



NORTH CAROLINA GROUND WATER ASSOCIATION

LEGISLATIVE REPORT

MARCH 31, 2009



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INTRODUCTION

After much anticipation and speculation, the Governor released her budget proposal to the General Assembly. Although there were hints that the budget would make substantial changes in how agencies worked and would stop funding to programs that were not working, the budget did not include a lot of surprises or cuts. Funding was eliminated for 20 programs, but they typically were smaller programs and there were no major shifts in government services or funding. We have provided a brief review of the Governor's budget at the end of this legislative update. We only go over the highlights of the proposal as we expect it to drastically change as both the House and Senate respond with their own versions of a two year spending plan in the next several months.

While most of the discussion in the press and at the Legislature has to do with the budget and the loss of revenue that the state is experiencing, many other issues are being discussed and many bills are being filed. The Senate bill filing deadline was extended to Thursday, March 26th to give the bill drafting office time to finish all of the requests from legislators. Over the last two weeks alone, over 740 bills have been filed in the House and Senate at the General Assembly and the total for the session is at almost 2,000 bills. This legislative report includes most of the legislation filed before the bill drafting deadline in the Senate; however, we will report on some of those bills in the next report. The House deadline is not until April 8th so we expect another surge of bills to be filed in the next two weeks.

If you would like a copy of any of the legislation introduced or considered by this year's General Assembly, you may receive one copy of as many bills as you are interested in, free of charge, by calling the General Assembly's Printed Bills office at 919/733-5648. They will need to know if it is a House bill or Senate bill and the bill number. (For example, Senate Bill 8). Copies are also available on the General Assembly's World Wide Web site: <http://www.ncleg.net>.



BILLS OF INTEREST

HOUSE BILL 618, Funds/Farmland Preservation Trust Fund, would provide \$4 million to the North Carolina Agricultural Development and Preservation Trust Fund for the acquisition of agricultural conservation easements or for the preservation of farmland. **Introduced by Representatives Harrison, Allen, Hill, and Haire and referred to the House Appropriations Committee.**

HOUSE BILL 619, NC Green Business Fund, would modify the North Carolina Green Business Fund so that the Fund would provide no-interest loans instead of grants. The bill would also provide \$5 million to the Fund for making no-interest loans to private businesses with less than 100 employees, nonprofit organizations, local governments, and state agencies to encourage the expansion of small to medium-sized businesses to help grow a green economy in North Carolina. **Introduced by Representative Harrison and referred to the House Commerce, Small Business, and Entrepreneurship Committee.**

HOUSE BILL 634, Annexation/Meaningful Services, would require a municipality annexing a territory to include in the annexation plan provisions for extending police and fire protection, solid waste collection, and street maintenance services to the area to be annexed on the date of the annexation and for extending water mains and sewer lines into the annexed area and to the property lines of each annexed parcel within 2 years of the effective date of the annexation. **Introduced by Representative Brown and referred to the House Rules Committee.**

HOUSE BILL 643, Authorize Aquifer Storage of Reclaimed Water, would authorize the Department of Environment and Natural Resources to issue a permit for the siting, construction, and operation of a reclaimed water aquifer storage and recovery system. The permit would specify (1) the location and depth at which groundwater is to be injected and (2) design, construction, operation, and well abandonment requirements necessary to ensure that the treated reclaimed water will be captured by the recovery system. A “reclaimed water aquifer storage and recovery system” would be defined as a system and attendant process for the injection of reclaimed water into an aquifer temporary storage followed by recovery and beneficial reuse of the water. The bill also establishes annual permit fees based upon the gallons per day of the system, including a permit for a point source from a single-family residence which applies to an individual injection well or well system. **Introduced by Representative Tucker and referred to the House Water Resources and Infrastructure Committee.**

HOUSE BILL 645, Annexation/Meaningful Services and Oversight, is identical to Senate Bill 494, summarized in the March 17, 2009 legislative report. **Introduced by Representatives Dollar and Steen and referred to the House Rules Committee.**



