



INTRODUCTION

Legislators didn't waste any time getting back to work and started the short session with a bang, rolling out several controversial pieces of legislation in the first week of the session. Usually, it takes several weeks for any real work to be done so we have to think they are serious about it truly being a "short" session. Please see below for some of the notable bills that were heard in committee.

HOUSE BILL 149, EXPANDING ACCESS TO HEALTHCARE

Most of the buzz around the building was over House Bill 149. The bill was created by stripping out the contents of another bill on the Senate side and replaced it with an omnibus health care bill they are calling NC Health Works. The Senate leadership announced the bill at a press conference with a variety of Senate Republicans, including Senate leader Berger. The big news after many years of fighting Medicaid Expansion, the Senate was supporting and even advocating Medicaid Expansion in the bill. This was big news and had Democrats almost giddy, thanking the Republicans for changing their tune on this issue. Although Medicaid Expansion got all the press and most of the discussion, the bill included controversial issues like expanding the scope of practice for advanced practice nurses, modifying the Certificate of Need process by relaxing those requirements, expanding telehealth, and requiring notice provisions to patients who receive treatment at an in-network hospital and receive care by out of network providers. Medicaid expansion and independent practice for nurses have been two topics that have been hotly contested within the building for nearly a decade, if not longer, and have never been heard and passed out of a committee until this week. In this week's press conference introducing the new bill, previous nay-sayers spoke to the press about their change of heart on some of the policies included in this bill, particularly Medicaid expansion. "If there's a person in the state of North Carolina that has spoken out against Medicaid expansion more than I have, I'd like to meet that person," Senate leader Berger said, but now, "I think (expansion) is the right thing for us to do." The bill cleared Senate Health and Senate Finance last week and was approved by the Senate Rules Committee and the full Senate this week on a nearly unanimous vote.



NORTH CAROLINA SECURITY AND LOW VOLTAGE ASSOCIATION



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However, the bill's speedy pace is expected to slow down when it reaches the House. There is still a great deal of hesitancy among House Republicans regarding Medicaid expansion and the House also feels a bit blindsided by the legislation, since the Access to Care Committee was formed to look at these very issues. Speaker Moore told reporters that he does not believe the support is there among House Republicans, and "would be surprised" if an agreement could be reached before the short session adjourns in early July. There will be a great deal of pressure by the Governor, both Senate and House Democrats and many groups in NC to get Medicaid Expansion done this year so this will be a very interesting process to watch.

HOUSE BILL 911, REGULATORY REFORM ACT OF 2022

This bill was passed out of Senate Agriculture, Energy, and Environment, Senate Judiciary, and Senate Rules this week. The bill would amend various state laws related to state and local government, utilities, education, occupational licenses, and other regulations. In particular, this bill would broaden the exclusion from public records disclosure for detailed plans and drawings of public buildings and infrastructure facilities to include detailed plans and drawings contained in information storage systems or geographic information system (GIS) databases. It would further exclude from disclosure as a public record the specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure for energy utilities.

HOUSE BILL 755, Parent's Bill of Rights

This bill was also one where the Senate completely stripped the contents of the bill and replaced it with an omnibus parental rights bill. Again, a press conference was held and the bill was revealed and then moved with lightning speed through the various committees and the Senate floor. The press and some Democrats tried to compare the bill with the "don't say gay" bill in Florida, but the sponsors were quick to point out that this legislation still allows discussions in class about different families as long as information about sexual orientation or gender identity is not included in the curriculum in grades kindergarten through third grade (regardless of whether the information is provided by school personnel or third parties). The majority of the bill deals with educational information that parents can access and that teachers and schools must provide. It also makes clear that parents must be notified of any health related, emotional or mental health related issues. This is the other controversial part of the bill that includes requiring teachers and schools to notify parents if a student has asked to use a different pronoun or is having other requests for counseling or mental health services. Many speakers in committee who oppose the bill, spoke about school as a "safe space" for many children and teenagers and that the requirement to notify parents would discourage them from seeking help.

