

Legislative Update

May 2011

The 2011 General Assembly session began in January. Since that time, legislators have been moving at a rapid pace. In previous years, it has taken several months to finalize committee chairs, room assignments, rules and operations, and many other of the organizational functions. This year all of those were finalized within the first couple of weeks. Bill passage and legislative activity has been no different. In fact this week, the House passed its version of the State budget and has sent it to the Senate for their consideration. Legislative leadership promises to have the final budget adopted by July 1st. If that happens it will be the first time in many years that a budget has been adopted "on time". Of course, that doesn't include the possibility of Governor Perdue vetoing the budget (which is a strong possibility). Nevertheless, we have introduced several bills and are following many more that affect our industry. Below is a list of issues and bills we are following:

Tax Changes

A Joint House and Senate Finance Committee was created to review the current tax structure for sales and use tax. During their meetings manufactured and modular homes were discussed. It was reported that our tax rates for manufactured homes are 2% (with a \$300 cap) and modular homes are taxed at 2.5%. It was noted that besides machinery tax of 1%, manufactured and modular homes are the lowest rates in the special exemption tax code.

We do not expect this issue to come up this year. However, we are reminding legislators about the importance of keeping sales tax rates low and that many families in NC cannot afford any increase in taxes!

Tort Reform / Product Liability Changes

The House Select Committee on Tort Reform passed two significant pieces of legislation that address several key issues important to the business community. H542 is a general tort reform bill that includes provisions to ensure that juries receive accurate information on the actual medical bills paid in a case; establish appropriate standards for expert witnesses; set reasonable limits on attorneys' fees in small cases; and provide protection for pharmaceutical manufacturers that have received FDA approval of their products. The second piece, S33, would cap non-economic damages in medical malpractice cases at \$500,000; bifurcate trials in civil cases; and provide for periodic payment of future economic damages in medical malpractice cases. Both bills are expected to be heard by the full House as early as next week.

We are reminding legislators of the importance of legal climate reform as outlined in House Bill 542: Tort Reform for Citizens and Businesses, and ask for their support on this bill. NC's legal climate has a huge impact on our ability to attract, retain and create jobs. More jobs = more home sales. HB542 restores needed certainty, balance and predictability in our state's tort laws. We are concerned with the impact the state's legal climate has on job creation.

Regulatory Reform

The Joint Committee on Regulatory Reform has been hosting meetings across North Carolina to garner feedback from the public on burdensome state rules and regulations. The committee, chaired by Sen. Harry Brown (R-Jones), Sen. David Rouzer (R-Johnston), Rep. Marilyn Avila (R-Wake) and Rep. Pat McElraft (R-Carteret), is tasked with scrutinizing state regulations on the private sector and targeting outdated rules and regulations that should be eliminated.

We have been discussing with legislators burdensome regulations such as S.A.F.E. Act, prohibition against 16' wide movement in western NC, and any other regulation that you may have in your area. We have been reminding them of how some rules and regulations that are adopted by agencies can and do have as much power as legislation that is adopted by the General Assembly.

New Home Purchase Stimulus-HB 485

Representative Harold Brubaker (R-Randolph) has introduced a bill that would allow up to \$10,000 tax credit for anyone who builds a new home from July 1, 2011 through July 1, 2012. Currently the bill is written to only allow the credit for purchases of site-built homes.

This bill has been removed from consideration due to the current budget shortfall.

16' Wide Expansion / Legislation Senate Bill 771

Senator Andrew Brock (R-Davie) has introduced legislation that would allow 16' expansion throughout NC with certain restrictions set by the NC Department of Transportation.

- Only allow transportation Monday – Saturday from 9:00am - 2:30pm
- Require Certified Escort Drivers and 2 escort vehicles for each home on all NC highways.
- All escort drivers are required to successfully complete a NCDOT Certification Program.
- Each home will have to be fitted with at least a 7'x 18" yellow banner bearing the legend "Wide 16' Load".
- All transporters will be required to have flashing amber lights and escort vehicles will be required to have strobe lights.
- If traffic build-ups occur, transporters shall monitor traffic build-ups and pull to the side of the road as the opportunity arises.

We expect this bill to be heard in the Senate Transportation Committee within the next couple of weeks.

Zoning/Temporary Health Care Structures- House Bill 887

Rep. Moffitt (R-Buncombe) has introduced this bill at our request. HB 887 would allow for families to care for elderly family members, or mentally or physically impaired family members through placement of a structure on property, in addition to the principal residence. Bill is limited to family who are related by blood, marriage, adoption, or legal guardian of the mentally or physically impaired person. It would allow families to keep their family members close, while still allowing for some independence and privacy. It would allow care for family members in a comfortable environment without having to place them in assisted living or nursing homes, all while keeping them close to home. Several of the provisions listed below would be required;

- Only allowed in single family residential zoning districts
- Dwelling must meet the state building code requirements
- Maximum size limited to 300 sq. ft.
- Limits the dwelling to one occupant
- Allows only one structure on a lot or parcel of land
- Allows local governments to charge a \$100 permit fee
- No signage or advertising will be permitted
- Dwelling must be removed within 30 days after care has ended
- Must meet all set-back requirements in local zoning ordinance
- Local government may revoke the permit if the structure violates these restrictions

We expect this bill to be heard in the House Committee on Government within the next couple of weeks.

Select Joint Committee on Tornado Response

House and Senate leaders have formed a Joint Select Committee to review issues around the recent tornados in central and eastern NC. The Committee will begin its hearings on May 9th. We are working with legislators and monitoring this committee very closely. We are concerned that some legislators may focus on issues like construction and installation standards, weather warning devices, and storm shelters requirements.