriated in 2013.
- Schematic Designs / Emergency Access to Schools – Section 8.20 requires school districts to provide local law enforcement schematic diagrams of facilities and access to keys. Section language was originally proposed in HB 1062 (Holloway) and SB 770 (Tillman).
- Clean Water Management Trust Fund – Section 14.8 specifies that the acquisition of lands surrounding military bases and historic properties are appropriate uses of Clean Water Management Trust Fund resources.
- Division of Water Infrastructure – Section 14.17 requires that local governments applying for loans or grants from the Clean Water State Revolving Fund, the Wastewater Reserve, the Drinking Water State Revolving Fund, or the Drinking Water Reserve certify that funds from water and sewer operations have not been transferred to the general fund for the purpose of supplementing the resources of the general fund, with exceptions for costs that are “reasonably allocable to the regular and ongoing operations of the utility”.
- Alcoholic Beverage Control Commission – Section 15.2 transfers the NC Alcoholic Beverage Control Commission from the Department of Commerce to the Department of Public Safety.
- Film & Entertainment Grant Fund – Section 15.14B, which is effective January 1, 2015, replaces the film production credit program that has been in place since 2010. Unlike the film production credit, the grant fund is a budgeted expenditure. For the six month period starting January 1, 2015, the General Assembly has budgeted \$10 million, which is considered insufficient to help the State retain its top tier position as a film producing State as the amount of credits extended in calendar year alone was over \$60 million. Section language was originally proposed in SB 743 (Brown).
- Hazardous Materials Facility Fee / HAZMAT Response Team – Section 16B.3 enacts a hazardous materials facility fee to be used for certain enumerated purposes including funding for regional response teams.
- State Bureau of Investigation – Part XVII, Section 17, transfers the State Bureau of Investigation and related functions from the Attorney General's Office to the State Department of Public Safety. Section language was originally proposed in SB 594 (J. Davis)
- Regulation of Unmanned Aircraft Systems – Section 34.30 establishes a framework for operation of unmanned aircraft. Section language was originally proposed in HB 1099 (Torbett)

Economic Development

HB 201 **Building Reutilization for Economic Development Act (Torbett) **SL 2014-90****

HB 201 makes several narrow changes to environmental laws to make the reuse of commercial buildings more economically viable. Among the statutes amended are the Energy Conservation Code, State Stormwater Program, State Environmental Protection Act, and REDD Building Reuse Funds.

HB 680 **Startups Act / New Market Tax Credits (Murry) **Not Enacted****

HB 680 would have authorized two new economic development tools for the State of North Carolina. Part I, "crowd funding", would have provided entrepreneurs of small enterprises access to capital by enabling them to raise small amounts from a large number of investors. Part II, the NC New Markets Job Act of 2014, would have emulated the federal New Markets program at the State level. Part I, crowd funding, was included in the conference report to HB 1224 that was passed by the Senate but not considered by the House.

HB 1031 **NC Economic Development Partnership Modifications (Murry) **SL 2014-18****

HB 1031, Part I, authorizes the Department of Commerce to contract out department functions to a nonprofit corporation, with the exception of several functions enumerated in the bill. Part I also sets forth the ethics requirements for members of the governing board of the nonprofit corporation. Part III creates Collaboration for Prosperity Zones to facilitate collaborative and coordinated planning and use of resources, to improve cooperation with other governmental and nonprofit entities at the local and regional level, to facilitate administrative efficiencies within State government, to receive advice on economic development issues by local boards established by a North Carolina nonprofit corporation with which the Department of Commerce contracts, and, to the extent feasible, to establish one-stop sources in each region for citizens and businesses seeking State services at a regional level. The Departments of Commerce, Environment and Natural Resources, and Transportation, the Community Colleges System Office, and the State Board of Education are required by the Act to designate liaisons or representatives to work with local governments, schools and colleges, planning and development bodies, and businesses in that zone. HB 1031 places Mecklenburg County into Zone 6 (Southwest). SB 743 (Brown), which was not enacted, was the Senate companion bill to HB 1031. SB 743 was the measure that included the first iteration of the Film & Entertainment Grant Fund, which was ultimately enacted through SB 744, the Appropriations Act of 2014.

HB 1142 **Modify Film / Historic Rehabilitation Tax Credits (Hamilton) **Not Enacted****

HB 1142 would have repealed the sunset clauses of the film incentive and historic rehabilitation tax credits. Since HB 1142 was never heard by House Finance, the bill failed. Unsuccessful attempts were made to incorporate the continuation of the film credit into the budget bill, SB 744. The credits were successfully added to an economic development bill, SB 763, but this failed as the Senate never considered the legislation when it was sent back for concurrence. A new Film & Entertainment Grant Fund to replace the film incentives was legislated in the budget, SB 744. A replacement program for the Historic Rehabilitation Tax Credits was not enacted.

