



## NORTH CAROLINA GROUND WATER ASSOCIATION

LEGISLATIVE REPORT

JUNE 3, 2008



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### INTRODUCTION

As promised, legislators are moving quickly to take care of their business during the short session. The House has already completed its budget proposal and is expected to discuss and approve it this week. The Senate's goal is to take two weeks to draft and approve its budget proposal, and then the House and Senate will have almost two weeks to resolve any differences. Since there is very little money to go around, both the House and the Senate seem confident that they will be able to resolve their differences and approve the budget by the June 30<sup>th</sup> deadline. The atmosphere at the General Assembly is very intense as committee meetings for new bills as well as the budget process are underway in earnest and there has been no slow startup period as is usually the case. Everyone seems intent on getting business completed and closing down the session as soon as possible. Even the most hardened and skeptical lobbyists and legislative staff believe that the session might actually adjourn in mid-July or earlier.

Although this is the short session and new legislation is limited to bills affecting the budget, study commission bills, local bills, and a few other very distinct categories, both the House and the Senate have broken their previous records and have filed over 1,400 bills this year and a total of 4,962 bills during the two-year session. The bill filing deadlines passed on May 28, 2008 and no further legislation should be filed except for a handful of resolutions and bills to disapprove rules. This report includes all the bills that were filed during the week of May 19<sup>th</sup> through May 23<sup>rd</sup> and the next report will summarize the rest of the legislation. After those reports summarizing the new legislation filed, the reports will then cover specific legislation as it moves through the process and give you information regarding any amendments or changes to the legislation.

An interesting issue to watch during the legislative session will be the Governor's waning influence on the budgetary process. In the past, the Governor had great influence on matters that were or were not included in the budget as he would threaten to veto the budget bill. However, this year is the Governor's last year in office and it has been speculated that the House and Senate will both pursue their own interests over the Governor's proposals. In addition, the Governor has suffered some recent political setbacks and it will be interesting to see how much or how little influence he has over the final budget as it is approved by the House and the Senate. It will also be interesting to see whether the Governor will actually veto any proposed budget if it does not have items he believes are important, including a 7% pay raise for teachers to bring them up to the national average or funding for his educational programs.



## GOVERNOR'S DROUGHT RECOMMENDATIONS

HOUSE BILL 2499, Drought/Water Management Recommendations. This bill is based upon the Governor's recommendations to combat drought and would provide water management, drought preparedness, and response measures recommended by the Environment Review Commission, including:

- reducing the time period within which a person initiating a new water withdrawal or transfer of 100,000 gallons or more per day must register with the Environmental Review Commission from 6 months to 2 months;
- eliminating the exception to the registration requirement for persons who withdraw or transfer less than 100,000 gallons per day of water for activities directly related or incidental to the production of crops, plants, dairy products, livestock, poultry, and other agricultural products;
- changing the penalties for failure to register to a flat rate of \$100 and for failure to update a registration to a flat rate of \$50 and authorizing the ERC to assess a separate penalty for each day a person willfully fails to register or update information once provided with notice of the violation;
- defining the term "essential water use" as "the use of water necessary for firefighting, health, and safety; water needed to sustain human and animal life; and water necessary to satisfy federal, state, and local laws for the protection of public health, safety, the environment, and natural resources";
- directing the ERC to establish minimum water conservation measures for cities, counties, and unified local governments in areas designated as areas of severe, extreme, or exceptional drought;
- authorizing any city, county, or unified local government to adopt water conservation ordinances which are at least as strict as the minimum water conservation rules adopted by the ERC and which may apply to all water users within their jurisdiction, including water users served by community wells and private water supply wells;
- directing the Secretary of the Department of Environment and Natural Resources to inform the Governor if the needs of human consumption, necessary sanitation, and public safety require emergency action and authorizing the Governor to declare a water shortage emergency of up to 30 days;
- requiring the Secretary of DENR to require any water system to provide water to a water system experiencing a water shortage emergency and to adopt rules governing the conservation and use of water within the water shortage emergency area and in the area from which water is being diverted;
- requiring separate meters for newly installed in-ground irrigation systems;
- making it a Class 1 misdemeanor to violate emergency water conservation rules adopted by the Secretary of DENR; and



- defining “gray water” as “wastewater removed from household wash basins, bathtubs, and showers” and allowing untreated gray water to be used in periods of drought to hand water trees, shrubs, and inedible plants under certain conditions, including that gray water may not be applied closer than 100 feet to surface waters or water supply wells.