BILLS OF INTEREST

HOUSE BILL 1017, GSC Uniform Public Expression Protection Act, would enact the Uniform Public Expression Protection Act. The Act would apply to a cause of action asserted in a civil action against a person based on the person's: (1) communication in a governmental proceeding, (2) communication on an issue under consideration in a governmental proceeding, or (3) exercise of the right of freedom of speech, or other form of public expression protected by the United States or North Carolina constitutions, on a matter of public concern. It would not apply to a cause of action against a governmental unit, a cause of action by a governmental unit to enforce a law to protect against an imminent threat to public health or safety, or a cause of action against a person selling or leasing goods or services for a communication related to that business activity, unless the goods or services consist of the creation, dissemination, exhibition, or promotion of a dramatic,

literary, musical, political, journalistic, or artistic work. The bill includes provisions regarding a motion for expedited relief, hearing, proof, appeal, and costs/attorney's fees. **Introduced by Representative Davis and referred to the House Judiciary 1 Committee.**

HOUSE BILL 1018, GSC Bar Ass'n Proposals/Landmark Designation, would amend various statutes regarding limited liability partnerships to provide that:

- a partner in a registered limited liability partnership is not individually liable, *directly or indirectly, including by indemnification, contribution, assessment, or otherwise*, for debts and obligations of the partnership incurred while it is a registered limited liability partnership solely by reason of being a partner and does not become liable by participating, in whatever capacity, in the management or control of the business of the partnership; and
- when settling accounts between partners after dissolution, the partners must contribute the amount necessary to satisfy any liabilities incurred when the partnership was not a registered limited liability partnership.

Introduced by Representative Davis and referred to the House Judiciary 1 Committee.

HOUSE BILL 1022, High School Trade Study, would provide \$250,000 to the Commissioner of Labor to study ways to increase the number of workers practicing the trades in the labor force in North Carolina. The Commissioner of Labor would address all of the following:

- the current process to become a worker practicing the trades in the following disciplines and all licensure requirements for each discipline: plumbing; heating and air conditioning; electricity; and welding;
- the current number of workers in these disciplines categorized by age, number of working years, and years of licensure, if applicable;
- the projected needs of the labor force in North Carolina over the next five to 25 years in the trades for each of these disciplines;
- the process to become a worker practicing these trades, including educational requirements and experience requirements to become fully licensed in that discipline, if applicable;
- the current options for a student in high school to become a worker practicing any of these trades;
- the possibilities of establishing a high school program for students to opt to become a worker practicing the trades in one or more of the disciplines listed above and whether the program should include a residency option; and
- whether students in programs such as NC LINKS could benefit from a high school program for students to opt to become a worker practicing the trades in one or more of the disciplines listed.

The Commissioner of Labor would report its findings, recommendations, and proposed legislative changes to the General Assembly on or before March 1, 2023. **Introduced by Representatives Winslow, Saine, Arp, and Zenger and referred to the House Appropriations Committee.**

HOUSE BILL 1027, Appropriations/Include Requester Name on SPs, would (1) require the name of each Legislator who requests that a special provision be included in the Budget to appear in the caption of each special provision, along with the provision title, in each iteration of the drafting of the Act, including the ratified version that becomes law, and (2) provide \$50,000 to the General Assembly to fund the required computer software upgrades. **Introduced by Representative Everitt and referred to the House Rules Committee.**

HOUSE BILL 1040, UI/Employer & Claimant Service Requirements, would: (1) require the Division of Employment Security's rules and procedures for claims and benefits to allow claimants and employers to file a claim or create an employer account during an in-person appointment and interview with valid identification, and to receive Form 1099-G by US mail only; (2) prohibit the Division from requiring a person to use online facial recognition to make a claim or create an employer account; and (3) provide \$250,000 to the Division to fund the program changes. **Introduced by Representatives Kidwell, Moss, Hanig, and Brody and referred to the House Finance Committee.**