SB 3 **JMAC Modifications (Apodaca) **Ratified****

SB 3 narrowly amends the Job Maintenance and Capital Development Fund in order to provide partial funding for the owners of a paper mill in western North Carolina to invest in natural gas technology to meet federal clean air requirements. SB 3 is pending on the Governor's desk.

Elections

[SB 403](#) Omnibus Election Clarifications (Bingham) SL 2014-111

SB 403 amends various election laws, including the timing of when local questions may appear on the ballot.

Eminent Domain

[HB 8](#) Eminent Domain (McGrady) Not Enacted

[SB 636](#) Wildlife Resources Commission Penalty Changes (Newton) Not Enacted

HB 8 was a proposal to amend the NC State Constitution to prohibit private property from being taken by condemners except for a public use. HB 8 passed the House in 2013 but was never taken up by the Senate. A Senate bill dealing with the Wildlife Resources Commission, SB 636 was amended to include the proposed constitutional amendment but the Senate never took up SB 636 for concurrence. Neither bill was taken up in 2014 by the Senate.

[HB 272](#) DOT “Quick Take” Condemnation Changes (Stam) Not Enacted

Editions 1 – 4 of HB 272 would have amended the “quick take” statutes found in the transportation chapter, which is utilized by many local governments for a wide variety of projects, in such a way to make condemnations much more expensive including the awarding of attorney’s fees. HB 272 passed the House in 2013 but it was never taken up by the Senate until in 2014 when the Senate Rules Committee needed a bill to enact changes needed to transportation and motor vehicle statutes. The condemnation changes were not included in the final version of HB 272. The condemnation changes were proposed in the House version of the Regulatory Reform Act of 2014 that was sent to the Senate, SB 734, but were not included in the conference report adopted by the House and Senate.

Employee Relations

[HB 677](#) Local Government Regulatory Reform (W. Brawley) Not Enacted

HB 677 would have prohibited local governments from deducting union dues from employee compensation and remitting to a labor union or similar organization. HB 677 passed the House in 2013 but was never considered by the Senate.

[HB 1193](#) Retirement System Technical Corrections Act of 2014 (Collins) SL 2014-97

[HB 1194](#) Retirement Administrative Changes Act of 2014 (Collins) SL 2014-112

HB 1193 and HB 1194 are fairly typical bills passed each session to make technical corrections and other needed amendments to State retirement system statutes.

[HB 1195](#) Fiscal Integrity / Pension Spiking Prevention (Collins) SL 2014-88

HB 1195 minimizes the impacts of pension spiking by establishing a contribution-based benefit cap system to ensure that any actions taken by local governments, community colleges, school districts and other governing bodies to increase salaries significantly in late career employees and which impact the retirement system are paid for by the employer.

[SB 42](#) Confidentiality of Unemployment Compensation Records (Daniel) SL 2014-117

SB 42 directs that any unemployment compensation information in the records of the Division of Employment Security that pertains to the administration of the Employment Security Law that is required to be kept confidential under 20 C.F.R. Part 603, including claim information and any information that reveals the name or any identifying particular about any individual or any past or present employer or employing unit, or that could foreseeably be combined with other publicly available information to reveal any such particulars is to be kept confidential. SB 42 was required in order to comply with federal law.

Ethics

[HB 1025](#) Ethics / DOT / DMV Changes (Wade) SL 2014-58

HB 1025, Section 12, sets forth penalties for individuals with voting authority on metropolitan planning organizations who do not comply with requirements to file the required statement of economic interest. If the individual does not file the statement within 30 days of being notified that it had not been filed, they would be fined \$250.00. Any further delays would subject the individual to being charged with a Class I misdemeanor.

Finance

[HB 189](#) Various Tax Law and Film Grant Changes (Glazier) Not Enacted

HB 189 would have made several technical changes to HB 1224, the Film & Entertainment Grant Fund, and revenue laws. Since HB 1224 was not taken up by the House, the conference report to HB 189 was not taken up either.

[HB 346](#) Governing Bodies / Collect Unpaid Judgments (Faircloth) SL 2014-40

HB 346 authorizes cities and counties to garnish the compensation of members of governing bodies, and furthermore, exempts such garnishments from the 10% cap imposed by G.S. 105-368(a).

[HB 1050](#) Omnibus Tax Law Changes (Howard) SL 2014-3

HB 1050 contains numerous technical and substantive changes to State and local tax laws. The section of most interest to the City was Section 12, Privilege License Tax Changes. Effective July 1, 2015, HB 1050 repeals the privilege license tax without a replacement source of revenue. There were numerous commitments made by elected officials to work with local governments in securing a replacement source of revenue for the privilege license tax in the 2015 Regular Session.

