

Session Offers A Mixed Bag Of Outcomes

BYLINE: ROBERT LAMME; News & Record

SECTION: Pg. A1

DATELINE: OCTOBER 31, 1998

WITH THE LEGISLATURE FINALLY ADJOURNED, HERE'S AN OVERVIEW OF THE 1998 SESSION.

The halls of the Capitol were quiet Friday as lawmakers campaigned in their districts, lobbyists retreated to their offices and legislative staffs finally got a breather following the close Thursday of the longest legislative session in state history.

Now that the 1998 session is done, it's time to take a look at what lawmakers did - and did not do - during the months-long session.

At the top of the list of accomplishments is the state's \$ 12.6 billion budget for 1998-1999. After months of debate, the legislature finally approved the spending plan on Wednesday.

Lawmakers also did some serious policymaking, including approving a \$ 276 million incentives deal - the biggest in state history - to lure FedEx to Greensboro and Charlotte-based Nucor to eastern North Carolina.

The legislature also passed a rewrite of the state's juvenile justice laws, put a water and sewer bond initiative worth \$ 1 billion on the ballot and extended the state's moratorium on new hog operations.

And there also were some failures, most notably in the area of campaign finance reform.

But with the state's election-year economy humming along, the big issue in Raleigh this year was the budget and how to spend the surplus. Ultimately it took months of negotiating, several false starts and a lot of dealing to get the job done.

By the time it was finished, both sides were claiming victory. Democrats who control the Senate lauded their efforts to improve education, protect the environment and address other pressing needs. And Republicans in the GOP-controlled House got what they wanted: millions of dollars in tax cuts, most which will take effect next year.

Analysts on both the left and the right of the political spectrum were less charitable about lawmakers' fiscal priorities.

In a year in which the state enjoyed a \$ 1.6 billion surplus, Chris Fitzsimon of the liberal Commonsense Foundation, a Raleigh research and advocacy institute, faulted lawmakers for not doing more to help the poor.

Fitzsimon credited lawmakers for making what he called small steps to extend Medicaid to indigent senior citizens, ending the state's sales tax on food, raising teachers' salaries and funding Smart Start.

But Fitzsimon faulted the legislature for not doing more. For example, Fitzsimon said, lawmakers earmarked \$ 30 million for state aquariums, but invested only \$ 2 million in the state's housing trust fund. Housing advocates had hoped for \$ 30 million in permanent funding to build housing for the poor.

And although AIDS treatment advocates wanted \$ 16 million in permanent funding to pay for drugs, legislators approved \$ 8 million in one-time funding, forcing AIDS groups to fight for funding again next year, Fitzsimon said.

"This should have been the year that programs for the poor and working people that have been underfunded for years got full funding," Fitzsimon said. "If poor people can't get help this year, when are they going to get it?"

John Hood, Fitzsimon's counterpart with the conservative John Locke Foundation, another Raleigh research group, also found fault with the legislature - for spending too much.

By doling out most of the state's surplus, Hood said lawmakers have increased state spending by more than 10 percent this year - about the same rate of government spending growth during most of the decade.

And although lawmakers passed a range of tax cuts, Hood worried that some cuts, including el

mination of the state's food and inheritance taxes, will not take effect until next year.

"It's always better to get your tax cuts sooner rather than later, more rather than less," Hood said. "Because if you put them off, what may happen is that lawmakers may rescind them before they come into place."

Dan Gerlach, an analyst with the nonprofit Budget and Tax Center in Raleigh, agreed that the combination of spending increases and delayed tax cuts are going to force hard choices on legislators next year. But like Fitzsimon, Gerlach

predicted that lawmakers will cut programs before they raise taxes or rescind cuts.

This year's session produced more than a budget fight. Among the other issues considered were:

Federal Express and Nucor Incentive Packages. In addition to \$ 115 million in incentives for FedEx, the bill also included \$ 161 million in tax relief for Nucor to build a \$ 300 million steel recycling mill with 300 high-paying jobs in Hertford County. The bill also offered tax credits to employers statewide for every job they create in "state development zones" - blighted areas in more than 50 North Carolina cities.

Juvenile Justice. Lawmakers approved a complete overhaul of the state's juvenile justice system and backed up the reforms with \$ 17 million in new spending. Among many other things, the new laws change who is sent to the state's five training schools. Under the new juvenile sentencing laws, only those who commit more serious felonies would be sent to the schools and would serve minimum six-month sentences.

The revised laws also allow training school officials to hold teens who commit violent felonies until they are 19.

Congressional Redistricting. In April, a panel of three judges declared North Carolina's congressional map unlawful, saying that race played too big a part when the unusually-shaped 12th District, held by Democrat Mel Watt, was redrawn in 1997. The court ruling forced the delay of congressional primaries until September and gave the legislature until May 30 to redraw the districts.

Under the plan approved by the legislature, an estimated 136,000 Guilford County residents were shifted out of the 12th Congressional District and into the 6th Congressional District, which is represented by Republican Howard Coble. The plan also moved about 25,000 voters residents who live in northern Guilford County out of Coble's district and into the 5th district, now held by Republican Richard Burr.

In June, the federal courts approved the redrawn plan, which voters will use when they go to the polls Tuesday. But the issue is not settled. Last month the U.S. Supreme Court agreed to hear the state's argument that the districting plan struck down by the three-judge panel should have remained intact - the third time since 1993 that the high court has agreed to examine the state's districts. A decision in the latest hearing is expected some time next year.

Transportation Reform. Lawmakers sought to reform the state's Board of Transportation, which controls billions of dollars in highway funds, after allegations surfaced that Democratic Gov. Jim Hunt had appointed several

wealthy donors to the board. Hunt denies the charges, but three members have left the board in recent months following newspaper reports that they used their influence to direct transportation money to projects that benefited their businesses or their associates.

Under a new law sponsored by Guilford Republican Rep. Joanne Bowie and state Sen. Beverly Perdue (D-New Bern), the number of board members will be reduced from 26 to 19, and include six members who are not from the governor's political party.

The law also requires board members and their families to disclose their political fund-raising activities as well as property holdings and business interests. Reform advocates said the bill was a step in the right direction but they criticized its lack of restrictions on campaign donations board members or their families make to gubernatorial candidates.

Water and Sewer Bonds. Lawmakers put a \$ 1 billion package of water, sewer and natural gas bonds on the November ballot for voters' approval.

The first of the bond issues would raise \$ 800 million to help cities fix aging and overburdened sewer and water systems. The second bond issue would raise \$ 200 million to extend natural gas lines into new areas.

Hog Moratorium. Despite opposition from hog farmers and the pork-processing industry, the General Assembly extended a two-year moratorium on new hog farms enacted last year. The moratorium, which was set to expire in March 1999, was extended by six months.

Campaign Finance. Notably absent from the list of accomplishments is reform of the state campaign finance laws. At the beginning of the session, many reform advocates had hoped the time was ripe for changes, particularly after House Speaker Harold Brubaker and his lieutenant in the House, Rules Committee Chairman Richard Morgan were forced to testify before the N.C. Board of Elections.

The board wanted to know if there was any truth to the allegations made by leaders in the state's hog industry that Morgan and Brubaker supported tough regulations on the industry after pork producers failed to come up with hundreds of thousands of dollars in contributions during the 1996 elections.

Morgan and Brubaker were exonerated of the charges after four days of hearings, but the hearings did lead to several modest changes in campaign finance rules. However, Brubaker, Morgan and other House Republicans refused to take up three different major campaign finance reform bills, including two passed by the Senate.