The **North Carolina Ground Water Association** has been monitoring the Governor’s recommendations and has been working behind the scenes with other allies to keep many of these provisions from becoming law. The provisions that are most troubling to our members include the provision that would allow cities, counties, or any other local governments to adopt water conservation ordinances which are at least as restrictive as the minimum water conservation rules adopted by the ERC. **This means that not only would ERC develop minimum standards but also that local governments could actually exceed those standards and base those decisions not only on water conservation purposes but also for political purposes.** We are currently working on talking points to provide to members regarding this legislation as well as a letter to all members of the General Assembly opposing several of the provisions of this bill. Once we provide the talking points, please contact your legislators regarding your opposition to this bill and advise well owners in your area about the consequences of this bill. **Introduced by Representatives Allen, Gibson, and Tucker and referred to the House Environment and Natural Resources Committee.**

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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>.

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### BILLS OF INTEREST

HOUSE BILL 2229, Health Insurance Pool Pilot Program. This bill would establish a health insurance pilot demonstration project in Buncombe and surrounding counties to create a model for affordable, employer-based health insurance which would reduce the number of uninsureds and reduce the cost of health insurance. The program would accept all small employers and their employees into the pool and would also provide a tax credit for small employers who provide at least 50% of the health insurance premium for their employees. **Introduced by Representatives Goforth, Rapp, Fisher, and Thomas and referred to the House Insurance Committee.**

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Colleen Kochanek is an attorney at Smith Moore LLP and is legislative counsel for the North Carolina Ground Water Association. She can be reached at 919.755.8700 or at [colleen.kochanek@smithmoorellaw.com](mailto:colleen.kochanek@smithmoorellaw.com). The Legislative Report is a publication of Smith Moore and may not be copied without prior written permission.



HOUSE BILL 2335, *Extend Small Business Health Benefits Credit*. This bill would extend the credit provided to small businesses for providing employee health benefits from January 1, 2009 to January 1, 2014. **Introduced by Representatives Weiss, Luebke, Wainwright, and Gibson and referred to the House Finance Committee.**

HOUSE BILL 2345, *Agricultural Drought Response Funds*. This bill would provide \$5.25 million to establish the Agricultural Drought Response Cost Share Program to provide grants to North Carolina farmers who suffered damage from the state's severe drought in 2007. The bill would also provide over \$1.1 million to the Department of Agriculture and Consumer Services to develop a program to educate consumers on water conservation, develop a campaign to promote water conservation, and establish a position within DENR to develop and coordinate an agricultural emergency response team. **Introduced by Representatives Rapp and Williams and referred to the House Appropriations Committee.**

HOUSE BILL 2353, *Irrigation Contractors Licensure/Fees*. This bill would create a system for the licensing and regulation of irrigation contractors. An irrigation contractor would be defined as "any person who for compensation or other consideration constructs, installs, expands, services, or repairs irrigation systems." The bill would establish a 9-member North Carolina Irrigation Contractors Licensing Board and would set out the requirements for and exemptions from licensure. **Introduced by Representative Gibson and referred to the House Finance Committee.**

HOUSE BILL 2382, *Chapel Hill Water Conservation Strategies*. This bill is identical to Senate Bill 1749, summarized below in this legislative report. **Introduced by Representative Insko and referred to the House Environment and Natural Resources Committee.**

HOUSE BILL 2416, *Internal Revenue Code Update*. This bill incorporates into North Carolina's tax law the provisions of three federal acts: Economic Stimulus Act of 2008; Mortgage Forgiveness Debt Relief Act of 2007; and Small Business and Work Opportunity Tax Act of 2007. **Introduced by Representatives Luebke, Wainwright, Weiss, and Gibson and referred to the House Finance Committee.**

HOUSE BILL 2447, *Extend Water Allocation Study*. This bill would extend the deadline to October 1, 2010 for the final report of the Environmental Review Commission study regarding the allocation of water resources, both surface and ground water, and their availability and maintenance in the state. **Introduced by Representative Allen and referred to the House Environment and Natural Resources Committee.**

HOUSE BILL 2476, *Property Tax Modifications*. This bill would require counties to reappraise real property for property tax purposes every four years instead of every eight years. **Introduced by Representatives Brubaker and Hill and referred to the House Finance Committee.**

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Colleen Kochanek is an attorney at Smith Moore LLP and is legislative counsel for the North Carolina Ground Water Association. She can be reached at 919.755.8700 or at [colleen.kochanek@smithmoorellaw.com](mailto:colleen.kochanek@smithmoorellaw.com). The Legislative Report is a publication of Smith Moore and may not be copied without prior written permission.