HOUSE BILL 1049, Equitable Free Vehicle Fuel Stations, would require businesses that provide electric vehicle charging stations for use by the public at no charge to ensure that each customer of the business, without regard to whether the customer uses the charging stations, is informed of, on the receipt for purchases, the percentage of the amount of the customer's total purchase price that is a result of the business providing electric vehicle charging stations at no charge. The bill also would prohibit the use of public funds to provide or fund electric vehicle charging stations on publicly owned or leased property unless gasoline and diesel fuel for motor vehicles is provided to the public at no charge. **Introduced by Representatives Kidwell, Moss, Brody, and Cleveland and referred to the House Transportation Committee.**

HOUSE BILL 1052, Cable Customers Equal Value Time Act, would require a cable service provider or cable system that charges its subscribers for missing scheduled service appointments to provide customers with confirmation of scheduled appointments and to pay subscribers the same amount if it fails to deliver service to a subscriber at a scheduled service appointment time. For this purpose, "confirmation" would mean notice documented in writing or provided by electronic, telephonic, or other means. A violation would be considered an unfair or deceptive act or practice. The bill also would provide \$5,000 to the Utilities Commission to inform the public of their rights under this provision. **Introduced by Representatives Kidwell and Hanig and referred to the House Energy and Public Utilities Committee.**

HOUSE BILL 1069, Send Death Certificate/Co. Bd.'s of Elections, would require the Department of Health and Human Services to each month send free of charge to each county's board of elections a list of the names of deceased persons who were residents of that county and to maintain a record of the names sent to each county and the dates the lists were sent. The bill also would require the county board of elections, within 30 days of receipt of the monthly list of deaths in the county provided by the Department of Health and Human Services, to (1) remove from the voter rolls those persons listed who were registered to vote and who resided in the county, and (2) certify under oath to the State Board of Elections the names the county board of elections removed from its voter registration records. **Introduced by Representatives Zachary, Yarborough, Davis, and Elmore and referred to the House Election Law and Campaign Finance Reform Committee.**

HOUSE BILL 1097, Extended Learning for Elective Courses, would provide \$100,000 to the State Board of Education to develop a model policy to expand learning opportunities that allow approved alternative educational opportunities outside of the traditional classroom to qualify as elective course credit. The model policy would include at least the following:

- a list of types of entities eligible to submit proposals for alternative educational opportunities that shall qualify as elective course credit. These types of entities include, but are not limited to, the following: nonprofit organizations; businesses located in the State; and trade associations;

- an example application process for eligible entities to submit proposals for alternative educational opportunities that shall qualify for elective course credit;
- example criteria that may be used to evaluate the alternative educational opportunity;
- a requirement that for a program to be approved, it must align with content standards already in existence for elective courses or be linked to a CTE program, a STEM program, an agricultural program, or programs specifically discussing North Carolina cultural history; and
- suggested requirements that a selected entity shall follow if the entity is approved to provide an alternative educational opportunity that qualifies as elective course credit, including any requirements for instructional personnel and instructional standards.

Local boards could adopt local policies based on the Board's model policy. The local board would have discretionary authority of whether to approve an application, but would be required to provide reasons for denial and suggestions for improvement for board approval. The local board could audit approved entities alternative educational programs at any time. **Introduced Representatives Willis, Hardister, Clemmons, and Winslow and referred to the House Education K-12 Committee.**

HOUSE BILL 1146, Community Safety Act, is identical to Senate Bill 801, summarized below in this Legislative Report. **Introduced by Representative Reives and has not yet been assigned to a House committee.**

