Legislative update – June 17, 2015

Last week, the Senate budget was released with Appropriations subcommittees meeting on Monday and the full committee meeting Tuesday. The Senate worked for several hours on Wednesday debating the budget and tweaking it some with amendments and finally passed the bill on Thursday morning.

Now, the Senate will send its version to the House and a conference committee will be appointed from each chamber to negotiate. The overall budget amounts may be less significant that the sources of funding and methods to obtain those funds.

Here are some of the highlights of the Senate budget and differences between the House and Senate budget plan:

The Senate eliminated Highway Fund transfers to the General Fund in their budget. They increased DMV fees by roughly 20%, indexing them to future inflation increases while the House budget also increased DMV fees by 30%.

The Senate maintained the gas tax at 36 cents, set in Senate Bill 20 earlier this year while the House cut the gas tax to 33 cents (while leaving diesel at 36 cents)

The Senate increased STI funding by $334 million, which adds 70 new highway projects and allows numerous projects to be accelerated over a ten-year period. The House did not include similar funding.

Additionally, the Senate provides nearly $300 million over two years for maintenance of city roads, which increases aid for municipalities. The House did not include similar funding.

Finally, the Senate provides $445 million to replace structurally deficient bridges across the state, added $66 million to improve the condition of secondary roads and increased recurring funding for pavement preservation to $100 million, extending the life of 8,270 miles of roads. The House did not include similar funding.

The House included the Governor’s proposed transportation and infrastructure bonds, about $270 million and the Senate did not include authorization for bonds.

The House provided $200 million for repairs and renovations of capital buildings, while the Senate provided just $145 million. The House also appropriated $54 million for NCSU’s Engineering Building and Plant Sciences building and a new science building at Western Carolina. The Senate appropriated a lump sum of $35 million with no specific earmarks.

The House included a scaled back version of the Historic Preservation Tax Credit in its budget, capping the available credit at $20 million for large projects and $22,500 for “non-revenue producing structures.” The Senate did not include anything similar in its budget.
The Senate did not include a Renewable Energy Investment Tax Credit extension in its budget, while the House did provide a two-year extension of the credit. The extension maintains the 35% credit for 2016 but decreases to 20% in 2017 before finally expiring the end of that same year.

The Senate budget would eliminate funding for the NC Biotechnology Center while the House included funding for the center.

Finally, the Senate broadens the sales tax base to include some services previously exempt, including advertising and veterinary services. Engineering is not a service included in this proposal and remains exempt at this time. There have been no threats to include engineering in this expansion.

Even though both chambers have passed a budget, they are still not close to an agreement on the budget. House Speaker Tim Moore and Senate Pro Tem Phil Berger said last week that it is unlikely they will have a compromise by the start of the new fiscal year, July 1. Leaders are now working on a Continuing Resolution (CR) that will fund the government from July 1 until they can agree on a budget.

**In case you missed it**

Governor McCrory signed the SEPA bill, H795, which increases thresholds for when the State Environmental Policy Act applies, increasing the number of exemptions from the Act, and otherwise amending the Act. The new threshold is $10 M for any single project where state money is involved.

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