

On Friday, July 1, 2016, at approximately 11:15 p.m., the “short” session of the North Carolina General Assembly ended for the year. The session, which began on April 25, ended when it was projected to end and lived up to its name. At 68 days, it was shorter than the typical short session (lawmakers have averaged 77 days in election-year sessions since 2000). The primary focus of the session was passing the state’s budget, and the legislature passed the \$22.3 billion state budget bill by the end of the state’s fiscal year (June 30). The budget bill was signed by Governor McCrory on July 14, 2016.

The legislature passed a number of significant pieces of legislation this session, including a bill to govern the use of body worn cameras by law enforcement officers, a bill to expand “crowd funding” investments, a bill to provide an approximate 4.7% raise for public school teachers, and a bill to make a change to the law known as House Bill 2 to restore the right of employees to sue for employment discrimination using state law.

Governor McCrory has until July 31, 2106 to review and sign bills passed in the last few days of the legislative session. If he does not sign or veto a particular bill by that date, it will become law without his signature.

After adjourning the legislative session on July 1, the House honored retiring House Principal Clerk Denise Weeks with a representative statement signed by all 120 House members and a fake resolution requiring her to remain in her post indefinitely. Weeks began working at the General Assembly in 1977. She was first elected by the House as principal clerk in 1993 and has remained there ever since. She delayed her retirement earlier this year to work though the short session.

The legislature enacted several changes to the State’s income tax laws. The State Budget Bill increases the standard deduction from \$15,500 to \$16,500 for married couples filing jointly this year, with an additional increase to \$17,500 next year. For a single person, the deduction increases from \$7,750 to \$8,750 over two years.

The 2017 “long session” is scheduled to begin on Wednesday, January 11, 2017. The legislature did not adopt a studies bill this session. The President Pro Tem of the Senate and Speaker of the House have the inherent authority, including through the Legislative Research Commission and Courts Commission, to study issues, so there may be formal studies before the 2017 legislative session convenes.

This final legislative report contains a summary of the legislation of interest from the 2016 Legislative Session. For more information about legislation described in this legislative report, feel free to contact me at dferrell@vanblacklaw.com or (919) 754-1171. Information is also available on the General Assembly’s website: www.ncga.state.nc.us.

BILLS OF INTEREST ENACTED INTO LAW

Senate Bill 600, Appraiser Compensation/Judge Perform Marriage. The original contents of Senate Bill 600 were replaced with the “customary and reasonable” fee provisions that NCAI and other interest groups worked on over the course of this legislative session. The bill gives the NC Appraisal Board the ability to discipline an Appraisal Management Company (AMC) if they do not pay customary and reasonable fees to residential appraisers in the “primary residence” residential dwelling context in compliance with section 129E(i) of the federal Truth in Lending Act (15 U.S.C. § 1601 et seq.) and regulations promulgated thereunder.

The current version of Senate Bill 600 was amended in the House at Representative Bill Brawley’s request before it was returned to the Senate for final approval, including changing “1-4 family residential dwelling” to “primary residence” and adding what appears to be limited language as to what the Appraisal Board can consider when determining customary and reasonable fees. The AMC’s appear to be most concerned with the second change. Since these changes were not part of the agreement between the interested parties, we all agreed to “fix” this and put the language back to the original agreement between the parties in the technical corrections bill that typically passes at the end of each legislative session. The correcting language was added to the technical corrections bill, but the legislature adjourned without enacting the technical corrections bill. So the correcting changes were not made this session. I expect the AMCs will seek to correct this issue next session. **Effective: June 30, 2016. Session Law 2016-61.**

House Bill 959, DOT Proposed Legislative Changes, allows broadband and fiber providers to locate their lines and facilities in North Carolina Department of Transportation (NCDOT) right-of-ways without permission or payment to the underlying landowner.

The bill rescinds all transportation corridor official maps and any amendments thereto, as well as any restrictions on the use of property affected by the rescinded maps. The NCDOT will post information regarding the rescinded maps in clerks’ offices and registers of deeds’ offices in counties where maps of affected properties are/were located. The bill requires NCDOT to study a new process for planning and protecting transportation corridors.

The bill reduces the applicable interest rate available to landowners in NCDOT condemnation cases from 8% to the prime lending rate, which is approximately 3.5% today. **Effective: July 11, 2016. Session Law 2016-90.**

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