SENATE BILL 765, Marijuana Legalization & Regulation, would legalize and regulate the sale, possession, and use of marijuana in North Carolina. The bill would allow a person 21 years of age or older to lawfully possess on his or her person or in any public place not more than two ounces of marijuana or an equivalent amount of marijuana product. Among other provisions, the bill would: (1) establish a Cannabis Equity Reinvestment Board to address the impact of economic disinvestment, violence, and historical overuse of criminal justice responses to community and individual needs by providing resources to support local design and control of community-based responses to such impacts; (2) establish the North Carolina Cannabis Control Commission to make rules and regulations regarding marijuana and marijuana products; (3) establish a Cannabis Public Health Advisory Council to assess and monitor public health issues, trends, and impacts related to marijuana and marijuana legalization and make recommendations regarding health warnings, retail marijuana and retail marijuana products safety and product composition, and public health awareness, programming, and related resource needs; and (4) provide for a 21% tax on the sale of any retail marijuana, retail marijuana products, marijuana paraphernalia sold by a retail marijuana store, non-retail marijuana, and non-retail marijuana products. **Introduced by Senator Fitch and referred to the Senate Rules Committee.**

SENATE BILL 766, Organized Retail Theft, would add new criminal offenses to those relating to organized retail theft to provide for theft of retail valued at amounts exceeding \$50,000 (Class F felony) and \$100,000 (Class C felony). In addition, the bill would make it a Class G felony if the person conspires with another person to commit theft of retail property from a retail establishment, with a value exceeding \$1,000 and either (1) damages, destroys, or defaces real or personal property in excess of \$1,000; or (2) commits an act of assault and battery against an employee or independent contractor of the retail establishment or a law enforcement officer in the commission of the theft of retail property. **Introduced by Senators Britt, McInnis, and Craven and referred to the Senate Judiciary Committee.**

SENATE BILL 793, Study Ecom. Dlvr. Fee/Xfer Rev for Transport, would direct the Revenue Laws Study Committee to study the application of sales tax on delivery services for food, prepared food, and tangible personal property to a consumer in this State for the purpose of determining whether the efficiency, administrative burden, and revenue produced by the current sales tax model could be improved by moving to a fixed excise tax amount and, further, whether the revenue generated from the existing or a replacement tax model should go in part or in whole to the Highway Trust Fund rather than the General Fund in light of the role of the highway system for delivery services. The Committee would report its findings, together with any recommended legislation, to the 2023 Regular Session of the General Assembly upon its convening. **Introduced by Senators Sawyer, McInnis, and Woodard and referred to the Senate Finance Committee.**

SENATE BILL 796, Sacred Relationship/Doctor/Patient, would “protect the sacred relationship of patient and physician, physician assistant, and nurse practitioner” by:

- prohibiting the North Carolina Medical Board and the North Carolina Board of Nursing from revoking, failing to renew, suspending, or taking any other disciplinary action against a licensed physician, physician assistant, or nurse practitioner for:
 - prescribing or administering a medication or supplement, including any of the drugs listed below, that the physician, physician assistant, or nurse practitioner believes is medically necessary for the treatment of COVID-19 to a patient for at-home use or for use in a health care facility. These drugs are: Ascorbic Acid; Aspirin; Atorvastatin; Azithromycin; Budesonide; Chloroquine; Colchicine; Cyproheptadine; Dutasteride; Famotidine; Flutamide; Fluvoxamine; Heparin; Hydroxychloroquine; Ivermectin; Melatonin; Methylprednisolone; N-Acetyl-L-Cysteine; Naltrexone; Nitazoxanide; Prednisone; Spironolactone; Thiamine; Vitamin D; and Zinc;
 - doing any of the following actions:
 - providing a medical exemption to a patient who is unable to wear a protective mask, undergo a COVID-19 test, or receive a vaccination for COVID-19;
 - treating a patient who is unable to wear a protective mask, undergo a COVID-19 test, or receive a vaccination for COVID-19 for religious, medical, or philosophical reasons; or
 - documenting a COVID-19 vaccine injury;
- providing that a physician acting in good faith in accordance with this section would not solely constitute immoral or dishonorable conduct or unprofessional conduct;
- providing that, if the North Carolina Medical Board or the North Carolina Board of Nursing violates this section, the physician, physician assistant, or nurse practitioner against whom the violation occurred may contest the case under all available administrative remedies available to the aggrieved party. For each separate violation, the Board could be assessed a civil penalty not to exceed \$500;
- prohibiting the North Carolina Board of Pharmacy from revoking, failing to renew, suspending, or taking any other disciplinary action against a pharmacist for dispensing or administering a medication or supplement, including any of the drugs listed above, for the treatment of COVID-19 to a patient for at-home use or for use in a health care facility;
- providing that, if the North Carolina Board of Pharmacy violates this section, the licensee against whom the violation occurred may contest the case under all available administrative remedies available to the aggrieved party. For each separate violation, the Board could be assessed a civil penalty not to exceed \$500;