HOUSE BILL 668, *Montgomery Water Resource Privilege Tax*, would authorize Montgomery County to levy an annual privilege tax on businesses that withdraw at least 10 million gallons of water a day from local water resources. The amount of water withdrawn would be based on the withdrawals in the fiscal year preceding the year for which the tax is imposed. **Introduced by Representative Goodwin and referred to the House Water Resources and Infrastructure Committee.**

HOUSE BILL 678, *Make UM/UIM Insurance Optional Again*, would allow a person to reject coverage for uninsured and underinsured motorists when purchasing a motor vehicle bodily injury liability insurance policy. **Introduced by Representative Allen and referred to the House Insurance Committee.**

HOUSE BILL 686, *Modernize Do Not Call Notice Procedures*, would expand the methods used to notify telephone subscribers regarding their ability to object to receiving telephone solicitations to include bill inserts, bill messages, or direct mailings, including e-mail when affirmatively selected by the customer. **Introduced by Representative Tucker and referred to the House Public Utilities Committee.**

HOUSE BILL 702, *Amendments to the Sullivan Act*, would allow the City of Asheville to use revenues for street and sidewalk improvements associated with waterline improvements. **Introduced by Representative Goforth and referred to House Local Government I Committee.**

HOUSE BILL 715, *Advertisement of Corporate/LLC Dissolution*, would require a dissolved for-profit corporation, nonprofit corporation, or limited liability company seeking protection from unknown claimants to publish notice of its dissolution in a newspaper of general circulation in any county where the dissolved corporation or LLC conducted business during the 5 years prior to filing its articles of dissolution. Currently, the notice must be published in the county where the principal or registered office was located. **Introduced by Representative Allen and referred to the House Commerce, Small Business, and Entrepreneurship Committee.**

HOUSE BILL 720, *Amend Carrboro Charter/Conserve Energy/Water*, is identical to Senate Bill 475, summarized in the March 17, 2009 legislative report. **Introduced by Representative Insko and referred to the House Local Government II Committee.**

HOUSE BILL 727, *Annexation Changes*, is identical to Senate Bill 472, summarized in the March 17, 2009 legislative report. **Introduced by Representatives Love, Starnes, Allen, and K. Alexander and referred to the House Rules Committee.**



HOUSE BILL 730, Increase Corp. Tax Rate Parity B/W States, would reduce the state income tax rate for C Corporations to 6.9% before 2010 and to 6.5% after 2010. **Introduced by Representatives Starnes and Blust and referred to the House Finance Committee.**

HOUSE BILL 749, Use of Cisterns in Construction/Renovation, would allow the State Building Code to include rules regarding the construction or renovation of residential or commercial buildings and structures that allow the use of cisterns, installed indoor or outdoor, and located underground, at ground level, or on elevated stands to provide water for flushing toilets and for outdoor irrigation. Cities and counties could not adopt local building codes or regulations to prohibit the use of cisterns for these uses. A “cistern” would be defined as a storage tank that is watertight, has smooth interior surfaces and enclosed lids, is fabricated of nonreactive materials such as reinforced concrete, galvanized steel, or plastic, and that is designed to collect rainfall from a catchment area. **Introduced by Representative K. Alexander and referred to the House Water Resources and Infrastructure Committee.**

SENATE BILL 625, No Deceptive Advertising/Business Location, would expand the prohibition on misrepresenting geographical location by businesses that supply perishable products to include prohibiting misrepresentation in any other part of the business listing including a telephone directory, other directory assistance database, on the internet, or in any other part of an advertisement. **Introduced by Senator Boseman and referred to the Senate Commerce Committee.**

SENATE BILL 641, Litter Reduction Act of 2009, would reduce roadside and other littering and encourage recycling by requiring a deposit on beverage containers and requiring redemption centers to accept returned beverage containers and refund the deposits. **Introduced by Senator Doug Berger and referred to the Senate Commerce Committee.**

