PENC Legislative Update, August 11, 2015

Governor McCrory on Thursday named Nick Tennyson Secretary of NCDOT. Tennyson served as Chief Deputy Secretary under Tata and was named acting Secretary upon Tata’s resignation. He is a former mayor of Durham, co-founded the Metropolitan Coalition of Mayors with then Mayor Pat McCrory, is a former Navy officer, and former Executive Vice President of the Home Builders Association of Durham, Orange, and Chatham counties.

Also occurring this week was the rollout and passage by the House of its bond proposal, led by Representative Dean Arp. This latest proposal was built from the foundation of Governor McCrory’s bond proposal, but is different in several significant ways, mainly in that McCrory had very different allocations and an even split between vertical and horizontal infrastructure projects while the House emphasizes vertical infrastructure projects and provides only $400 million in bonds for transportation. What is significant for transportation, however, is the movement by the House to eliminate the Highway Fund transfer in order to implement a pay as you go plan for $1.3 billion over the next six years for STI projects.

You can view the full bill here: [H934: Connect NC Bond Act 2014](#).

The Senate previously said they were interested in an infrastructure bond proposal, however, House Bill 934 was referred to Senate Ways and Means Committee on Monday after its passage in the House. The Senate Ways and Means Committee hasn’t met in over 10 years and so the fate of H934 remains unclear. All, or portions of the bill could still be included as part of the budget or in another package but at this time it is unknown.

The Senate took a big step in budget negotiations last week announcing they would remove the Medicaid and sales tax distribution policy proposals from its version of the budget in order to speed up budget talks. Senate leaders also agreed to raise their total spending number by a couple hundred thousand dollars and have asked the House to lower it’s spending by $500 million. These two issues have been sticking points for budget negotiations and with this movement we could see the pace begin to quicken toward an agreement.

Also happening this week was the rollout of three constitutional amendments by the Senate that would be added to the March presidential primary ballot, via Senate bill 607. The proposed constitutional amendments include:

1. Capping income taxes on corporations and individuals at 5% whereas the current constitutional cap is 10%
2. Providing a constitutionally controlled rainy day fund that can only be accessed by a 2/3 vote of both chambers and that could not be accessed by the Governor without legislative approval

3. A Taxpayer Bill of Rights that would limit the growth of government to a calculation that includes population growth and inflation.

Additionally, the Senate rolled out a new sales tax reform proposal that would distribute sales tax 50/50 with half remaining in the county of sale and the other half going to the State to be distributed by a population. The proposal was heard for the first time in committee on Monday and was put on the floor Monday night for a vote.

The current budget Continuing Resolution (CR) expires on Friday, August 14th so we expect to see another CR. What will be telling is the date of expiration for the new CR. It is possible, but may be optimistic, that the legislature adjourns by Labor Day, although session could continue beyond the holiday and later into the fall if needed.

Finally, there is a bill in the House that holds Mecklenburg County and several other towns responsible for damages for the I-77 toll lane project. NCDOT said the state could have to pay $100 million in penalties for breaking the contract with I-77 Mobility Partners. If the bill passes the state would withhold sales taxes from Mecklenburg County and Mooresville, Davidson, Cornelius, and Huntersville in order to pay the penalty. We’ll be monitoring the progress of this bill. So far, it was distributed at a House Rules Committee meeting but was not heard in the committee and it has been noted by legislators that it is not yet ready for a hearing.

In Case You Missed It...

News and Observer: Fuquay-Varina to put $26 million roads bond before voters

Charlotte Observer: Former Durham mayor Nick Tennyson is new NCDOT secretary

News and Observer: DHHS Secretary Wos resigns; Gov. McCrory appoints new leader

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