

Here we go again! The short session of the 2006 General Assembly started at a feverish pace even before the bang of the gavels. Every legislative session has a different personality and the 2006 short session, which started Tuesday, May 9th is proof. Stress levels are higher than normal in the legislative hallways due to the surprising election results where several incumbent legislators lost; the controversies surrounding the speaker and an election year where the voters are mad.

The Rules Chairman position in the House had to be filled because of the resignation of Bill Culpepper. For the first time ever, instead of appointing one chairman, Speaker Black appointed three co-chairs. This strategy will work well for the Speaker because the three chairs represent different groups within the House Democrat Caucus. The business community may have some concern since the lead co-chair is Rep. Mickey Michaux who has a very low NCFREE ranking. Hopefully, the more reasonable business views of the other two co-chairs will help with balance on business issues.

President Pro-Tem Marc Basnight named Amy Fulk as his new Chief of Staff to replace Norma Mills who will be teaching over at UNC-CH. Sen. Basnight's agenda this session includes Global Warming, raising the minimum wage and additional funding for education.

On Tuesday, Treasurer Richard Moore was the key speaker at a legislative press conference, pushing for a \$1 increase in the minimum wage. A minimum wage increase bill passed the House last year, but was stalled in the Senate. This year, rumor has it that the Senate leadership is supportive. ECNC has been an active opponent to any increase that is higher than the federal level and surrounding states. Based on Congressional Budget Office figures, we have estimated that a one dollar increase will cost the businesses of North Carolina approximately \$95 million.

The legislative leadership has publicly committed to a quick Short Session, which would mean ending in early July. But, because of the long list of key issues this session that are listed below, my bet is that they go to the first week of August.

- Budget – For the first time since the late 1990's there is a surplus that grows weekly. Some project is may hit \$2.4B.
- Lobbying, ethics and campaign reporting reform – Several bills were filed this week in both chambers, and stiff bills will pass since this is an election year.
- Cable competition – The telephone companies want in on the television business since the cable companies are serious competition in providing phone service.
- Gas Tax – The Governor finally agreed to at least capping the tax increase, but political pressure is building for a cut.
- Tax cuts – The supposedly temporary increase in the sales tax and personal income tax have been extended for years. Now is the first year they can be reduced, but the Governor and legislative leadership are hesitant to do more than a nominal roll back.

Action Bills

House Bill 1802 – Reduce Motor Fuels Tax was introduced by Representatives Allred, Pate, Brown and Hilton. The bill would stabilize the motor fuel tax by imposing a cap on the variable wholesale component of the motor fuel tax rate at its rate for the latter half of 2004.

(Referred to the House Committee on Finance)

House Bill 1832 – Sunset Tax Increases One Year Early was introduced by Representative Holliman, and would sunset the additional one-half cent state sales and use tax rate and the upper income tax rate one year early.

(Referred to the House Committee on Finance)

House Bill 1838 – Raise State Minimum Wage was introduced by Representatives Adams, Wainwright, Harrell and Luebke and will raise the minimum wage to \$6.15.

(Referred to the Committee on Rules, Calendar, and Operations of the House)

House Bill 1843 – Revise Legislative Ethics Act – 1 was introduced by Representatives Hackney, Howard, Brubaker and Luebke and reflects the recommendations for change by the House Select Committee on Ethics and Governmental Reform to the Legislative Ethics Act.

(Referred to the House Committee on Judiciary I)

House Bill 1849 – Lobbying Reforms 2006 was introduced by Representatives Hackney, Howard, Gibson and Sherrill. The bill:

- Establishes waiting periods before certain state officers may lobby
- Bars lobbyists from certain appointments and activities
- Bans certain gifts by requiring quarterly reporting of expenditures with additional interim reporting
- Expands the coverage of the lobbying laws to include executive branch officers
- Limits campaign contributions by registered lobbyists
- Makes other conforming changes as recommended by the House Select Committee on Ethics and Governmental Reform.

(Referred to the House Committee on Judiciary I)