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Capitol Connections is ElectriCities' weekly e-newsletter providing up-to-the-minute news on State and Federal legislative issues facing North Carolina's Public Power communities.

State Legislative Update

Privilege Tax for Unregulated Utilities Diverted

On April 15, 2011, the Government Relations Staff read through bills that were being introduced in the NC Senate and discovered SB 629 - Privilege Tax for Unregulated Utilities. Staff immediately contacted Senator Hartsell (R-Cabarrus) to make him aware that it would impact ElectriCities' members as our members already pay a tax. Sen. Hartsell did not intend to impact ElectriCities' members with this bill so he gave us an opportunity to craft language that would exempt us.

Our legal counsel prepared the language and staff worked with Senator Hartsell and the legislative staff bill drafters to write a Proposed Committee Substitute (PCS) removing ElectriCities' members from the provisions of the bill. The bill was discussed in the Senate Finance Committee on May 5, 2011. A vote was not taken during the discussion, but the PCS was adopted, thus removing our members from the bill. SB 629 is being tracked by our staff and we will keep you informed as changes are made.

For now, it is safe to say that we are not the target of this legislation. Please call Estherine Davis if you have additional questions. She may be reached at 919-760-6310 (office), or by mobile phone at 919-696-4846.

"Fast Track" or Optical Illusion

The North Carolina House of Representatives finished their work on the 2012-2013 State Budget and the bill is now in the hands of the Senate. The rumor in the halls of the Legislative Building

is that the Senate is on the "fast track" to make minor changes and return the budget to the House for final approval. It will then be forwarded to the Governor to sign into law.

Normally sending the Budget Bill to the Governor for approval is fairly routine. But "hold the presses", not this time. The Governor, who has vetoed more bills this session than any previous Governor of North Carolina, is supposedly poised to wield the old veto stamp again. If so, the bill returns to the General Assembly for a possible override.

Then what? Will the General Assembly have the votes to override the veto? Will the Governor and General Assembly be mired in a stalemate? Will the General Assembly be in session when the snow flies? Well....., we will discuss the process and the possible next steps in the upcoming edition of Capitol Connections.

Annexation Reform

After fifty years, involuntary annexation laws are on the brink of a major face-lift. With support from both sides of the aisle and the NC League of Municipalities, **HB 845-Annexation Reform Act of 2011**, sponsored by Reps. LaRoque (R-Lenior), Dollar (R-Wake) and Owens (D-Pasquotank) offers the citizens of North Carolina a voice on annexation. In its current form, an involuntary annexation would be voided if 60 percent of property owners sign a petition protesting the action.

However, not everyone is pleased with the proposed legislation. Rep. Luebke (D-Durham) agrees that annexation reform is needed, but believes the current bill is an "over correction" and could "weaken cities in our state." Rep. Larry Brown (R-Forsyth) expressed concern over the measure stating that the petition threshold should be 51 percent, otherwise involuntary annexation should be a ballot issue. HB 845 passed second reading in this weeks House Session (May 12, 2011). It will be debated a third time before making its way to the Senate. If this bill becomes law, North Carolina will join 46 other states that either provide a voice for citizens or does not allow involuntary annexation.

On the Move

HB 585: NC Energy Independence Search

Committee, sponsored by Rep. Pridgen (R-Robeson), directs the Environmental Review Commission, with the assistance of the department of Commerce, to study the development of natural gas, oil, wind, solar and other energy sources capable of energy production in North Carolina. HB 585 received a favorable report in House Public Utilities.



SB 484: REPS at Cleanfields Parks, sponsored by Sen. Jackson (R-Sampson), allows additional credits assigned to the first ten megawatts generated at a biomass facility in a cleanfields park to satisfy the poultry carve out in SB 3. SB 484 was reported out the Senate Ag/Env/Nat Res. Committee and placed on the Senate calendar for 5/17.

SB 709: Energy Jobs Act, sponsored by Sen. Rucho (R-Mecklenburg), allocates spending of future domestic energy production royalties; Directs the Governor to develop a regional Interstate Offshore Energy Policy Compact; Directs DENR to report on shale gas potential in the state; Eliminates the Energy Policy Council and creates the Energy Jobs Council. SB 709 passed second and third reading in the Senate and has been sent to the House.

Federal Legislative Update

North Carolina's U.S. Senator Richard Burr accepted a post on the prestigious Senate Finance Committee, relinquishing his position on the Senate Energy and Natural Resources Committee. The Senate Finance Committee has jurisdiction over tax and revenue measures generally and health programs under the Social Security Act, including Medicare, Medicaid, the Children's Health Insurance Program (CHIP), Temporary Assistance to Needy Families (TANF) and other health and human services programs financed by a specific tax or trust fund; and national social security.



Senator Burr departs the Senate Energy and Natural Resources Committee where he was the second ranking Republican. The Energy Committee, as its name implies, has jurisdiction over many of the issues important to Electricities' member cities. With Senator Burr's departure from the Energy Committee, there are no North Carolinians remaining on the committee.

Government Relations Division
ElectriCities of North Carolina, Inc.

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