



The Daily Bulletin: 2019-10-08

PUBLIC/HOUSE BILLS

H 399 (2019-2020) **EXTEND TAX CREDITS/OTHER FINANCE CHANGES. (NEW)** Filed Mar 20 2019, *AN ACT TO MAKE CERTAIN TAX CHANGES, TO EXTEND CERTAIN TAX BENEFITS, AND TO APPROPRIATE FUNDS FROM THE COLLECTIONS ASSISTANCE FEE SPECIAL FUND TO THE DEPARTMENT OF REVENUE.*

Senate committee substitute to the 4th edition deletes all content (except as indicated) and replaces it with the following.

Amends GS 105-153.5(a) and (c2) to allow, for taxable years 2014 through 2018 (was, beginning on or after 2014) a taxpayer, who elected to take the income tax exclusion under section 408(d)(8) of the Internal Revenue Code (Code) for a qualified charitable distribution from an individual retirement plan by a person who has attained the age of 70 and a half, to deduct the amount that would have been allowed as a charitable deduction under section 170 of the Code had the taxpayer not elected to take the income exclusion.

Amends GS 105-130.5 (concerning corporate income tax) and GS 105-153.5 (concerning individual income tax) to provide for an income tax deduction for the amount received by a taxpayer as an economic incentive pursuant to GS 143B-437.012 (Job Maintenance and Capital Development Fund), Part 2G (Job Development Investment Grant Program), or Part 2H (One North Carolina Fund), Article 10, GS Chapter 143B. Specifies that the corporate deduction is to the extent included in federal taxable income. Applies to amounts received by a taxpayer pursuant to an economic incentive agreement entered into on or after January 1, 2019.

Retains changes to GS 105-129.110 made in the previous edition.

Amends GS 105-129.71 by adding new (a1) providing that a taxpayer who is allowed a credit for making qualified rehabilitation expenditures of at least \$10 million with respect to a certified rehabilitation of an eligible railroad station is allowed a credit equal to 40% of the qualified rehabilitation expenditures. Prohibits the credit from being claimed for a taxable year beginning prior to January 1, 2021. Requires the credit to be taken in two equal installments on returns filed for taxable years 2021 and 2022; the sum of the installments is equal to the credit amount allowed for qualified rehabilitation expenditures incurred in taxable years 2019, 2020, and 2021. Defines an *eligible railroad station* as a site in this state that meets all of the seven listed criteria, including: it was used as a manufacturing facility and either was used as a railroad station or is located adjacent to a site that is or was used as a railroad station; it is a designated local landmark as certified by a city on or before June 30, 2019; and it is located in a development tier one or tier two area. Amends GS 105-129.74 to prohibit a taxpayer claiming a credit under Article 3H (Mill Rehabilitation Tax Credit) from also claiming a credit under Article 3L (Historic Rehabilitation Tax Credits Investment Program). Specifies that the rules and fee schedule adopted under GS 105-129.107 apply to Article 3H. Amends GS 105-129.75 by adding that for credits allowed under new GS 105-129.71(a1) for rehabilitation of eligible railroad stations: (1) the qualified rehabilitation expenditures must be incurred on or after January 1, 2019, and before January 1, 2022; and (2) Article 3H expires and the tax credit under (a1) may not be claimed for rehabilitation projects not completed and placed in service before January 1, 2022.

Extends the sunset provisions of the following statutes from January 1, 2020, to January 1, 2024: GS 105-164.13(11b) (sales tax exemption for sales of aviation gasoline and jet fuel to an interstate air business for use in a commercial aircraft); GS 105-164.13(65) and (65a) (sales tax exemption for certain sales to a professional motorsports racing team or a related member of a team for competition use, or an engine or part to build or rebuild an engine under an agreement to a professional motorsports team or related member of a team for competition use); and GS 105-164.14A(a)(4) and (5) (concerning tax refunds for a motorsports team or sanctioning body for taxes paid on aviation gasoline or jet fuel used to travel to or from a motorsports event in the state, or from the state, or to this state, and taxes paid on certain tangible personal property).

Amends GS 143-215.104A by extending the sunset on the Dry-Cleaning Solvent Cleanup Act of 1997 from January 1, 2022, to January 1, 2032, with three named exceptions, which are already in place under current law. Provides that any dry-Cleaning Solvent Assessment Agreement or Dry-Cleaning Solvent Remediation Agreement in force as of January 1, 2032 (was, 2012)

continues to be governed by Part 6 of Article 21A of GS Chapter 143 as though those provisions had not been repealed. Amends GS 105-164.44E (Transfer to the Dry-Cleaning Solvent Cleanup Fund) to extend the sunset from July 1, 2020, to July 1, 2030. Extends the sunset on Article 5D, Dry-Cleaning Solvent Tax, from January 1, 2020, to January 1, 2030.