SENATE BILL 685, Reduce Corporate Income Tax Rate, would reduce the state income tax rate for C corporations to 5.9% in 2009, 4.9% in 2010, 3.9% in 2011 through 2018, and 5.9% in and after 2019. **Introduced by Senator East and referred to the Senate Finance Committee.**

SENATE BILL 687, Exempt Plumbing Contractor/Well Contractor Requirements, would exempt licensed plumbing contractors from well contractor certification requirements for installing, breaking, or reinstalling well seals or who sanitize wells incident to the installation, alteration, or replacement of pumps and associated piping within or near a well. **Introduced by Senator Foriest and referred to the Senate Commerce Committee. This legislation and several companion bills are opposed by the North Carolina Ground Water Association.**

SENATE BILL 711, Annexation Law Omnibus, would require cities to provide a minimum level of specified services prior to annexation. The bill allows the request for the extension of water and



sewer lines to be made within 30 days of a hearing on a petition for annexation and would require the assumption that all eligible property owners would request water and sewer services when calculating the costs of extending water and sewer services. The bill would also allow water and sewer assessments made pursuant to annexation to be paid in up to 20 annual installments and tap fees in up to 5 annual installments. In addition, municipalities could enter into contracts to provide water and sewer service in return for an owner's agreement to petition for annexation or to not appeal an annexation. The bill includes provisions regarding the recording and enforcement of these annexation contracts. **Introduced by Senator Clodfelter and referred to the Senate Finance Committee.**

SENATE BILL 749, *Revise UM/UIM Liability Coverage Requirements*, would require a person who has a motor vehicle liability insurance policy to purchase minimum uninsured and underinsured motorist coverage equal to \$30,000 because of bodily injury to or the death of one person in any one accident and \$60,000 for bodily injury to or the death of two or more persons in any one accident. The insured would be required to purchase underinsured motorist coverage in an amount equal to the uninsured motorist coverage purchased. Vehicles not covered by a personal auto policy would not be required to be covered by uninsured or underinsured motorist coverage. **Introduced by Senator Clodfelter and referred to the Senate Commerce Committee.**

SENATE BILL 753, *Water Infrastructure Commission/Coordinate Funds*, would expand the duties of the State Water Infrastructure Commission to include: (1) compiling and maintaining a baseline inventory of the state's water and wastewater infrastructure; and (2) coordinating the funding for water and wastewater infrastructure provided by federal, state, and local government agencies and non-state entities. The Commission would have rule-making authority and any state agency or entity that receives state funds to fund state water or wastewater infrastructure would be required to cooperate with the Commission in using and disbursing those funds pursuant to a statewide strategic plan for the state's water and wastewater infrastructure. **Introduced by Senator Clodfelter and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 755, *Promote Private Mitigation Banks*, would promote the use of private compensatory mitigation banks for riparian buffer protection and nutrient offset payments and make clarifying changes to the statutes governing compensatory mitigation for wetland and stream impacts. **Introduced by Senator Clodfelter and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 757, *Statewide Water Plan/Program Evaluation Recommendations*, would require the State Water Infrastructure Commission to develop a statewide strategic plan for water and wastewater funding by May 1, 2010. A needs assessment of the state's water and wastewater infrastructure would be conducted and the plan would establish the state's role in financing water and wastewater infrastructure needs within the context of certain focus areas, including water



supply, water quality, public health, and economic development. **Introduced by Senator Clodfelter and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 768, Increase Earned Income Tax Credit, would increase the earned income tax credit from 5% to 6.5%. **Introduced by Senator Kinnaird and referred to the Senate Finance Committee.**

