



Progress - The Beginning of the End!

Over the past week the sense of progress toward a budget deal was palpable at the General Assembly, though exactly how much progress was being made and how quickly was anyone's guess (excepting the few main budget negotiators and their staff, who weren't showing their hands). Progress was made on issues from charter schools and red light cameras to local sales tax rate caps and the annual Technical Corrections bill, easing the sense of gridlock that has defined the past few weeks. The Governor made an appearance in the House Rules committee as he continued meeting with leaders and members of both chambers' majority caucuses. Gov. McCrory repeated his threat to veto a budget with more than a 6% raise for teachers (and the accompanying cuts to Medicaid and/or Teaching Assistant positions). The Senate moved ahead with their version of Medicaid Reform, which is opposed by the House, the Governor and most health care professional associations.

The House held a rare Friday session to finalize work on a few major bills, which raised hopes that the session was truly winding down, then late Saturday night House Speaker Tillis and Senate President Pro Tem Berger announced a deal had been reached on the main budget framework. From what's been reported it seems the House and Senate have agreed to a 7% raise for teachers, no cuts to Teaching Assistant positions and a \$135 million cut to Medicaid spending. The remaining details of the budget will still need to be worked out, and negotiators continued their work throughout the weekend. The budget will likely be unveiled in the middle of this week, with votes on the floor potentially stretching into the weekend or the early part of next week.

Compromise on other major issues, particularly Medicaid reform, coal ash cleanup, local tax rates, film incentives and regulatory reform is more elusive, though deals may well have been struck on some or all of those issues as part of the budget negotiations. Whether session ends this week or more time is needed to complete work on those and other remaining policy issues it seems clear the end, or at least the beginning of the end of this "short" session



NORTH CAROLINA GROUND WATER ASSOCIATION



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is upon us. As we've mentioned this time of year is always exciting, unpredictable and can be dangerous, as provisions that may not otherwise have a chance of passage tend to be added to policy bills and the budget, so constant vigilance is required. We will be keeping a close eye on everything that moves as session works to a close, and will keep you posted as things progress.

Note: This week legislative analysts revealed the tax cuts passed last year will cost the state \$680 million this year, a 43% increase from the original \$475 million estimated cost. Next year the cost is expected to be \$890 million, also up from the \$680 million projection. While the state's reserves will cover the difference this year, it's become clear the difficult task of finding funds to cover all the legislature's priorities will only become more challenging in the coming years, and the budget battles we've seen this year may grow even more intense.

BILL UPDATES

HOUSE BILL 201, Building Reutilization for Economic Development Act, was amended on the Senate floor to:

- prohibit stormwater runoff rules and programs from requiring private property owners to install new or increased stormwater controls for (i) preexisting development or (ii) redevelopment activities that do not remove or decrease existing stormwater controls (previous version, could not do so, unless required by federal law);
- remove the provision that would have provided that, unless specifically authorized by the General Assembly, the Environmental Management Commission and the Department of Environment and Natural Resources do not have the authority to define the term "gravel" for purposes of implementing stormwater programs; and
- remove the provision that would have reinstated gravel under stormwater laws if Senate Bill 38 becomes law.

The bill as amended was approved by the Senate. The House agreed to the changes made by the Senate and bill will next be sent to the Governor for his signature.

HOUSE BILL 1133, Technical and Other Corrections. This bill was the vehicle for the annual technical corrections bill that includes many technical amendments, but also a variety of substantive law changes. The bill was heard in the House Rules Committee and on the House floor where additional amendments were made. The provisions of the bill with the amendments include the following:

- amending the provisions regarding standing of the Speaker of the House of Representatives and the President Pro Tempore of the Senate, as agents of the State, to intervene on behalf of the General Assembly as a party in any judicial proceeding challenging a North Carolina statute or provision of the North Carolina Constitution. The bill would provide that the procedure for interventions at trial level in State court will be set forth in Rule 24 of the Rules of Civil Procedure and the procedure for interventions at the appellate level in State court will be by motion in the appropriate appellate court or by any other relevant procedure set forth in the Rules of Appellate Procedure;
- including in the definition of a "serious traffic violation" a conviction for the unlawful use of a mobile telephone while operating a commercial motor vehicle;
- amending the requirements for issuance of a commercial drivers license to include the requirement that a person must have held a commercial learner's permit for a minimum of 14 days; and

- requiring every supplier of water operating as a public water system *treating* and furnishing water from surface supplies to create and implement a source water protection plan (SWPP).

The bill as amended was approved by the House and will next be considered by the Senate Rules Committee.

HOUSE BILL 1224, Local Sales Tax Options/Economic Development Changes. This bill was amended in the Senate Finance Committee and on the Senate floor to limit the total local government sales and use tax rate to two and one-half percent. The revenue could be used for local public transportation systems, public education needs, or general purposes with limitations. **The bill as amended was approved by the Senate and will next be considered by the House Finance Committee.**

SENATE BILL 163, Reclaimed Water as a Source Water. This bill as amended by the Conference Committee, which was appointed to work out the differences between the House and Senate versions of the bills, would:

- define “pretreatment mixing basin” as “a basin created from lands that do not include waters of the State and in which raw water is mixed with reclaimed water before it is treated to the standards to make it suitable for potable water supply”;
- amend the conditions for when a local water supply system may combine reclaimed water with the source water treated to provide potable water supply to: (1) replace the term “impoundment” with “pretreatment mixing basin,” and (2) require any discharge into the waters of the State to be pursuant to a permit issued by the State; and
- remove the provision that would have required the Department of Environment and Natural Resources, in consultation with the Environmental Management Commission, to study the effects of chemicals of emerging concern, such as pharmaceuticals and personal care products, flame retardants, and prefluorinated compounds (PFCs) in wastewater effluent from municipal and privately operated wastewater treatment plants and in source water supplies.

The bill as adopted by the Conference Committee will now go to House and Senate for a vote on the bill as amended.

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