[HB 1133](#) Technical & Other Corrections (T. Moore) SL 2014-115

HB 1133 is typical end of session legislation to make technical corrections to State statutes. Sections of interest to the City of Charlotte include amendments to confidentiality of public records in the custody of the Department of Commerce for businesses seeking development incentives (Section 56.1), technical changes to ensure metropolitan planning organization ethics requirements conform to the shifting of control of the State Bureau of Investigation from the Attorney General to the Department of Public safety (Section 56.6A), and changes to guaranteed energy savings contracts (Section 56.7).

[HB 1224](#) Local Sales Tax Options / Economic Development Changes (Presnell) Not Enacted

HB 1224 was arguably the most controversial legislation of the session. Part I addressed sales tax options of localities. While the bill provided more flexibility for rural communities, it appeared to limit the ability of the larger counties to what is currently authorized and furthermore would have required referenda to raise the local sales tax rate to 2.75% be done by the end of calendar year 2014. An amendment to HB 189 would have moved the date to end of calendar year 2016. Parts II-V would have implemented new or modified existing economic development programs. Part VI would have made confidential certain unemployment compensation information. Part VII would have made technical changes to revenue laws. The conference report to HB 1224 was passed by the Senate but for a variety of reasons, was not considered by the House and thus failed. Part VI, Confidentiality of Unemployment Compensation Information was enacted through SB 42, and Part II, JMAC Modifications was enacted through SB 3.

[SB 763](#) Revenue Laws Technical Changes & Other Modifications (Rabon) Not Enacted

SB 763 would have made technical corrections to revenue laws, implemented a new Historic Rehabilitation Investment Program, modified the JMAC program, and extended the sunset date of a modified film incentive program for one year. SB 763 was passed by the House but the Senate never took a vote of concurrence on the measure.

[SB 786](#) Property Tax Study in Energy Modernization Act (Rucho) SL 2014-4

SB 786 includes Section 21 directing the Joint Legislative Commission on Energy Policy to study how the development of the oil and gas industry would affect the property tax revenues of local governments, and furthermore, to study ways to limit the growth of property tax revenues that result from increased property valuations due to the development of the industry.

Legal

[HB 632](#) Property Owners Protection Act / Study (Moffitt) Study Commission Created

HB 632, as introduced, would have established a State policy that “all statutes, ordinances, rules, and regulations that affect the free use of land shall be strictly construed against the government and liberally construed in favor of the free use of land.” HB 632 would also have authorized the awarding of attorney’s fees in any successful challenge to such a statute or ordinance, and prevented local government from enforcing any penalty against a property owner for a violation not committed by the property owner. HB 632 was later converted to a study bill. Although the bill was not enacted, the Legislative Research Commission did create a study committee, which is expected to report its recommendations to the 2015 General Assembly. The Committee is expected to take up issues surrounding annexation, extraterritorial jurisdiction, design and aesthetics controls, protest petitions, and vested rights.

Procurement

[HB 369](#) Criminal Law Changes (Waddell) Ratified

HB 369 amends the E-Verify statute that applies to the awarding of contracts by cities and counties (Section 13).

[HB 1043](#) Prequalification Update (Arp)

SL 2014-42

HB 1043 was recommended by the Joint Purchase and Contract Study Committee. The Committee was formed to determine whether prequalification and construction manager at-risk processes are objective and consistent among all public bodies. The Committee found that the existing statutory authorization for prequalification is overly broad and subject to interpretation. HB 1043 was introduced to bring standardization to the use of prequalification. SB 814 (Hunt), which was not enacted, was Senate companion legislation to HB 1043.

Public Enterprises

[HB 133](#) Charlotte Douglas International Airport Commission Clarifications (L. Bell)

SL 2014-10

HB 133 was stripped and changed to amend the Charter of the City of Charlotte to clarify that the Charlotte Douglas International Airport Commission is an agency within the City of Charlotte and is empowered to apply for and hold an airport operating certificate issued by the Federal Aviation Administration. This action would, in the view of the proponents, provide a stronger legal basis for the Federal Aviation Administration to transfer control of the Airport from the City of Charlotte to the Charlotte Douglas International Airport Commission. HB 133 also extended the life of the Charlotte Douglas International Airport Oversight Committee from July 1, 2015 to July 1, 2016.

[HB 708](#) Study Public Enterprise Systems / Use of Funds (Moffitt)

Study Commission Created

HB 708, as introduced, would have imposed a set of restrictions on how local governments could use enterprise fund revenues. The sponsor agreed to convert HB 708 to a study bill so that it would direct the Legislative Research Commission to study the proper use of enterprise revenue and make recommendations for improvement of requirements. Although the bill was not enacted, the Legislative Research Commission did create a study committee, which is expected to report its recommendations to the 2015 General Assembly.

Public Records

[SB 287](#) Notice Publication (Wade)

Not Enacted

SB 287 would have authorized the governing bodies of Guilford and Mecklenburg Counties and the localities located therein to give public notices electronically. The conference report to SB 287 was approved by the Senate late in 2013 but the House never did take up the conference report.