Sets the rate to be used in calculating the insurance regulatory charge for the 2020 calendar year at 6.5%.

Appropriates the following amounts from the Collection Assistance Fee Special Fund to the Department of Revenue: (1) \$12.5 million in nonrecurring funds for 2019-20 for costs associated with tax system operations and maintenance upgrades and (2) \$4.4 million in nonrecurring funds in each fiscal year of the 2019-21 biennium to contract with a vendor to perform identify theft and tax fraud analysis using the Government Data Analytics Center.

Provides that if any of this act and GS 143C-5-4 (enactment deadline; procedures to be followed when the Current Operations Appropriations Act does not become law prior to the end of certain fiscal years) are in conflict, the provisions of this act prevail.

Provides that if H 966 (2019 Appropriations Act) becomes law, then the following Sections are repealed: 12.14 (Dry Cleaning Solvent Program Extension), 29.1 (Insurance Regulatory Fee), 41.2 (Income Exclusion For IRA Distributions to Charities by Taxpayers Age 70 1/2 or Older), 41.6 (Deduction for Amounts Received as Economic Incentives), 41.7 (Extend Historic Rehabilitation Tax Credit and Reinstate the Mill Rehabilitation Tax Credit), 41.8 (Extend Sales Tax Exemption for Qualifying Airlines), and 41.9 (Extend Sales Tax Exemptions For Professional Motorsports Teams).

Makes conforming changes to the act's titles.

Intro. by Ross, Bell, Warren, Adams.

GS 105, GS 143

[View summary](#)

Business and Commerce, Insurance, Development, Land Use and Housing, Building and Construction, Community and Economic Development, Government, State Agencies, Department of Revenue, Tax, Nonprofits, Transportation

PUBLIC/SENATE BILLS

S 61 (2019-2020) **COMMUNITY COLLEGES BUDGET/2019-2021 BIENNIUM. (NEW)** Filed Feb 13 2019, *AN ACT, CONSISTENT WITH HOUSE BILL 966 OF THE 2019 REGULAR SESSION, TO ENACT A BUDGET FOR THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM; TO MAKE ADDITIONAL APPROPRIATIONS, TRANSFERS, AND REDUCTIONS TO THE BUDGET OF THE COMMUNITY COLLEGE SYSTEM; AND TO MAKE OTHER MODIFICATIONS RELATED TO THE OPERATIONS OF THE COMMUNITY COLLEGE SYSTEM.*

House committee substitute deletes the provisions of the 2nd edition and now provides the following.

Part I.

States that the act's appropriations are for maximum amounts necessary for the services and purposes of the State Community College System (System) pursuant to the State Budget Act. Requires any savings to revert to the appropriate fund at the end of each fiscal year, except as otherwise provided by law.

Appropriates \$1,196,633,387 and \$1,193,853,005 from the General Fund for the budget of the System for the 2019-20 and 2020-21 fiscal years, in addition to the appropriations provided in SL 2019-209 (Pay Increases/State Employees).

Deems state funds appropriated for each year of the 2019-21 fiscal biennium up to the specified amounts for all System budget codes listed in the Governor's Recommended Budget and the identified Budget Support Document, as adjusted in this act, and departmental receipts up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in the act for each year of the fiscal biennium. Provides for overrealized receipts. Restricts expenditures to those legislatively authorized.

Authorizes the Community College System Office (Office) to spend, subject to the Director of the Budget's approval, grants awarded subsequent to the act that (1) are less than \$2.5 million, (2) do not require State matching funds, and (3) will not be used for a capital project. Requires the Office to report receipt of these funds to the specified NCGA committee within 30 days of receipt. Explicitly prohibits the Office from spending any other funds from grants awarded subsequent to the act's enactment without prior approval of the Director of the Budget, after consultation with the specified NCGA committee. Directs the Office of State Budget and Management (OSBM) to work with the Office to budget grant awards as specified, including employing additional time-limited State personnel. Explicitly prohibits the Office from accepting a grant not anticipated by the act if acceptance would obligate the State to make future expenditures.

Establishes that the Office is not required to consult with the specified NCGA committee prior to establishing or increasing a fee as authorized by the act.

Details parameters for nonrecurring funds appropriated as directed grants, including that directed grants of more than \$100,000 must be made in quarterly or monthly payments at the discretion of the Director of the Budget; directed grants do not revert until June 30, 2021; and directed grants are limited to nonsectarian, nonreligious purposes only. Sunsets these provisions on June 30, 2021.

