

# Government Relations Update

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March 25, 2013

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## Governor's Budget

On March 20, Governor Pat McCrory, unveiled a \$20.6 billion annual budget. This budget is roughly a 2% increase over the current year's budget. The Governor's budget does not propose any new debt and is expected to have a \$139 million surplus at the end of the year. Governor McCrory has allocated \$300 million over the next two years for state building renovations, \$180 million to deal with potential Medicaid shortfalls, and \$77 million set aside for information technology repairs and upgrades. He has allotted \$2.7 million for the Department of Commerce to develop an economic development branding strategy to draw new and expanding businesses to North Carolina. Governor McCrory's budget would eliminate \$117 million in public school funding to local districts for teacher assistants for second and third grades. This would eliminate roughly 3,200 teacher assistants. The funds saved from eliminating teacher assistants would be used to hire 1,800 additional full-time teachers during the next two years. The Governor's budget provides a 1% pay raise for state employees. He directs the University of North Carolina system to find \$136 million in spending reductions and efficiencies across its campuses during the next year. The spending plan recommends freezing in-state tuition and increasing out-of-state tuition by as much as 12.3%. Governor McCrory's budget would spend about \$400 million more during the next fiscal year.

## Design Rules

The House gave approval to legislation that would block cities from imposing appearance standards on new homes. HB 150: Zoning/Design & Aesthetic Controls would restrict and rein in ordinances used by local governments on the construction of new homes in both new neighborhoods and established neighborhoods. The bill limits power to place appearance and design standards on one and two family homes. Lawmakers feel this bill is a good balance that gives individuals a say in what their housing looks like. The legislation does not affect historic districts, homeowner associations, or other protected covenants. This proposed legislation is now on to the Senate.

## UNC Board of Governors

Last week, both the House and Senate appointed 16 new members of the Board of Governors. On Wednesday, March 20, the Senate appointed eight new members. Those members include: William M. Kotis, III of Summerfield, a commercial real estate investor and restaurateur with Kotis Properties, Inc.; Scott Lampe of Davidson, vice president and chief financial officer for Hendrick Motorsports; Steven B. Long of Raleigh, a tax attorney and partner with Parker Poe Adams & Bernstein, LLP; Joan G. MacNeill of Webster, a retired entrepreneur and nurse; Therence O. Pickett of Greensboro, vice president, general counsel and secretary at Volvo Group North America and Mack Trucks, Inc.; Robert Sterling Rippy of Wilmington, the owner and president of Jungle Rapids; Harry Leo Smith, Jr. of Greenville, chief executive officer of Flanders Corporation; John Craig Souza of Raleigh, president and chief executive officer of the N.C. Health Care Facilities Association.

The House initially appointed eight new members on Wednesday, March 20. However, due to an error in tallying ballots, on Thursday, March 21st, the House had to reconsider the votes to determine who was appointed. Once the votes were recounted, the House appointed: Rodney Hood of Durham, a director at JP Morgan Chase; Henry Williams Hinton of Greenville, president and general manager of Inner Banks Media; W. G. Champion Mitchell of New Bern, a retired attorney and CEO; Laura I. Wiley of High Point, a House member from 2005-2011; George A. Sywassink Jr., a business executive

from Charlotte; R. Doyle Parrish of Raleigh, CEO of Summit Hospitality Group; Roger Aiken of Alexander, who works for Wells Fargo Advisors; and Dr. Joan Templeton Perry of Kinston, a pediatrician.

The UNC Board of Governors has 32 seats. Of the 16 new members, 13 are registered Republicans, two unaffiliated and one democrat. The Board of Governors sets policy for the state's 17 campuses.

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