SENATE BILL 792, Water Infrastructure Authority/Water Grants, would establish the North Carolina Water and Wastewater Infrastructure Authority to administer state funding for water and wastewater infrastructure projects and set out the specific duties and make up of the Authority. In addition, \$25 million of the funds appropriated to the Clean Water Management Trust Fund would be transferred to the Water Infrastructure Fund. **Introduced by Senator Hartsell and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 811, Fuel Rationing Authority for Governor, would authorize the Governor to establish a system for rationing, price freezing, or other controls over fuel during a state of emergency, a state of disaster, or the finding of abnormal market disruption with respect to fuel. **Introduced by Senator McKissick and referred to the Senate Commerce Committee.**

SENATE BILL 833, Delineate River Basins, would delineate the boundaries of the river basins of North Carolina for the purpose of aligning river basin planning programs of the Division of Water Resources and the Division of Water Quality as recommended by the 2008 Water Allocation Study. **Introduced by Senator Clodfelter and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 849, Repeal Motor Vehicle Safety Inspections, would repeal the requirement that motor vehicles registered in North Carolina have an annual safety inspection and would require the Division of Motor Vehicles to develop and implement a management improvement plan for Motor Vehicles Emissions Inspection program. **Introduced by Senator Albertson and referred to the Senate Commerce Committee.**

SENATE BILL 907, Water Resource Policy Act of 2009, would enact the Water Resources Act of 2009 to:

- establish 10 policies that govern administrative and judicial decisions about water allocation. **The most troubling of these policies is the following statement in the legislation: the waters of the State are a natural resource owned by the State in trust for the public and subject to the sovereign power of the State to plan, regulate, and control the withdrawal and use of those waters, under law, in order to protect the public health, safety, and welfare.....;**



- establish a water withdrawal permit program for persons who withdraw more than 100,000 gallons of water per 24-hour period from surface or groundwater;
- establish a schedule of annual fees for water withdrawal permits and interim allocations based on the quantity of the withdrawal;
- require the statewide creation of hydrologic models that summarize all known information about water inflows and withdrawals and that give a scientific basis for projecting where future shortages will occur;
- establish a system to adjust withdrawal amounts in river basins where existing or future withdrawals are projected by the hydrologic models to exceed available supply;
- authorize the General Assembly to create a river basin planning organization to plan for and manage water resource supply and demand in the river basin or a portion of the river basin to prevent or eliminate overallocation;
- authorize the Department of Environment and Natural Resources to assess a civil penalty of not more than \$10,000 per month against a person who violates the water withdrawal rules; and
- include various other provisions regarding studies to be conducted on integrating water information and reporting the information to the state and the public and on the implementation of water efficiency efforts in the state.

Introduced by Senator Clodfelter and referred to the Senate Agriculture/Environment/Natural Resources Committee.

GOVERNOR'S BUDGET PROPOSAL

The Governor's budget proposal had to deal with an expected \$3.4 billion shortfall in revenues. The Governor is using an increase in cigarette taxes (\$1 per pack) and alcohol (5%) to add \$508 million and is using federal stimulus money to fill in other gaps. The Governor also used what she is calling "truth in budgeting" which provides only a percentage of salaries to the various agencies instead of the 100% funding which results in "lapsed" salaries that agencies use for other things at the end of the budget year. Additionally, over twenty programs were cut entirely from the budget and other programs were reduced. Here is a sampling:

- Require \$25 co-pay for emergency visits for Medicaid
- Reduce Telecommunication Service Charges (SBI)
- Sentencing Services Program
- NC Legal Education Assistance Program (LEAF)
- Close 2 regional offices of the Council for Women
- Young Offenders Forest Conservation Program
- Camp Woodson Wilderness Camp



Closing six minimum security prisons and a prison hospital
Close 25 adult beds at Broughton and Cherry Hospitals
Reduction of 7% to Mediation Centers

The Senate is currently putting their budget proposal together and we expect to see different priorities and reductions. The Senate proposal will then go to the House where they will make their own proposal with their priorities. We will provide a more detailed summary of the Senate and House budget proposals.

— Colleen Kochanek
NCGWA Legislative Counsel
Smith Moore Leatherwood LLP
colleen.kochanek@smithmoorelaw.com
www.smithmoorelaw.com