



NORTH CAROLINA GROUND WATER ASSOCIATION

LEGISLATIVE REPORT

JUNE 19, 2008



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INTRODUCTION

The legislative session continues to be extremely intense and very busy. They are trying to fit four months of work into two months of session, which is making everyone a little on edge, including legislators, staff, and lobbyists. The House approved its budget less than two weeks ago and already the Senate presented its budget proposal in subcommittees on Tuesday and voted this week to approve its version. That is record turnaround time for the Senate and allows both the House and Senate about a week and one-half to resolve any differences in their budget proposals before the June 30th deadline. Since there was very little money available to be provided to agencies and programs, the biggest battle seemed to be what to cut the most and how much of a salary increase to provide for teachers and state employees. There was also some controversy regarding funding for mental health services which have received a great deal of publicity, and it is unclear whether legislators will want to fund mental health more or cut the community services that were reportedly abused by providers.

Although the session just started last month, it is clear that the leadership of both the House and Senate is trying to wind down their committees and that they have already chosen the bills that they want to move forward. It is doubtful that any legislation that is controversial and does not have leadership support will be heard in Committee. It is rumored that the Senate committees will shut down at the end of next week to wrap up the Senate's business and approve the budget. On the House side, legislators seem ready to receive the Senate's budget and move forward on their business and, although committee work has picked up, it is clear that there are only a limited number of bills that they will hear before the end of the session.

This legislative report includes the remainder of the bills that were filed before the bill filing deadline and also includes provisions of the House budget proposal that was approved on June 5, 2008. We have also included several bill updates for bills that are moving through the legislative process. The next report will include the Senate budget provisions.

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 2587, Reduce Gasoline/Diesel Fuel Tax. This bill would reduce state gasoline and fuel taxes by eliminating the variable wholesale component of the motor fuel excise tax. **Introduced by Representative Allred and referred to the House Finance Committee.**

HOUSE BILL 2593, Local Water and Sewer Grants/Funds. This bill would provide \$135 million to the Rural Economic Development Center and \$30 million to the Department of Environment and Natural Resources for planning and supplemental grants to local governments. Planning grants of up to \$40,000 for wastewater collection systems, wastewater treatment works, and public water system projects would be available for local governments who are located in rural, economically distressed counties. Supplemental grants of up to \$500,000 to match other funds for construction costs of an eligible project would also be available. To be eligible, a local government would need to be located in a rural county and adopt a resolution setting a household user fee for water and sewer service in the area serviced by the project. **Introduced by Representatives Owens and E. Warren and referred to the House Appropriations Committee.**

HOUSE BILL 2605, Energy Star Sales Tax Holiday. This bill would exempt Energy Star qualified products sold on the first Friday in November through the following Sunday from sales tax. The products include: ceiling fans; room air conditioning units; central air conditioning units, heat pumps, boilers, furnaces, washers, dishwashers, freezers, refrigerators; and programmable thermostats. **Introduced by Representatives Luebke, Harrison, and Weiss and referred to the House Finance Committee.**

HOUSE BILL 2610, Employers Must Use Federal E-Verify Program. This bill contains a variety of provisions that would prohibit the employment of illegal aliens, including:

- providing for loss of business licenses for violations of federal immigration law;
- prohibiting the employment of unauthorized aliens;
- detailing procedures for complaints, civil actions, and penalties for knowingly employing an unauthorized alien;
- requiring every employer to verify a new employee's employment eligibility through the federal work authorization or other similar program after December 1, 2008; and
- making it an unfair trade practice to discharge any U.S. citizen or permanent resident alien employee while employing an unauthorized alien.

Introduced by Representative Thomas and referred to the House Homeland Security, Military, and Veterans Affairs Committee.



HOUSE BILL 2612, Water Resources Grants Funds. This bill would provide \$1.4 million to the Department of Environment and Natural Resources for the 17 regional councils of government to develop and implement a nonregulatory water resource management program. **Introduced by Representative Allen and referred to the House Appropriations Committee.**

HOUSE BILL 2638, Consolidate Customized Training Programs. This bill would consolidate the Community College Customized Training Programs and would authorize \$700,000 to establish training infrastructure for customized training to business and industry. **Introduced by Representatives Rapp, Glazier, Lucas, and McLawhorn and referred to the House Education Committee.**

HOUSE BILL 2652, Montgomery Contaminated Wells Fund. This bill would provide \$1 million to Montgomery County to identify wells located within the county or that extend into an adjoining county that are contaminated with pesticides. **Introduced by Representative Goodwin and referred to the House Appropriations Committee.**