Part II.

Of the funds appropriated to the Office from the General Fund, allocates \$32,693,964 and \$29,913,582 for the 2019-20 and 2020-21 fiscal years in specified amounts for 16 specified purposes, including utilization of the Residency Determination Service, implementing the Enterprise Resource Planning solutions, providing a tuition waiver for campus police offices from private colleges and universities, funding the Career Coaches program, and funding specified community college needs.

Reduces the total requirements for the System for the fiscal biennium by \$17,361,192, and reduces the System's receipts by \$12,884,216 for enrollment changes and formula adjustments based on the decrease in enrollment.

Requires \$125,000 in nonrecurring funds to be transferred from the Department of Environmental Quality (DEQ) to the Office for the 2019-20 fiscal year for the Shellfish Aquaculture Demonstration Center, which is a collaboration between NC Sea Grant and Carteret Community College. Conditions the directive on HB 966 or substantially similar legislation becoming law, which appropriates the same amount to DEQ for the Carteret Community College Aquaculture Program. Requires the transferred funds to be used to complete construction of a shelter to cover an outdoor area with nursery tanks and a workspace that must be used for building aquaculture gear and sorting, processing, and handling product.

Part III.

Amends GS 115D-3 to explicitly authorize the President of the Community College System to reorganize the Community Colleges System Office in accordance with recommendations and plans submitted to and approved by the State Board of Community Colleges. Establishes a reporting requirement, requiring the President to report by June 30 of the fiscal year in which the reorganization occurred to the specified NCGA committee and division in the event a reorganization is implemented under the authority granted. Specifies that the reporting requirement is triggered by any movement of positions and funds between fund codes on a recurring basis.

Amends GS 115D-5 to allow the State Board of Community Colleges to provide regulations for waiver of tuition and registration fees for certain training courses requested by campus police agencies of private institutions of higher education certified by the Attorney General. Applies beginning with the 2019-20 academic year.

Amends GS 115D-21.5, which sets forth requirements that must be satisfied for community colleges to receive funds available from the State Board of Community Colleges for the NC Career Coach program. Amends the current requirement that mandates a dollar-for-dollar match of local funds to instead establish matching requirements based on the development tier designation of the county in which the local school administrative unit is located where the career coach is assigned on the date of the award of funds by the State Board of Community Colleges. Requires no local match in tier one counties, 1:2 match for tier two counties, and a 1:1 match for tier three counties.

Amends Section 8.3 of SL 2010-31 to no longer prohibit courses in local jails from earning regular budget full-time equivalents (FTEs).

Amends GS 115D-5 to require all course offerings approved for prisoners in local jails to be tied to clearly identified job skills and/or transition needs. Further amends GS 115D-5 to require community colleges to report FTE student hours for correction

education programs on the basis of student membership hours (was, on the basis of contact hours rather than student membership hours).

Requires that community college courses offered in local jails earn regular budget FTEs beginning with the 2019-20 academic year.

Expands GS 115B-2, requiring UNC constituent institutions and community colleges to waive tuition for credit and noncredit classes for survivors of correctional officers killed in the line of duty and spouses or children of correctional officers who are permanently and totally disabled directly from a traumatic injury sustained in the line of duty, as specified. Amends GS 115B-1, adding *correctional officer* to the defined terms. Makes conforming changes to defined terms *permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty* and *survivor*. Amends GS 115B-5 to make conforming changes regarding proof of eligibility for tuition waiver. Applies beginning with the 2019-20 academic year.

Establishes matching requirements for the funds appropriated to the Office for the 2019-20 fiscal year for the Center for Educational and Agricultural Development at Piedmont Community College, requiring the Piedmont Community College Board of Trustees to match allocated State funds on a 2:1 basis. Conditions the Office's allocation of funds upon the provision of the required matching funds. Provides for the matching funds to remain available until June 30, 2023. Requires funds to revert to the General Fund if not allocated by the end of the 2022-23 fiscal year.

Directs the Office to adjust the FTE enrollment to reflect the FTE lost due to the fire at Pamlico Correctional Institution when calculating the enrollment growth budget request for the 2020-21 fiscal year.

Amends GS 143B-1325 to no longer include the Office in the directive for certain agencies and departments to work with the State Chief Information Officer (State CIO) to plan their transition of certain functions to the Department of Information Technology (DIT). Also eliminates the companion reporting requirement, which required the Office to report on their transition plan by October 1, 2019. Instead, directs the Office to enter into a memorandum of understanding with DIT regarding the coordination of information technology systems and policies. Requires the Office and the State CIO to report to the specified NCGA committee and division on the memorandum by February 1, 2020.