- directing the North Carolina Medical Board, the North Carolina Board of Nursing, and the North Carolina Board of Pharmacy to adopt temporary rules to implement these provisions; and
- providing \$10,000 to the Department of Health and Human Services to monitor the compliance of the North Carolina Medical Board, the North Carolina Board of Nursing, and the North Carolina Board of Pharmacy with these provisions.

Introduced by Senator Hise and referred to the Senate Rules Committee.

SENATE BILL 801, Community Safety Act, would revise police use of force policies by providing that:

- strangleholds, lateral vascular neck restraints, carotid restraints, or any other tactics that restrict oxygen or blood flow to the head or neck shall be considered the use of deadly force; and
- under all circumstances in which a law-enforcement officer uses force of any kind, a law-enforcement officer shall use the minimum amount of force reasonably necessary to accomplish the law-enforcement action and shall attempt to utilize de-escalation tactics when possible.

Introduced by Senators Batch, Fitch, and Garrett and referred to the Senate Appropriations Committee.

SENATE BILL 804, Small Business Savings Account, would enact a new allowable deduction in calculating a taxpayer's adjusted gross income. The bill would allow a deduction of the amount deposited during the taxable year by the taxpayer that is a small business (defined as a business whose cumulative gross receipts from business activity for a taxable year does not exceed \$10 million) to a capital improvement account, limited to deposits of 5% of the taxpayer's adjusted gross income up to \$1 million, 2% of the taxpayer's adjusted gross income above \$1 million up to \$2 million, and 1% of the taxpayer's adjusted gross income above \$2 million up to \$3 million. A capital improvement account would be defined as an account at a federally insured banking institution into which are deposited amounts to be used solely for an improvement that adds value to real property owned and used exclusively by the small business, prolongs the useful life of such property at least 10 years, or adapts such property to new uses for the small business. Requires adding the amount deducted pursuant to this new provision in a prior taxable year, to the taxpayer's adjusted gross income, to the extent the amount was withdrawn and not used to pay for improvements listed. **Introduced by Senators Batch, Garrett, and Fitch and referred to the Senate Finance Committee.**

SENATE BILL 805, Small Business Investment Grant, would establish the COVID-19 Small Business Recovery Program and provide \$250 million to the Department of Commerce to provide a one-time grant to each qualifying business. A qualifying business is an entity (i) subject to income tax under Article 4 of Chapter 105 of the General Statutes, (ii) with annual receipts, when combined with the annual receipts of all related persons, for the 2019 tax year of \$8 million or less, and (iii) a reduction of at least 25% in sales tax collections resulting from the COVID-19 pandemic for the 2020 tax year when compared to collections for the 2019 tax year. The grant amount to a qualifying business could not exceed the lesser of (i) \$250,000 or (ii) the amount of reduction in sales tax collections of the qualifying business resulting from the COVID-19 pandemic for the 2020 tax year when compared to collections for the 2019 tax year. A grant under the program would be conditioned on a recipient business maintaining operations for a minimum of six months following receipt of the grant, and the Department would clawback a proportionate

amount of the grant for any portion of the six months the recipient business does not maintain business operations. **Introduced by Senators Batch, Garrett, and Fitch and referred to the Senate Appropriations Committee.**

