



INTRODUCTION

After the flurry of activity with the cross-over deadline, the focus shifted last week to the House budget preparation. Just to give you an idea of how crazy cross-over was, the Senate passed 123 bills through committees and the floor in just four days compared with the 180 bills that they had passed in the prior 58 work days. On the House side, they passed 204 bills in four days, compared to 220 bills in the prior 58 work days. As you can imagine, the level of scrutiny for these bills was not very high and many bills were approved based upon the sponsor, the party of the sponsor, or the name of the bill. Several committees scheduled over 20 bills for a two hour meeting, which led to packed hearing rooms, confusion, and the inability in some circumstances to speak for or against the bills.

Although last week was very quiet after the madness of cross-over week, the House began putting their budget together in earnest last week by holding Appropriations Subcommittee meetings, sometimes two and three meetings a day. The House needs to come up with \$1 billion more in cuts than the Senate budget proposal and has also announced that they will not include any tax increases in their budget, which means the House has to come up with an additional \$500 million that the Senate generated by including cigarette and alcohol taxes. The Senate already made substantial cuts in the budget so the House will have to really cut deep. There are rumors at the Legislature that the House already has their budget plan together and that the meetings are just an exercise. We expect the House proposal to be released early next week and to move quickly through the process.

And what would the Legislature be without some controversy. Rep. Cary Allred is on the hot seat as a report came out this week about his behavior several weeks ago. After being stopped speeding at over 100 mph on his way to the General Assembly, there were allegations that he acted inappropriately to a page and complaints of alcohol on his breath. Rep. Allred has claimed that he is a victim of a "witch hunt"; however, most of the allegations came from fellow republicans and the Chair of the Republican Party has requested that he step down from office. The other controversy in Raleigh is targeting the Easleys and the various perks they received while he served as Governor, including whether the position that Mary Easley is in at North Carolina State was provided inappropriately. A federal grand jury has been hearing evidence on the Easleys this week regarding the travels of Governor Easley and the hiring of Mary Easley.

This report does not include all of the activities from cross-over because of the heavy load of bills, but we will catch up in the next report with the rest of the activity from cross-over as well as last week's and this week's activities. Please let me know if you have any questions.



NORTH CAROLINA GROUND WATER ASSOCIATION



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FOR MORE INFORMATION:

Colleen Kochanek
NCGWA Legislative Counsel
P.O. Box 12946
Raleigh, NC 27605
919.747.9988

colleen@kochaneklawgroup.com
www.kochaneklawgroup.com

BILLS OF INTEREST

HOUSE BILL 1494, *Revise UM/UIM Coverage Requirements*, is identical to House Bill 1061, summarized in the April 23, 2009 legislative report. **Introduced by Representative Goforth and referred to the House Insurance Committee.**

HOUSE BILL 1555, *Special Plate for Green Industry Council*, would authorize the Division of Motor Vehicles to produce a special registration plate for the Green Industry Council that bears the letters "GIC" and that includes a logo designed by the Council. The development of the plate would be contingent upon the receipt of at least 300 plate applications. **Introduced by Representatives Gibson and Howard and referred to the House Transportation Committee.**

HOUSE BILL 1575, *Accelerate Remediation of Manufacturing Sites*, would allow the Department of Environment and Natural Resources to approve the remediation of contaminated property based on site-specific remediation standards in circumstances where those standards are adequate to protect public health, safety, and welfare and the environment and are consistent with the protection of current and anticipated future use of groundwater and surface water affected or potentially affected by the contamination. The bill includes site-specific standards requirements for surface waters, groundwater in relation to current and probable future use, and soil in relation to continuing groundwater contamination. **Introduced by Representative Gibson and referred to the House Environment and Natural Resources Committee.**

HOUSE BILL 1576, *Merchant's Discount*, would allow retailers who pay the retail sales or use tax to deduct an amount equal to the portion of any merchant credit card fee paid by the retailers to a bank or other credit card company that is applicable to the sales tax on the goods or services sold, up to 1% of the amount of tax paid. The deduction would not apply to debit card sales or to credit card transactions where the card is issued by the retailer or by an affiliated entity. **Introduced by Representative Gibson and referred to the House Commerce, Small Business, and Entrepreneurship Committee.**

HOUSE BILL 1596, *Tax Credit for Water Conserving Property*, would provide a tax credit to individuals or businesses that purchase products certified by the United States Environmental Protection Agency as meeting the requirements of the WaterSense program that is equal to 30% of the purchase cost, up to \$1,500 per year. The credit would be allowed until January 1, 2014. **Introduced by Representative K. Alexander and referred to the House Water Resources and Infrastructure Committee.**

HOUSE BILL 1638, *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 agencies. In addition, the bill would provide \$500,000 in each of the next two years to the Office of the Governor to employ staff, for operating expenses, and to implement the provisions of the bill. **Introduced by Representative Samuelson and referred to the House Water Resources and Infrastructure Committee.**