REGULATORY REFORM

SB 734 Regulatory Reform Act of 2014 (Wade)

Ratified

SB 734 is the omnibus Regulatory Reform Act of 2014, which is intended to provide regulatory relief to businesses and taxpayers. The final version of SB 734 contained 59 separate sections that could have been legislated in as many bills. SB 734 was the last of several regulatory reform measures considered by the General Assembly in 2014. Many of the provisions in SB 734 were first considered in other omnibus regulatory reform measures, including HB 94 (McElraft), HB 761 (Hardister), SB 38 (B. Jackson), SB 112 (B. Jackson), SB 493 (Walters), and SB 612 (Brown), none of which passed the General Assembly. SB 734 encompasses a wide variety of subjects that could have been incorporated into the various sections of this report but are included in this Regulatory Reform section for ease of reference.

- Enforce Municipal Floodplain Ordinance in ETJ – Section 15 amends the extraterritorial jurisdiction statute to clarify that property that is exempt from the exercise of extraterritorial jurisdiction pursuant to this subsection shall be subject to the county's floodplain ordinance or all floodplain regulation provisions of the county's unified development ordinance for the purposes of complying with 44 C.F.R. Part 60, Subpart A.
- Permit Choice – Section 16 requires that local ordinances and state agency rules and regulations allow an applicant for a permit to choose which rules and regulations shall apply to their application if the rule or ordinances changes were made in the time between when the permit application was submitted and the permit decision was made.
- Community College Brewing Course Waiver – Section 17 enables the NC Alcoholic Beverage Control Commission to issue a “brewing, distillation, and fermentation course authorization” for a community college or college that offers such a program in its curriculum offerings, which allows the manufacture of malt beverages for the purpose of providing instruction and education on the making of malt beverages; possession of malt beverages manufactured during the brewing, distillation, and fermentation program for the purpose of conducting malt beverage tasting seminars and classes for students who are 21 years of age or older; and selling of malt beverages produced during the course to wholesalers or to retailers, or through a permit obtained under G.S. 18B-1001(2).
- Amend Hotel Carbon Monoxide Alarm Requirement – Section 22 enacted more rigorous requirements for carbon monoxide alarms in hotels due to the tragic deaths suffered in 2013. Section language was originally proposed in HB 1140 (Samuelson) and SB 739 (B. Jackson).
- Reform Agency Review of Engineering Work – Section 29 attempts to get at the issue of whether non-engineers are practicing engineering without appropriate oversight by implementing processes to collect and analyze and evaluate position level data in the stormwater permitting and wastewater pretreatment, emergency response and collection system programs and make changes to ensure there is appropriate oversight of non-engineers. Section language was originally proposed in HB 1081 (Millis) and SB 765 (Bingham).
- Scope of Local Authority for Ordinances – Section 32 repealed the unanimous vote requirement legislated in 2013 HB 74 for local governing bodies to enact environmental ordinances. Section language was originally proposed in HB 1136 (Samuelson) and Edition 1 of SB 734 (Wade).
- Clarify Gravel under Stormwater Laws – Section 45 removes the word “gravel” from the definition of the term “built-upon area” and directs the Environmental Management Commission to amend its rules accordingly. Section language was originally proposed in HB 1166 (Samuelson) and SB 738 (B. Jackson).

Previous versions of the regulatory reform bills contained measures that were not enacted in the final version of SB 734. Among the excluded provisions of interest were:

- Protest Petitions – Section 3.5 of Edition 6 passed by the House would have repealed the protest petition statute that provides a venue for property owners to have a greater voice in zoning decisions of neighboring properties.
- Amend DOT Condemnation Statutes – Section 3.2 of Edition 6 passed by the House would have amended the “quick take” statutes found in the transportation chapter, which are utilized by many local governments for a wide variety of projects, in such a way to make condemnations much more expensive including the awarding of attorney’s fees. Section 3.2 language was originally proposed in HB 272 (Stam).
- Zoning / Design and Aesthetics Controls – Section 3.17 of Edition 6 passed by the House would have clarified when a local government could enact zoning ordinances related to design and aesthetic controls for structures regulated under the North Carolina Residential Code for One- and Two-Family Dwellings. Section 3.17 language was originally proposed in HB 150 (Dollar).
- Ethics for Local Elected Officials – Section 3.9 of Edition 6 passed by the House called for a study of ethics requirements for local elected officials. The study would have been conducted by the State Ethics Commission and the School of Government at the University of North Carolina at Chapel Hill.
- Study Building Code Process – Section 3.10 of Edition 6 passed by the House, directed the North Carolina Building Code Council to undertake a study of the authority granted to local building inspectors in those counties and cities where building plans are reviewed and approved prior to the issuance of a building permit. The report would have been due to the 2015 General Assembly.
- Study Building Code Alternative Approval Methods – Section 3.14 of Edition 6 passed by the House, directed the North Carolina Building Code Council (Council) to study procedures and policies for the approval of alternative materials, designs, or methods. The report would have been due to the 2015 General Assembly.
- Study Publication of Mug Shots – Section 3.7 of Edition 6 passed by the House, directed the Administrative Office of the Courts and the Department of Public Safety to study whether or not photographs of individuals charged with a crime should be a public record, including the admissibility of such photographs, posting on the Internet of such photographs prior to conviction, and any other matters related to the use of photographs of charged individuals. The report would have been due to the 2015 General Assembly.