SENATE BILL 819, Retention of Election Voting Records, would extend the deadline for retaining records and papers regarding the 2020 election from September 2022 to September 2023, and require county boards of elections to retain all container-return envelopes and absentee ballots, in a safe place, for at least 22 months (was 4 months), or longer if any contest is pending concerning the validity of any ballot. **Introduced by Senator Alexander and referred to the Senate Rules Committee.**

SENATE BILL 833, Make Election Day A State Holiday/Funds, would make the statewide general election day an official state holiday, amend the State Human Resources Act to make that day a paid holiday for State employees, and provide \$50,000 to the Office of State Human Resources to implement this provision. **Introduced by Senators Nickel, Garrett, and J. Jackson and referred to the Senate Rules Committee.**

SENATE BILL 853, Wage Theft/Funds, would make a variety of changes to the State's the Wage and Hour Act, including:

- requiring every employer to notify its employees in writing at the time of hire and upon any material change, of: (1) the promised wages and the basis upon which wages will be calculated; (2) the method, day, and place for payment; (3) the specified contact information and tax identification numbers for the employer; and (4) the employment status of the employee (previously, did not require written notification and limited notification to promised wages and the day and place for payment, and only required the notification upon hire);
- requiring employers to furnish each employee with the information required by 13 NCAC 12 .0801(6) and 13 NCAC 12 .0801(8) through (13) for each pay period (concerning the employee's rate of pay, total hours worked each workweek, total straight-time earned each workweek, total overtime earnings each workweek, total additions or deductions from wages, total gross wages paid each pay period, and the date of payment);
- amending the statute regarding recovery of unpaid wages by employees from employers who violate the minimum wage, overtime, and wage payment statutes to:
 - provide for the award of liquidated damages equal to twice the amount (was equal to the amount) found to be due from the date each amount first came due);
 - require employers to be liable to the affected employee(s) for actual damages for violations of GS 95-25.13 (regarding employee notifications, postings, and records) or any rule adopted under the statute;
 - authorize a court that finds an intentional violation of or any regulation issued under the Article to award statutory damages of up to \$500 per employee per violation;
 - require the court to consider the nature and persistence of the violations and the extent of the employer's culpability when setting statutory damages;
 - require the court to order costs and fees of the action and reasonable attorneys' fees to be paid by the defendant (previously permissible);
 - allow an action arising out of a willful violation to be brought within three years, and allows for actions to be brought within one year after notification to the employee of final disposition by the State of a complaint for the same violation (currently, requires all actions to be brought within two years);

- amending the provisions providing for civil penalties for certain violations of up to \$500 for the first violation and up to \$1,000 for subsequent violations to add the statute employer minimum wage, overtime, wage payment, and notification violations and subjects the assessment of penalties under the statute to a three-year (was two-year) statute of limitations, commencing at the time of the occurrence of the violation; and
- allowing, for an employee for purposes of wage claims and collections, entitlement to a lien upon (1) all property of the employer located in the State and (2) all property upon which the employee has performed work, as specified, for the full amount of the wages and any statutory penalties owed. A wage claim or action to enforce a lien under the statute could be brought by the employee individually or by the Commissioner, or by any representative of the employee, including collective bargaining representatives. The Commissioner would record and provide notice of the lien on behalf of the employee if no lien has been recorded at the time the employee files a complaint with the Commissioner. The bill provides for joinder of wage claims or wage deficiencies against the same employer, and proportionate payments whether or not claims have been joined in the case of the sale of property subject to the lien being insufficient to pay all claimants, and would limit liens to personal property to that which can be subject to a security interest under the Commercial Code by filing a financing statement. The bill also provides for recordation and perfection of a claim of lien and details the procedure and requirements for filing notice of the lien with the Secretary of State and service of the employer. The lien could be filed at any time prior to the expiration of the statute of limitations for a wage claim on the same wages. Mistakes and errors would not invalidate the claim unless made with intent to defraud. The bill provides for foreclosure upon any property subject to the properly recorded lien if an action to recover unpaid wages has been filed and would extinguish the lien upon a judgment in favor of the employer or dismissal of the action for unpaid wages. The lien would continue in force until all issues on appeal have been decided, if applicable. The lien would be extinguished if an action to recover the wages is not brought within one year of the filing of the lien. Priority of the lien would be provided over all other interests regardless of the date of origination or perfection, and the lien would be effective against the employer, the estate of the employer, or a subsequent bona fide purchaser of the property subject to the employee's lien. The employee, the Commissioner, or the employee's representative would be entitled to court costs and reasonable attorneys' fees for filing a successful action to foreclose a lien under the act; and