HOUSE BILL 2653, Televisive Legislative Session. This bill would authorize the Legislative Services Commission to study the feasibility of televising and streaming over the internet all House of Representatives and Senate sessions and selected committee meetings. **Introduced by Representative Killian and referred to the House Rules Committee.**

HOUSE BILL 2695, Economic Enhancement to Create Jobs. This bill would exempt the first \$85,000 of income of C-corporations from corporate income tax. **Introduced by Representative Daughtridge and referred to the House Finance Committee.**

SENATE BILL 1991, Rural Center/Funds for Sewer Projects. This bill would provide \$5 million to the North Carolina Rural Economic Development Center for sewer projects in the Town of Cove City. **Introduced by Senator Preston and referred to the Senate Appropriations Committee.**

SENATE BILL 2002, Employers Must Use Federal E-Verify Program. This bill is identical to House Bill 2610, summarized above in this legislative report. **Introduced by Senator Snow and referred to the Senate Appropriations Committee.**

SENATE BILL 2040, Montgomery Contaminated Wells Funds. This bill is identical to House Bill 2652, summarized above in this legislative report. **Introduced by Senator Purcell and referred to the Senate Appropriations Committee.**



SENATE BILL 2082, Local Water and Sewer Grants/Funds. This bill is identical to House Bill 2593, summarized above in this legislative report. **Introduced by Senator Rand and referred to the Senate Appropriations Committee.**

BILL UPDATES

HOUSE BILL 2335, Expand Small Business Health Benefits Credit. This bill was amended in the House Finance Committee to increase the allowable tax credit from \$250 to \$300. The bill was approved by the Committee and will next be considered by the full House.

HOUSE BUDGET

Natural and Economic Resources

Water Quality Monitoring on Ferry Vessels. The House budget would provide over \$384,000 for the FerryMon and ModMon programs which evaluate water quality in the Pamlico Sound, tributary rivers, and the Neuse River using equipment attached to ferries.

Agricultural Drought Response. The House budget would provide \$500,000 for farmers throughout the state, including funds for well drilling and repair.

Drought Reserve. The House budget would provide \$1.5 million for three water supply interconnections, local water audits, and drought education materials.

Clean Water State Revolving Fund Match. The House budget would provide over \$2.4 million to meet the 20% state match required to receive the maximum available federal funds for the Clean Water State Revolving Fund.

Drinking Water State Revolving Fund Match. The House budget would provide over \$5.5 million to meet the 20% state match required to receive the maximum available federal funds for the Drinking Water State Revolving Fund.



Water and Sewer Grants. The House budget would provide \$50 million to the Rural Economic Development Center for grants to local governments for critical needs related to supplying drinking water and needs for wastewater treatment. Of these funds, \$25 million could be provided as grants to local governments for public water system-related projects.

Bernard Allen Memorial Emergency Drinking Water Fund. The House budget would make a variety of amendments to the Bernard Allen Memorial Emergency Drinking Water Fund, including: allowing the Fund to be used to provide alternative drinking water supplies if the concentration of one or more contaminants in the private drinking water well or improved spring exceeds the federal maximum contaminant level. For a contaminant for which a federal maximum contaminant level or drinking water action level has not been established, the state groundwater standard established by the Environmental Management Commission for the concentration of that contaminant should be used to determine whether the Fund may be used to provide alternative drinking water supplies. If the Department provides an alternative drinking water supply by extension of a water line, the maximum the Fund could provide to each household would be \$10,000. The Fund would not be permitted to be used for remediation of groundwater contamination.

Continuation Review of Certain Funds, Programs, and Divisions. The House budget would subject continued funding for the Leaking Underground Storage Tank Fund to a Continuation Review and would require the Fund to report to the Fiscal Research Division no later than December 1, 2008.

Water Resources Development Projects. The House budget would provide \$20 million for the state's share of Water Resources Development Projects.

General Government

Consultation Not Required Prior to Establishing or Increasing Fees Pursuant to the State Budget Act. The House budget would provide that an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee authorized by the budget.

Increase the Credit for Small Business Employee Health Benefits and Extend the Sunset. The House budget would increase the tax credit for small businesses that provide health benefits to their employees from \$250 to \$300 per eligible employee if their total wages or salary do not exceed \$40,000 per year. The credit would be extended from January 1, 2009 to January 1, 2014.

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Sales Tax Holiday for Certain Energy Star Rated Appliances. The House budget would exempt Energy Star qualified products sold on the first Friday in November through the following Sunday from sales and use tax. The products include: clothes washers, dishwashers, freezers, and refrigerators; room air conditioning units, dehumidifiers, and programmable thermostats; and compact florescent light bulbs. The exemption would not be allowed for sales of a product for use in a trade or business or rentals.

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