SB 734 is pending on the Governor’s desk.

ENVIRONMENTAL & PLANNING

Coal Ash

[SB 729](#) **Coal Ash Management Act of 2014 (Apodaca)** **Ratified**

SB 729 is a response to a discharge of coal ash from a coal ash impoundment located in Eden, NC, which occurred in February 2014. The General Assembly made a deliberate decision to establish standards for the operation of such impoundments, and in some cases directs impoundments to be removed. SB 729 was introduced as the Governor's Coal Ash Action Plan. SB 729 enacts a number of provisions including a temporary moratorium that prevents the NC Utilities Commission from allowing electric public utilities to recover the costs of unlawful discharges of coal ash through January 15, 2015, establishes a nine-member Coal Ash Management Commission to exercise enumerated powers, and requires the closure of four high priority impoundments including one at Riverbend Steam Station in Gaston County. Part IV of the bill is language taken from HB 1137 (Samuelson), Reporting & Notice of Wastewater Spills. Three other coal ash bills filed in 2014, none of which were enacted, include: HB 1228 (Samuelson) was House companion legislation to SB 729, HB 1226 (Harrison), and SB 856 (Woodard). SB 729 is pending on the Governor's desk.

Building Codes

[HB 1105](#) **Local Erosion Programs / Takeover Existing Plans (Torbett)** **Not Enacted**

HB 1105 was recommended by the Legislative Research Commission's Committee on Land Development, which was prepared in response to concerns over the handling of erosion in a Gaston County subdivision. HB 1105 would have required that the State's Sedimentation Control Commission transfer its responsibility for administering and enforcing any existing erosion and sedimentation control plans being administered and enforced by the Commission within a local government's territorial jurisdiction to that local government. HB 1105 passed the House but was not considered by the Senate.

[HB 1106](#) **Erosion Control Designer Certification (Torbett)** **Not Enacted**

HB 1106 would have required designers of retaining walls and similar erosion control devices to certify that the device has been designed in accordance with applicable codes and specifications and will be installed according to the approved erosion and sedimentation control plan. HB 1106 passed the House but was not considered by the Senate.

Local Ordinances

[HB 366](#) **NC Farm Act of 2014 (Langdon)** **SL 2014-103**

HB 366 is the omnibus NC Farm Act of 2014, which is intended to reform several agricultural statutes. Sections of interest to the City of Charlotte include amendments to local authority to regulate fertilizer (Section 2b), which was originally raised in HB 1191 (Dixon).

[HB 1191](#) **Authority to Adopt Local Ordinances (Dixon)** **Not Enacted**

HB 1191 was NC Agriculture and Forestry Awareness Study Commission recommended legislation that would have preempted the authority of local governments to regulate the "removal, replacement, and preservation of trees on private property within its jurisdiction." HB 1191 was referred to the House Government Committee where it stayed for the duration of the short session.

Zoning

[HB 150](#) **Zoning / Design & Aesthetics Controls (Dollar)**

Not Enacted

HB 150 was intended to clarify when a local government could enact zoning ordinances related to design and aesthetic controls for structures regulated under the North Carolina Residential Code for One- and Two-Family Dwellings. HB 150 passed the House in 2013 but was never taken up by the Senate. HB 150 was included in the House version of the regulatory reform bill, SB 734, but was not included in the conference report adopted by the House and Senate.

[HB 625](#) **Zoning / Health Care Structures (Moffitt)**

SL 2014-94

HB 625 requires cities and counties to add provisions to their zoning ordinances to allow the erection of temporary health care structures of no more than 300 square feet as a permitted accessory use in any single-family residential zoning district on lots zoned for single-family detached dwellings. There are protections for neighboring property owners built into HB 625 to ensure the privilege for the use of such structures is not abused.

INFRASTRUCTURE

Transportation

[HB 375](#) Increase Allowed Size of Passenger Buses (Jeter) SL 2014-71

HB 375 amends local Charlotte law enacted in 1955 to allow the length of passenger buses operated by the City of Charlotte to be 45 feet, and allows the City to operate passenger buses up to 60 feet under specified circumstances.