The bill also would provide \$100,000 to the Department of Labor to fight wage theft as provided. **Introduced by Senators Mohammed, Foushee, and Robinson and referred to the Senate Rules Committee.**

BILL UPDATES

HOUSE BILL 83, Rev. Laws Tech., Clarifying, & Admin. Changes. The provisions of this bill were removed in the Senate Finance Committee and replaced with new tax provisions that would:

Business Tax Changes

- amend the statute that sets parameters for determining the net worth of a corporation for tax purposes, establishing that a foreign corporation that files a federal income tax return's net worth is based on the value of assets deemed to be in the United States. Effective for taxable years beginning on or after January 1, 2023, and applicable to the calculation of franchise tax reported on the 2022 and later caproate income tax return;

- require corporations calculating their net worth to add the amount of indebtedness the corporation owes to a parent, subsidiary, affiliate, or noncorporate entity in which the corporation or group of corporations owns directly or indirectly more than 50% of the capital interest of the noncorporate entity, unless the debt creates qualified interest expense, as defined by state law;
- revise and add to defined terms to the statute that sets a limitation on qualified interest for certain indebtedness to amend *qualified interest expense* to more specifically exclude from the described limitation the proportionate share of interest paid or accrued to a related member that is the ultimate payee (was, the interest paid or accrued to a related member) if one of four specified criteria are met; and define *ultimate payee* as a related member that receives or accrues interest directly from a related member or indirectly through related members;
- specify that the Secretary of Revenue must apply specified standards contained in regulations adopted pursuant to the Internal Revenue Code on a separate entity basis in determining the extent to which a loss survives a merger or an acquisition (previously did not provide for application on a separate entity basis);
- exempt insurance companies subject to the tax on gross premiums from corporate income tax imposed under Part 1, Article 4, which are exempt from federal income tax under the Code.

Personal Income Tax Changes

- correct a drafting error to ensure taxpayers are allowed the benefits of student debt forgiveness to the extent allowed under NC law. NC conformed to the Tax Cut and Jobs Act (TCJA) exclusion from gross income for the discharge of a student loan if the loan was discharged on account of the death or disability of the taxpayer. However, when the State decoupled from the American Rescue Plan Act (ARPA) exclusion for essentially all student loan discharges, it inadvertently eliminated the exclusion due to death or disability as well. This section would return the exclusion to the previously allowed amount by referencing the Code as enacted as of May 1, 2020. This section also makes a technical change to clarify that taxpayers who elect on their federal return to use a section of 108 that is not followed by NC are still allowed the benefit of sections that are followed by NC when calculating their required NC add-back;
- clarify that the obligation to pay the tax on each nonresident owner or partner's share of the income with the partnership return is an obligation of the business entity;
- clarify that the SALT provisions enacted in 2021 are effective for the 2022 taxable year. A pass-through entity may elect to pay tax at the entity level – a Taxed Pass-Through Entity (TPTE). By paying tax at the entity level, members of the TPTE can avoid the federal cap on the state and local tax (SALT) deduction amount. As a TPTE, it must pay estimated tax. This section provides that a TPTE does not have to pay estimated tax with respect to a taxable year of a TPTE if it was not a TPTE during its preceding taxable year;

Sales Tax Changes

- update the reference date to the Streamlined Sales Tax Agreement, which was most recently amended on December 21, 2021;
- amend the definition of "state" as used in the Uniform Sales and Use Tax Administration Act to include any territory of the United States, including American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. The reason for this

change is because the Streamlined Sales Tax Agreement has been updated to allow territories to join.