Part IV.

Amends GS 115C-499.2 to modify the definition of the term *needy North Carolina students*, as the term is used for eligibility requirements under the Education Lottery scholarship program, to now mean eligible students whose expected family contribution under the federal methodology does not exceed \$6,000 (was, \$5,000).

Amends GS 115C-499.3 to increase the cap on the Education Lottery scholarship award from \$4,000 per academic year to \$5,100 per academic year.

Applies with the award of scholarships for the 2020-21 academic year.

Part V.

Reenacts and incorporates the provisions of GS Chapter 143C, the State Budget Act.

Provides for parameters and application of the Community College System biennial budget provided and adjusted by the act. Establishes that the legislative budget supersedes the budget certified by the Director of the Budget in the event line-items conflict.

Repeals the following sections of HB 966 (2019 Appropriations Act) if that act becomes law: 6.1 (Codify Reorganization Authority Of CC System Office), 6.2 (CC Tuition Waiver/Campus Police Of Private Institutions Of Higher Education), 6.3 (NC Career Coaches/Local Matching Funds), 6.4 (Allow CCs To Earn FTE For Instruction In Local Jails), 6.5 (Waive Tuition/Dependents Of Fallen Correctional Officers), 6.9 (Piedmont Community College Center For Educational And Agricultural Development/Matching Funds), 8A.5 (Education Lottery Scholarship Modifications), 18.17C (Community College Enrollment Growth/Pamlico Correctional Institution), and 37.3 (Community Colleges System Transition).

Specifies that SL 2019-15, SL 2019-209, and any other enactments affecting the State budget during the 2019 Regular Session remain effective except where expressly repealed or amended.

Defines the scope of the act to funds appropriated for and activities occurring during the 2019-21 fiscal biennium unless clearly indicated otherwise.

Clarifies the effect of the act's headings.

Includes a severability clause.

Part VI.

Effective July 1, 2019.

Makes conforming changes to the act's titles.

Intro. by J. Davis, McInnis, J. Jackson.

[APPROP, GS 115B, GS 115C, GS 115D, GS 143B](#)

[View summary](#)

Courts/Judiciary, Criminal Justice, Corrections (Sentencing/Probation), Education, Higher Education, Government, Budget/Appropriations, State Agencies, Community Colleges System Office, Department of Environmental Quality (formerly DENR)

ACTIONS ON BILLS

PUBLIC BILLS

H 100: DOT BUDGET FOR 2019-2021 BIENNIUM. (NEW)

House: Withdrawn From Cal

House: Placed On Cal For 10/09/2019

H 387: GROWING G.R.E.A.T (NEW)

House: Concurred In S Com Sub

House: Ordered Enrolled

H 399: EXTEND TAX CREDITS/OTHER FINANCE CHANGES. (NEW)

Senate: Reptd Fav Com Substitute

Senate: Com Substitute Adopted

Senate: Re-ref Com On Finance

Senate: Reptd Fav

H 1001: RAISE THE AGE FUNDING. (NEW)

Senate: Reptd Fav

S 61: COMMUNITY COLLEGES BUDGET/2019-2021 BIENNIUM. (NEW)

House: Reptd Fav Com Sub 2

House: Cal Pursuant Rule 36(b)

House: Placed On Cal For 10/09/2019

S 250: REMOVE FOREIGN CITIZENS FROM VOTING ROLLS. (NEW)

Senate: Failed Concur In H Com Sub

S 315: NORTH CAROLINA FARM ACT OF 2019.

House: Conferees Changed

S 433: DCNR OMNIBUS & OTHER CHANGES. (NEW)

Senate: Failed Concur In H Com Sub

S 690: MODIFICATIONS TO 2019 APPOINTMENTS BILL.

Senate: Failed Concur In H Com Sub

LOCAL BILLS**H 181: REPEAL YANCEYVILLE ANNEXATION. (NEW)**

Senate: Regular Message Sent To House

House: Regular Message Received For Concurrence in S Com Sub

© 2019 School of Government The University of North Carolina at Chapel Hill

This work is copyrighted and subject to "fair use" as permitted by federal copyright law. No portion of this publication may be reproduced or transmitted in any form or by any means without the express written permission of the publisher. Distribution by third parties is prohibited. Prohibited distribution includes, but is not limited to, posting, e-mailing, faxing, archiving in a public database, installing on intranets or servers, and redistributing via a computer network or in printed form. Unauthorized use or reproduction may result in legal action against the unauthorized user.

[Print Version](#)