HOUSE BILL 1649, *Corporate Loophole Collection Act*, would enact the Corporate Loophole Collection Act, which would provide that the income less related expenses from any other activities producing nonapportionable income or investments not otherwise specified by statute

is allocable to North Carolina if the business situs of the activities or investments is located in the state. **Introduced by Representative Jones and referred to the House Finance Committee.**

BILL UPDATES

HOUSE BILL 2, Prohibit Smoking in Public and Work Places. After many stops and starts this controversial legislation was approved by the House and Senate and signed into law by the Governor. The legislation underwent nine different versions with much negotiating and vote counting. The final version of the bill prohibits smoking in all restaurants and bars with only limited exceptions for cigar bars and limited hotel rooms. The prohibition would be enforced by local health departments and local governments could enact stricter smoking prohibitions. Considering that North Carolina is a tobacco state, the passage of this legislation is historic.

HOUSE BILL 239, Restore Water Quality in Jordan Reservoir. The provisions of this bill were removed in the House Environment and Natural Resources Committee and replaced with various new provisions that would provide for improvements in the management of the Jordan watershed to restore water quality in the Jordan reservoir. The Environmental Management Commission would be prohibited from requiring additional or alternative measures that would require local governments to: (1) install or require the installation of a new stormwater collection system in an area of existing development unless the area is being redeveloped; (2) acquire developed private property; or (3) reduce or require the reduction of impervious surfaces within an area of existing development unless the area is being redeveloped. **The bill as amended was approved by the House Environment and Natural Resources Committee and will next be considered by the House Judiciary I Committee.**

HOUSE BILL 1236, Promote Water Use Efficiency. This bill was amended in the House Water Resources and Infrastructure Committee to: require certification programs to be established by trade or professional associations; require a showing of a reduction by 20% from the previous calendar year for certification; require an annual inspection by a licensed contractor, who is a plumber or irrigation contractor; require local governments imposing water conservation measures to credit commercial and industrial water users with reductions under the certification program for six months before any extreme drought designation is implemented (the previous provision provided that state and local governments were not to impose additional conservation efforts beyond those of certified programs); prohibit users certified under a program from being required to reduce consumption more than any other class of commercial or industrial water users; and allow credit to be denied to a user who is not complying with the requirements of the certification program. **The bill as amended was approved by the House Water Resources and Infrastructure Committee, the House Environment and Natural Resources Committee, and the full House and will next be considered by the Senate Agriculture/Environment/Natural Resources Committee.**

HOUSE BILL 1399, Capacity Use Areas Enforcement. This bill was amended in the House Water Resources and Infrastructure Committee to remove the provisions of the bill that required a reduction in water use and restrictions in water use in the capacity use area and instead would allow civil penalties to be assessed on a per well basis for violations of the capacity use area laws from \$100 to \$1,000 per day. **The bill as amended was approved by the House Water Resources and Infrastructure Committee, the House Environment and Natural Resources Committee, and the full House and will next be considered by the Senate Agriculture/Environment/Natural Resources.**

SENATE BILL 475, Amend Carrboro Charter/Conserve Energy/Water. This bill was amended in the Senate State and Local Government Committee to authorize the Board of Aldermen to adopt an ordinance that provides for the orderly installation of solar collectors, clotheslines, rain barrels, garden fences, or any other technology designed specifically to generate or conserve energy through the use of renewable resources or to capture, store, or reuse water, if the installation is done by or on behalf of a person who otherwise has a property right to install the device. The ordinance could provide for review and approval or denial of homeowners' association legal documents, including restrictive covenants, for compliance with the ordinance as a part of the granting or approving of a subdivision; however, the ordinance could not prohibit the adoption or enforcement of any deed restriction, covenant, equitable servitude, similar binding agreement, or any rule or regulation adopted by a property owners association regarding a common area. The bill was also amended to remove the provision that would have allowed persons who were aggrieved by a violation of an adopted ordinance to seek relief against the enforcement of any deed restriction, covenant, equitable servitude, or similar binding agreement that is prohibited by the ordinance. **The bill as amended was approved by the Senate State and Local Government Committee and the full Senate and will next be considered by the House Local Government II Committee.**

SENATE BILL 719, Amend Environmental Laws 2009. This bill was amended in the Senate Agriculture/Environment/Natural Resources Committee to modify various provisions, including directing the Environmental Management Commission to develop a nutrient management strategy for the drinking water supply reservoirs by November 30, 2011. **The bill as amended was approved by the Senate Agriculture/Environment/Natural Resources Committee and will next be considered by the Senate Finance Committee.**

- Colleen Kochanek
NCGWA Legislative Counsel
P.O. Box 12946
Raleigh, NC 27605
919.747.9988
colleen@kochaneklawgroup.com
www.kochaneklawgroup.comⁱ

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