Administrative Changes

- clarify that penalties for failure to file applies to informational returns and reports alike;
- amend the statute that sets the general statute of limitations for obtaining a refund of an overpayment at two years after payment of the tax, to specify that the amount refunded cannot exceed the portion of the tax paid during the two years immediately preceding the taxpayer's request for refund;
- expand the effect of inaction by a taxpayer after timely filing a request for review. Now provides that such inaction results in the proposed Departmental action becoming final, and including as a Departmental action, a proposed revocation of a certificate of registration, in addition to the proposed denial of a refund or the proposed assessment currently provided for;
- amend the statute that sets the date at which interest accrues on an overpayment of franchise, income, and gross premium taxes, to specify that the date the final return was due to be filed excludes the consideration of extensions;
- clarify the applicability to State tax schedules of tax extensions granted by the IRS. Subsection (a) provides that an extension granted by the IRS due to a presidentially declared disaster applies to the corresponding State tax schedules, and it specifies that the extension granted for individual income tax returns and payments under such declaration applies to NC tax schedules without a corresponding federal schedule, such as sales tax returns and payments. The bill also would differentiate an extension granted because of a presidentially declared disaster from an extension granted to a person, such as the automatic extension that allows a taxpayer to file an individual income tax return on or before October 15 rather than April 15.

The bill as amended was approved by the Senate Finance and Rules Committees and will next be heard by the full Senate.

HOUSE BILL 755, Parents' Bill of Rights. The provisions of this bill were removed in the Senate Education/Higher Education Committee and replaced with new provisions that would:

- establish a Parents' Bill of Rights enumerating certain rights of parents related to the education, health, privacy, and safety of their child;
- require public school units to provide parents with information related to parental involvement in schools, legal rights for their child's education, and guides for student achievement;
- require public school units to provide notifications on student physical and mental health, require age-appropriate instruction on certain topics in kindergarten – 3rd grade, and create remedies for parents to address concerns over implementation of these requirements; and
- require health care practitioners to obtain written consent from the parent of a minor child before providing treatment.

The bill as amended was approved the Senate Education/Higher Education Committee and the Senate Health Care Committee. The bill will next be considered by the Senate Rules Committee.

HOUSE BILL 911, Regulatory Reform Act of 2022, was amended in the Senate Agriculture, Energy, and Environment Committee to Agriculture, Energy, and Environment Committee to:

- revise the proposed changes to GS 132-1.7 that exempts certain security plans, documents, practices, and designs from public records law to now broadly exempt *sensitive public security information*, defined to include the five previously described categories of information and to no longer include in the fifth category of sensitive public security information the specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure for the transmission or distribution of water;
- deem confidential any sensitive public security information received or prepared by the Department of Health and Human Services (DHHS) in the course of carrying out its duties and responsibilities related to solid waste management;
- deem confidential information obtained by the Environmental Management Commission relating to water and air pollution and hazardous substance control that would divulge sensitive public security information, if made public;
- eliminate the directive requiring the Joint Legislative Commission on Governmental Operations to conduct a study to evaluate existing public records laws concerning vulnerabilities that may exist with respect to public utilities, critical infrastructure, and cybersecurity.

The bill was further amended in the Senate Judiciary Committee to revise the proposed changes exempting certain security plans, documents, practices, and designs from public records law by adding that specific security information or detailed plans, patterns, or practices associated with local confinement facilities operations are not included in public records. **The bill as amended was approved by the Senate Agriculture, Energy, and Environment, Judiciary and Rules Committees and will next be heard by the full Senate.**

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