[HB 1025](#) DOT / DMV Changes (Torbett) SL 2014-58

[HB 272](#) DOT / DMV Changes #2 (Stam) SL 2014-108

HB 1025 is the first of two omnibus bills to amend motor vehicle and transportation statutes that was enacted into law. Sections of interest to the City of Charlotte include exclusion of federal lands access funds from the Strategic Transportation Investments formula (Section 8), establishment of the fixed guideway rail oversight program required by the federal Moving Ahead for Progress in the 21st Century transportation authorization legislation (Section 9), installation of ramp meters to control the flow of vehicles entering controlled access highways (Section 10), enactment of fines for metropolitan planning organization members with voting authority who do not file the required statement of economic interest (Section 12), and authorization for sponsorship of DOT activities (Section 13).

HB 272 is the second of two omnibus bills to amend motor vehicle and transportation statutes. Sections of interest to the City of Charlotte include technical changes to the statute requiring notification of property owners when right-of-way is transferred (Section 8) and a study of Digital Dispatching Services by the Revenue Laws Committee (Section 9). In its original form, HB 272 addressed DOT "Quick Take" Condemnation Changes. The condemnation changes were excluded from the final version of HB 272.

[SB 105](#) Clarify Political Sign Ordinance Authority (Tillman) Not Enacted

Editions 1 – 3 of SB 105 would have ensured that only one set of rules would be applied to the placement of political signs within municipalities. The proposed fix became necessary after a 2011 law resulted into two sets of rules applying within jurisdictions where a city chose to regulate placement of such signs on local roads. The political sign provisions of SB 105 were stripped out after it became clear that some House members were interested in amending the bill to weaken local government authority to set fine amounts.

[SB 294](#) Allow Use of Stormwater Best Management Practices (Parmon) SL 2014-1

SB 294 allows regulated entities to fulfill the post-construction requirement for linear transportation projects, including private transportation projects constructed to North Carolina Department of Transportation standards that will be conveyed to the State upon completion, by using the Stormwater Best Management Practices Toolbox developed by the NC Department of Transportation.

Water & Sewer

HB 1043 Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State / Prequalification Update (Arp) SL 2014-42

HB 1043, Section 8, established a Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State. Included among the stated infrastructure needs to study are the water and sewer needs of counties and cities. The charge of the Commission is to study the matters outlined below that are related to building and infrastructure needs, including new repairs, renovations, expansion, and new construction, in North Carolina:

- Anticipated building construction needs of State agencies, The University of North Carolina, and North Carolina System of Community Colleges until 2025.
- Anticipated water and sewer infrastructure construction needs of counties and cities until 2025.
- Anticipated building needs of the local school boards until 2025.
- Anticipated costs of such building and infrastructure needs.
- Process that would prioritize needs within each infrastructure category and among all categories, with an emphasis on developing criteria that focus on public safety and economic development.
- Feasibility of establishing a building and infrastructure fund, which would be a dedicated source of revenue for capital funding for counties, cities, local school boards, The University of North Carolina, the North Carolina System of Community Colleges, and State agencies.
- Funding options for meeting the anticipated capital needs until 2025.

HB 1058 Program Evaluation Division Study of Water & Sewer Systems Not Enacted SB 756 (HB 1058 – Hager / SB 756 – Hartsell)

HB 1058 and SB 756 were recommended by the Environmental Review Commission to direct the Program Evaluation Division of the General Assembly to study the benefits that may result from the merge of public water systems and wastewater collection and treatment works. As a model, the Divisions would have been directed to study three systems including the Charlotte-Mecklenburg Utility Department. While neither bill was heard in committee, consideration was given to including the study in Edition 4 of the Regulatory Reform Act of 2014 (SB 734).

SB 163 Reclaimed Water as a Source Water (B. Jackson) SL 2014-113

SB 163 authorizes, under certain guidelines, the use of reclaimed water to supplement the potable water supply.

HB 1057 DENR Study of Interbasin Transfer Laws Not Enacted SB 757 (HB 1057 – Hager / SB 757 – Hartsell)

HB 1057 and SB 757 were recommended by the Environmental Review Commission to direct the Department of Environment and Natural Resources to study laws and regulation governing interbasin transfers and make any recommendation for needed changes. While HB 1057 passed the House, it was not considered by the Senate nor did the Senate hear SB 757. Consideration was given to including the study in Edition 4 of the Regulatory Reform Act of 2014 (SB 734).

PUBLIC SAFETY

General

[HB 698](#) Background Checks for Firefighters / Urban Search & Rescue (Saine) SL 2014-27

HB 698, Sections 1 – 3, authorizes fire departments to conduct criminal background checks of paid and volunteer firefighters, both applicants for positions and current members. Sections 4 and 5 of HB 698 were originally in HB 1200 (Ross) and SB 854 (Meredith), companion bills to establish a statewide urban search and rescue program. Section 4 enables the statewide urban search and rescue program, while section 5 requires the Department of Public Safety to study the costs of implementing the program, including the apportionment of costs between State and local government entities.

