A. Bills Eligible for Consideration
1. The State Budget and anything affecting the budget
2. Recommendations from study commissions
3. Bills that already have passed 1 house in 2011 – about 300 bills here
4. Local bills

B. Key Issues in the Budget
1. Education: increases vs. cuts vs. changes in law
   a. Gov. Perdue’s proposed budget: $20.9 billion, about $1.2 billion more than the budget for the current fiscal year
      1. Temporary ¾ cent increase in sales tax would raise $760 million over 11 months. It is highly unlikely the Republican majority will agree to this
      2. She would use this money to:
         • save or create 11,000 school jobs, mostly teachers and teachers’ assistants
         • give a 1.8% pay raise to teachers and state employees
         • reduce class size in K-3
         • add $18.2 million for Smart Start and Governor’s School
         • expand use of a software program that helps teachers diagnose reading problems
         • add $58 million for community colleges
         • restore $35 million that was cut last year in financial aid at public universities
         • offset the end of $258 million in federal education stimulus funds
   b. Senate President Pro Tem Phil Berger has proposed his own education plan, which includes:
      • eliminating teacher tenure
      • ending social promotions
      • putting more emphasis on early childhood literacy
      • establishing a N.C. Teacher Corps program modeled on Teach for America
      • giving local school districts some of the existing money in the budget for merit pay
2. Legislators also will have to find a way to fix a $150-250 million shortfall in the Medicaid budget. Medicaid provides health care for the poor, disabled, and elderly in nursing homes.
3. Legislators and the Governor disagree about how to fix a $2.5 million shortfall from revenue that was expected from new tolls on ferries, but the Governor refused to start collecting new tolls or money from increases in existing tolls.
4. Governor and Republicans agree on capping on the state gas tax at 37.5 cents for one year.
5. The UNC System wants special provisions inserted into the budget that would allow it to set up its own personnel system.
6. Compensation for victims of the eugenics program that sterilized 7,600 people between 1923 and 1974
7. Land for Tomorrow, a coalition of conservation groups, wants $812 million over 5 years to restore the 85% cut made last year to various conservation trust funds and to buy land at bargain prices during the real estate bust.
C. Environmental Issues
1. **Fracking** (horizontal drilling and hydraulic fracturing of shale to release natural gas)/Shale Gas Exploration and Production: The legislature will consider 3 bills to legalize hydraulic fracturing, promote offshore energy exploration, and create a test program for fuel-producing gases
   - **House version** (Rep. Mitch Gillespie, R-McDowell) opts for research and development of regulations but not lifting NC’s current ban on fracking.
   - **Senate version** (Sen. Bob Rucho, R-Mecklenburg) wants to set an expiration date of 2014 for the ban on fracking, create a powerful new state Oil and Gas Board, identify land with gas under it, and do seismic evaluations.
   - Attorney General Roy Cooper says NC needs better protection for landowners who lease or sell mineral rights to drilling companies.
2. **Air Toxins Bill** – Rollback of state law that regulates how much pollution factories can emit
3. **“Regulatory Reform”** – Further rollback of regulations to make NC more business-friendly

D. More Attempts To Override Gubernatorial Vetoes (requires 3/5 votes: 30 in Senate, 72 in House)
1. **Require Photo ID To Vote**: The Republican majority passed a bill in 2011 requiring photo ID in order to vote, but the Governor vetoed it. Republicans say this would curb vote fraud and that polls show the public supports it. Democrats say this would prevent many seniors, African Americans, and college-age youth from voting and is designed to depress Democratic voter turnout.
2. **Racial Justice Act**: In 2009, the Democratic-majority legislature passed the Racial Justice Act, which prohibits seeking or imposing the death penalty for a crime on the basis of race. In 2011, the Republican-majority legislature passed SB 7, which largely repeals the Racial Justice Act. The Governor then vetoed this bill. The Senate has already voted to override the Governor’s veto, while the House is one vote shy of the number needed to override. In March, a judge re-sentenced a death row inmate to life in prison, the first case under the law.

E. **Proposed Constitutional Amendment** (also needs 3/5 vote) to curb government’s ability to use its power of eminent domain to take property for economic development purposes. The House has passed the proposed amendment, but not the Senate. If passed, it would go to voters for approval by majority vote.

F. Health Care Bills
1. **Hospitals and Charity Care**: *The News & Observer* of Raleigh and *The Charlotte Observer* published an investigative series of articles on nonprofit hospitals’ practices in charity care, collection of debts, and other issues. Gov. Perdue says she wants to:
   - Require hospitals to make the details of charity care programs more readily available to their patients on hospital bills and on Websites; and
   - Ask for $100,000 for the NC Institute of Medicine to study and make recommendations for ways to make hospital prices and bills more transparent to the public and help patients better understand hospital prices and bills.
   House Speaker Thom Tillis and Senate President Pro Tem Phil Berger say they’ll work with the hospital industry to make more information about hospital pricing and charity care available.
2. **Dental Practice Management (SB 655)**: The Senate passed a bill in 2011 that would limit how much control corporations can exert on dental practices. Dentists say the legislature shouldn’t interfere with their businesses.
G. Other Issues Likely To Come Up
   1. **Annexation**: A new law on annexation passed in 2011 allowed a majority of property owners in an area to block an involuntary annexation by a town or city. This provision of the new law was declared unconstitutional by a Wake County judge, who said it amounted to “an improper election.” Rep. Skip Stam (R-Wake) wants to deal with this.
   2. **Gun Laws**: HB 111 would allow citizens with Concealed Handgun Permits to carry firearms into restaurants that are licensed to serve alcohol. The bill passed the House last year and is eligible for consideration this year.
   3. **Abolish Boards and Commissions**: A study commission is recommending abolishing a number of state boards and commissions, some of which are inactive, and others which are active, such as the Governor’s Crime Commission, Governor’s Advisory Council on Aging, the Justus-Warren Heart Disease and Stroke Prevention Task Force, and the Child Fatality Task Force.
   4. **Cherokee Casino Gambling Compact**: A new version of the 30-year compact signed by the Governor would allow the Cherokees to introduce Las Vegas-style card games with live dealers for poker, blackjack, and other table games, with part of the revenue going to schools.
   5. **Unemployment Benefits**: The N.C. Chamber of Commerce wants to (1) reduce unemployment benefits by (a) reducing maximum benefits from $506/week to $350/week and (b) reduce the maximum length of benefits paid by the state from 26 weeks to 20 weeks; and to (2) have the state issue bonds to pay off the $2.4 billion in debt that the state owes the federal government – money it borrowed to pay benefits to jobless workers.
   6. Some local Home Builders Associations want changes to the N.C. Beach Plan, which involves coastal homeowner insurance rates.
   7. More Local Bills allowing certain community colleges to opt out of making federal loans program available to their students may pop up.

III. Not Likely on the Legislature’s Agenda in 2012
   1. Legalizing video poker and video sweepstakes parlors
   2. Giving drug companies immunity from lawsuits if their products had been approved by the federal Food and Drug Administration
   3. Toughening of immigration laws
   4. Tax reform – various lawmakers have proposed:
      abolishing the corporate income tax
      abolishing the personal income tax
      implementing a flat income tax
      levying sales taxes on more goods and services (“broadening the base”) and lowering the sales tax rates
      repealing the state’s estate tax, which would likely decrease bequests to nonprofits.

See the very good article by Jack Betts in the May 2012 issue of Business North Carolina on the Republican majority’s plans for tax changes in 2013.