

Top 10 North Carolina Legislative Actions Your Company Should Know

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The North Carolina General Assembly has completed its 2011 regular session. Approximately 1,600 bills were introduced during the session. Here's a quick guide to the Legislative activities that are particularly important to the business community.

1. In historic session, GOP controls both chambers, overrides budget veto

Republicans control both houses of the General Assembly for the first time in modern history and for the first time in State history, the Legislature overrode the Governor's veto of the budget bill. In addition, the regular session adjourned on the earliest date (June 18) in decades.

2. Spending increased moderately

The new budget appropriates about \$19.7B for fiscal year 2012. This is a \$700M increase over the appropriated budgets for the past two fiscal years, which were about \$19B each.

3. Tax cuts delivered, fees raised Legislators allowed taxes enacted in 2009 to expire on June 30: a 1% increase in the State sales tax and surcharges on upper income and corporate taxpayers.

They also cut taxes for small businesses by \$132M. At the same, the Legislature enacted about \$65M in new or increased State fees.

4. Consolidation of State agencies started

Legislators combined three existing State agencies (Correction, Crime Control & Public Safety, and Juvenile Justice) to form a new Department of Public Safety, an action that was also recommended by the Governor.

5. Environmental regulation reduced

In addition to cutting staff and the budget of the NC Department of Environment & Natural Resources, Legislators passed bills that (1) limit State agencies from making any new rules resulting in substantial additional costs to a person subject to the rule (Senate Bill 22); and (2) lessen cleanup standards for contaminated industrial sites (House Bill 45).

6. Employers will have to do additional screening on new hires

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House Bill 36 requires employers with 25 or more employees to use the federal E-Verify system to check the legal status of new hires. The law becomes effective on a staggered schedule, with large employers (with 500 or more employees) required to comply by October 1, 2012.

7. Annexation law changed with possible changes to condemnation law coming

The Legislature enacted restrictions on when a municipality can annex new areas into their jurisdiction (House Bill 845). House Bill 8, which would allow voters to vote on a constitutional amendment limiting the government's ability to condemn property through eminent domain, may be considered in a special session later this year.

8. Legislature allows State motor fuels tax hike

The General Assembly failed to pass legislation to cap the motor fuels tax, which increased from 32.5 to 35 cents/gallon on July 1 pursuant to a statutory formula.

9. Workers' comp law rewritten

The General Assembly enacted legislation (House Bill 709) rewriting the workers' compensation laws, including placing a cap on lifetime benefits.

10. Legislators reconvening, more changes possible

Although Legislators left Raleigh on June 18, members returned on July 13 to consider the redrawing of Legislative and Congressional districts ("redistricting") and to consider any bills vetoed by Governor Perdue. There may also be a session this fall that focuses on constitutional amendments.

For more information, please contact a member of the Brooks Pierce government relations team at (919) 839-0300 or (336) 373-8850.

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