[HB 773](#) Rental Registration / Buildings / Structures / Inspections (W. Brawley) Not Enacted

HB 773 would have amended legislation passed in 2011 that established the framework for cities and counties to conduct and enforce rental registration and inspection programs. If enacted, this bill would have required a near total rewrite of the City of Charlotte rental registration ordinance that would have weakened the city's rental registration program operated by CMPD. HB 773 passed the House in 2013 but was never considered by the Senate.

[HB 930](#) Dog Breeding Standards (Saine) Not Enacted

HB 930 would have established standards of care for large dog breeding facilities and penalties for violations. HB 930 passed the House in 2013 but was never considered by the Senate. Governor McCrory was a vocal proponent for HB 930.

[HB 1145](#) Registration of Mopeds (Shepard) SL 2014-114

HB 1145 requires the owners of mopeds to register the vehicle with the Department of Motor Vehicles. The owner is to pay the same fee and be issued the same type of registration card and plate issued for motorcycles. Section 4 of HB 1145 directs the Joint Legislative Transportation Oversight Committee to study whether moped owners should be required to obtain insurance to operate on a public street or highway, as is required of the owners of other vehicles operating on a public street or highway, and whether additional laws are necessary for the safe operation of mopeds on public streets or highways.

Technology

[HB 272](#) Digital Dispatching Study / DOT / DMV Changes #2 (Stam) SL 2014-108

HB 272, Section 9, directs the Revenue Laws Committee to study the digital dispatching issue. While not specifically mentioning the City by name, it is clearly inspired by the deliberations occurring in the City over the last several months. Specifically, the committee is directed to “to study the registration requirements, fees, and penalties applicable to for-hire passenger vehicles, including for-hire passenger vehicles directed by digital dispatching services.” The report is due to the 2015 General Assembly.

[HB 348](#) Public Safety Technology / State ROW (Faircloth) Not Enacted

HB 348 would have authorized NC Department of Transportation to enter into agreements with local governments for the use of rights-of-way for the installation and use of public safety technologies. HB 348 passed the House but could not muster the votes to pass the Senate.

[SB 78](#) Law Enforcement Privacy / Public Web Sites (Hartsell) Not Enacted

SB 78 would have directed the NC Courts Commission to study whether local governments should remove personal information from records available on the internet when requested by law enforcement, prosecution and judicial personnel. SB 78 was inspired by a case from early 2014. The changes made to SB 78 by the House were never taken up by the Senate.

[SB 797](#) Amend Duties of 911 Board / Back-up PSAPs (Brock) SL 2014-66

SB 797 was recommended by the Joint Legislative Oversight Committee on Information Technology to ensure backup capabilities are specified for Public Safety Answering Points. SB 797 requires primary Public Safety Answering Points to designate a backup, and authorizes the 911 Board to provide funding to backup Public Safety Answering Points. HB 1148 (Saine), which was not enacted, was House companion legislation to SB 797.

Criminal Law

[HB 369](#) Criminal Law Changes (Waddell) Ratified

HB 369 amends various criminal statutes including those related to expunction, conditional discharge, possession of marijuana, cell phones for inmates, assaulting legislative, executive or court officials by inmates, remote video testimony, and carrying of weapons on campus by detention officers. HB 369 also includes a non-criminal statute section clarifying to which contracts the E-Verify program applies. Many of the provisions found in HB 369 were originally proposed in SB 594 (J. Davis). HB 369 is pending on the Governor's desk.

[HB 725](#) Young Offenders Rehabilitation Act (Avila) Not Enacted

HB 725 would have established a Juvenile Justice Advisory Committee, created a pilot civil citation process for juveniles, and raised the age of juvenile jurisdiction to include 16 and 17 year olds who have committed misdemeanor offenses. HB 725 passed the House but the Senate held it in the Clerk's Office where it ultimately failed.

[SB 594](#) Omnibus Justice Amendments (J. Davis) Not Enacted

SB 594 was an omnibus bill containing numerous amendments to criminal laws. Many provisions found in SB 594 were passed by the House and Senate through HB 369, Criminal Law Changes, which is currently pending on the Governor's desk or in SB 744, the Appropriations Act of 2014. Two sections of interest to local government that were not enacted into law were the increased penalty for graffiti vandalism (Part IX) and the prohibition of the use of mug shots on commercial web sites (Part X).