HOUSE BILL 2497, Amend Bernard Allen Emergency Drinking Water Fund. This bill would allow funds from the Bernard Allen Emergency Drinking Water Fund to be used to pay for additional notification and testing when an initial set of well tests identifies a larger range of contamination. **Introduced by Representatives Allen, Gibson, and Harrison and referred to the House Insurance Committee.**

HOUSE BILL 2498, Underground Storage Tank Program Amendments - 2008. This bill, recommended by the Environmental Review Commission, would provide a variety of amendments to the underground storage tank program, including providing funds for the cleanup of releases and discharges of petroleum from underground storage tanks by increasing the fees paid by owners and operators of commercial underground storage tanks. **Introduced by Representatives Allen and Gibson and referred to the House Appropriations Committee.**

HOUSE BILL 2500, Electronics Recycling Amendments/Add TVs. This bill would clarify that the computer equipment recycling requirements enacted in 2007 apply only to computer equipment discarded by consumers in North Carolina. Televisions discarded by North Carolina consumers would be added to the equipment that must be recovered for reuse or recycling. **Introduced by Representatives Allen, Gibson, and Samuelson and referred to the House Environment and Natural Resources Committee.**

HOUSE BILL 2501, Facilitate Use of Reclaimed Water. This bill would direct the Environmental Management Commission to create a program to facilitate the use of reclaimed water and adopt rules to prevent the distribution and use of reclaimed water as potable water. Reclaimed water would be defined as water that remains after waste has been removed from wastewater consistent with the terms and conditions of the permits issued for treatment. **Introduced by Representatives Gibson and Allen and referred to the House Environment and Natural Resources Committee.**

HOUSE BILL 2504, Limit Impervious Pavement in Parking Lots. This bill would repeal the legislation passed in 2007 which imposed limits on the amount of impervious surface for parking areas. This bill would enact a new statute to: (1) define key terms, including development, impervious surface, and vehicular surface area; (2) limit to 80% the amount of impervious surface in a vehicular surface area of any development that disturbs more than 1 acre of land; and (3) prohibit cities and counties from issuing building permits to any development that does not meet that standard. **Introduced by Representatives Allen and Gibson and referred to the House Appropriations Committee.**



HOUSE BILL 2507, Amend Environmental Laws 2008. This bill, recommended by the Environmental Review Commission, would add the following parameters to water sample testing of newly constructed private drinking water wells: methyl tert-butyl ether, ethylene dibromide, 1,2-dichloroethane, 1,2-dichloropropane, isopropyl ether, benzene, toluene, ethylbenzene, xylenes, trichloroethylene, and tetrachloroethylene. **Introduced by Representatives Allen, Gibson, and Harrison and referred to the House Environment and Natural Resources Committee.**

HOUSE BILL 2512, Economic Incentives Disclosure and Compact. This bill would require businesses seeking development incentives to disclose the location, nature, and value of all other incentives the business has sought in other jurisdictions. The state would also be authorized to work with other interested parties (states) to develop a model agreement to limit the use of incentives. **Introduced by Representative Gibson and referred to the House Finance Committee.**

HOUSE BILL 2514, Lower Tax Rate for Certain Corporations. This bill would reduce the corporate income tax rate from 6.9% to 5% of the taxpayer's state net income if the taxpayer has at least as many full-time employees at the end of the fiscal year as at the beginning of the fiscal year and at least 60% of the income is from doing business within the state. **Introduced by Representative Boylan and referred to the House Finance Committee.**

HOUSE BILL 2527, Recycle Plastic Bags. This bill would require retailers who own or control more than 10,000 square feet of retail space in the state and provide customers with plastic bags for carrying purchased items to implement a plastic bag collection program for recycling, provide a clearly marked receptacle for collecting plastic bags, and arrange for the pickup, transport, and recycling of the plastic bags collected. **Introduced by Representatives Harrison and Martin and referred to the House Environment and Natural Resources Committee.**

HOUSE BILL 2550, Small Business Health Benefits Credit. This bill would increase the dollar amount of the tax credit for any small business that provides health insurance benefits for its employees from \$250 to \$500 per eligible employee whose total wages or salary received from the business does not exceed \$40,000. The bill would also extend the sunset on the tax credit to January 1, 2014. **Introduced by Representative Holliman and referred to the House Commerce, Small Business, and Entrepreneurship Committee.**

SENATE BILL 1714, Improve Consumer Credit Reporting LRC. This bill would authorize the Legislative Research Commission to study consumer credit reporting practices, including why small businesses or credit reporting entities are not included in consumer credit reports or histories. **Introduced by Senator Clodfelter and referred to the Senate Rules Committee.**



SENATE BILL 1749, Chapel Hill Water Conservation Strategies. This bill would allow the Town of Chapel Hill to regulate or prohibit new irrigation systems for residential and nonresidential developments used for lawns and landscaping that are connected to the public potable water supply. **Introduced by Senator Kinnaird and referred to the Senate State and Local Government Committee.**