STUDY REPORTS DUE IN 2015

Study Group	Study Topic	Enabling Authority
NC Department of Commerce	Economic Development Public Private Partnership – Study and develop a plan for contracting with a North Carolina nonprofit corporation pursuant to G.S. 143B-431A, as enacted by this act, for the performance of economic development activities and duties of the Department.	Section 1.3, HB 1031
Local Government Division, NC Department of Revenue	Property Valuation – Study how other states value energy minerals for the purpose of property taxation. The Division shall establish guidelines for counties to ensure the consistent and fair taxation of energy minerals throughout the State.	Section 20, SB 786
Joint Legislative Commission on Energy Policy	Property Tax System – Study how the development of the oil and gas industry in the State would affect the property tax revenues of local governments. The study shall examine how the presence of energy minerals will affect property enrolled in the present use value program. The study shall also study ways to limit the growth of property tax revenues that result from increased property valuations due to the development of the oil and gas industry in the State.	Section 21, SB 786
NC Department of Commerce	Liquefied Natural Gas Terminal – Study the desirability and feasibility of siting, constructing, and operating a liquefied natural gas (LNG) export terminal in North Carolina.	Section 22, SB 786
NC Department of Transportation	Energy – Study: (i) additional statutory authority that may be necessary or advisable for the Department to adequately address energy-related traffic; (ii) the feasibility and advisability of including any requirements that the Department may recommend to manage energy-related traffic, and resulting impacts; and (iii) performance bonding and other surety mechanisms to reclaim and repair any State posted roads that are damaged due to heavy vehicle, equipment, and machinery traffic used in support of and conjunction with horizontal drilling and hydraulic fracturing operations on State posted roads.	Section 23, SB 786
State Board of Community Colleges	Energy - Study the feasibility and desirability of developing a program to prepare students with a general education foundation and technical competencies for employment opportunities in the oil and natural gas drilling, gathering, and field operations industry.	Section 24, SB 786

Study Group	Study Topic	Enabling Authority
Mining and Energy Commission	Energy - Study the development of midstream infrastructure in North Carolina, which is necessary or advisable to facilitate the exploration, development, and production of the State's oil and gas resources.	Section 26, SB 786
Committee on Property Owner Protection & Rights	Property Owner's Protection Act – Consider a State policy that “all statutes, ordinances, rules, and regulations that affect the free use of land shall be strictly construed against the government and liberally construed in favor of the free use of land,” and to authorize the awarding of attorney’s fees in any successful challenge to such a statute or ordinance.	Legislative Research Commission
Committee on Public Enterprise Systems and Uses of Funds	Use of Funds of Public Enterprises – Consider whether a set of restrictions on how local governments use enterprise fund revenues is warranted.	Legislative Research Commission
Environmental Management Commission	Coal Ash – Review the compliance boundary and corrective action provisions of Subchapter 2L of Title 15A of the North Carolina Administrative Code for clarity and internal consistency.	Section 12(c), SB 729
Coal Ash Management Commission	Coal Ash – Study whether and under what circumstances no further action or natural attenuation is appropriate for a coal combustion residuals surface impoundment that is classified as low-risk.	Section 13(a), SB 729
NC Department of Environment and Natural Resources	Coal Ash – Review and make recommendations on all deadlines established under Part 2I of Article 9 of Chapter 130A of the General Statutes, as enacted by Section 3(a) of SB 729	Section 13(b), SB 729
Coal Ash Management Commission	Coal Ash – Study how to promote, incentivize, and prioritize the beneficial use of coal combustion products over the disposal of coal combustion residuals.	Section 13(c), SB 729
NC Department of Transportation	Coal Ash –Evaluate additional opportunities for the use of coal combustion products in the construction and maintenance of roads and bridges within the State.	Section 14, SB 729
State Construction Office	Coal Ash – Develop recommended technical specifications for the use of coal combustion products that may be utilized in any construction by all State departments, institutions, agencies, community colleges, and local school administrative units, other than the Department of Transportation.	Section 16(a), SB 729

Study Group	Study Topic	Enabling Authority
NC Department of Transportation	Coal Ash – Develop recommended technical specifications for the use of coal combustion products that may be utilized in any construction by the Department of Transportation.	Section 16(b), SB 729
Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State	Blue Ribbon Commission on Infrastructure – Study the building and infrastructure needs of local water and sewer, local school districts, and state agencies including colleges and universities, including new repairs, renovations, expansion, and new construction.	Section 8, HB 1043
NC Department of Public Safety	Urban Search and Rescue Program – Implementation of HB 698, including apportionment of costs between State and local governments.	Section 5, HB 698
Joint Legislative Transportation Oversight Committee	Moped Laws – Study whether additional statutory changes are needed to ensure the safe operation of mopeds. The report shall include data on (i) the number of mopeds involved in traffic accidents, (ii) the number and types of injuries resulting from traffic accidents involving mopeds, and (iii) the causes for the traffic accidents involving mopeds.	Section 4, HB 1145
Joint Legislative Transportation Oversight Committee	Moped Insurance – Study whether insurance should be required to operate a moped on a public street or highway.	Section 4, HB 1145
Revenue Laws Committee	Digital Dispatching – Study the registration requirements, fees, and penalties applicable to for-hire passenger vehicles, including for-hire passenger vehicles directed by digital dispatching services.	Section 9, HB 272
NC Department of Transportation	Sponsorships – Study how fees, sponsorship, or privatization might be used to reduce the use of public funds for services provided by the Department.	Section 34.17, SB 744