SENATE BILL 1769, Energy Efficiency Sales Tax Holiday. This bill would provide for a sales tax holiday from the third Monday in April through the following Sunday on certain Energy Star qualified products with a sales price of \$6,000 or less. The sales tax would not apply to items sold for use in trade or business, items subject to the school supply tax holiday, or rentals. **Introduced by Senator Snow and referred to the Senate Finance Committee.**

SENATE BILL 1795, Irrigation Contractors Licensure/Fees. This bill is identical to House Bill 2353, summarized above in this legislative report. **Introduced by Senator Dalton and referred to the Senate Finance Committee.**

SENATE BILL 1817, Motor Fuels Tax Holiday. This bill would establish a motor fuels tax holiday on fuels supplied or imported between July 1 and August 31 each summer until July 1, 2010. **Introduced by Senator Forrester and referred to the Senate Finance Committee.**

SENATE BILL 1870, Authorize Presidential Primary in February. This bill would authorize the General Assembly to consider a bill to move the presidential primary to February. **Introduced by Senator Brock and referred to the Senate Rules Committee.**

SENATE BILL 1872, Extend Water Allocation Study. This bill is identical to House Bill 2447, summarized above in this legislative report. **Introduced by Senator Clodfelter and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 1878, Property Tax Modification. This bill is identical to House Bill 2476, summarized above in this legislative report. **Introduced by Senator Clodfelter and referred to the Senate Finance Committee.**

SENATE BILL 1879, Drought/Water Management Recommendations. This bill is identical to House Bill 2499, summarized above in this legislative report. **Introduced by Senator Clodfelter and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 1926, Electronics Recycling Amendments/Add TVs. This bill is identical to House Bill 2500, summarized above in this legislative report. **Introduced by Senator Cowell and referred to the Senate Finance Committee.**



SENATE BILL 1932, Agricultural Drought Response Funds. This bill is identical to House Bill 2345, summarized above in this legislative report. **Introduced by Senator Albertson and referred to the Senate Appropriations Committee.**

SENATE BILL 1933, Amend Environmental Laws 2008. This bill is identical to House Bill 2507, summarized above in this legislative report. **Introduced by Senator Albertson and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 1936, Underground Storage Tank Program Amendments. This bill is identical to House Bill 2498, summarized above in this legislative report. **Introduced by Senator Albertson and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 1937, Facilitate Use of Reclaimed Water. This bill is identical to House Bill 2501, summarized above in this legislative report. **Introduced by Senator Albertson and referred to the Senate Agriculture/Environment/Natural Resources Committee.**

SENATE BILL 1944, Energy Efficiency Sales Tax Holiday. This bill would provide a sales tax holiday on specified Energy Star qualified products during the sales and use tax holiday on the first Friday in August through the following Sunday. **Introduced by Senator Hartsell and referred to the Senate Finance Committee.**

SENATE BILL 1951, Repeal County Land Transfer Tax. This bill would repeal the authorization given to counties in 2007 to levy a land transfer tax of up to fourth-tenths percent if approved by the voters of the county. To date, no counties have levied the tax. **Introduced by Senator Hoyle and referred to the Senate Finance Committee.**

SENATE BILL 1952, Business Tax Protection Act. This bill would waive penalties and reduce sales tax assessments for small businesses that meet certain requirements that show they have tried to follow tax laws in good faith. The bill would also release retailers from liability if they rely on erroneous verbal advice from the Department of Revenue in response to a verbal request for advice if the taxpayer reasonably relied on the advice and the penalty or assessment was not a result of the taxpayer's failure to provide adequate or accurate information. **Introduced by Senator Hoyle and referred to the Senate Finance Committee.**

SENATE BILL 1958, City of Sanford/Lee County Water Systems. This bill would authorize the City of Sanford to make special assessments on property located within the county to expand the Lee County water system. **Introduced by Senator Atwater and referred to the Senate Finance Committee.**

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Colleen Kochanek is an attorney at Smith Moore LLP and is legislative counsel for the North Carolina Ground Water Association. She can be reached at 919.755.8700 or at [colleen.kochanek@smithmoorelaw.com](mailto:colleen.kochanek@smithmoorelaw.com). The Legislative Report is a publication of Smith Moore and may not be copied without prior written permission.



SENATE BILL 1959, Water Resource Management Funds. This bill would provide \$1.4 million to the Department of Environment and Natural Resources for regional councils of government to develop and implement a water resource management program. **Introduced by Senator McKissick and referred to the Senate Appropriations Committee.**

— Colleen Kochanek  
NCGWA Legislative Counsel  
Smith Moore LLP  
[colleen.kochanek@smithmoorelaw.com](mailto:colleen.kochanek@smithmoorelaw.com)  
[www.smithmoorelaw.com](http://www.smithmoorelaw.com)