



NORTH CAROLINA GROUND WATER ASSOCIATION

LEGISLATIVE REPORT

JULY 3, 2008



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INTRODUCTION

House and Senate budget conferees have been working nonstop to resolve the differences between their versions of the budget. Apparently, most of the budget provisions have been resolved except for issues in conflict regarding the education portion of the budget and the capital portion of the budget, which determines spending for building projects. One of the sticking points that was resolved last Thursday night was the tax refund package that will evidently increase the earned income credit from 3.5% to 4.5%, will repeal the gift tax as well as other specifically targeted tax refunds. The budget requires two separate days of voting; therefore, the budget was not completed by June 30th; however, most expect voting to take place after the July 4th holiday.

The consistent rumor we are hearing is that the goal is to finalize the session by July 11th which will allow legislators to wrap up any remaining bills after the budget is complete. There has been a flurry of committee activity in the last two weeks with bills moving quickly through the process. Bills that were heard two weeks ago have already been through the House chamber or the Senate chamber and bills are now being sent to the Governor for his signature as well. This is the scariest time of year for a lobbyist as hearings happen quickly without much notice and bills move without comment through the process. It is difficult to have input or to object to provisions that are unreasonable or unacceptable.

We have included in this report a brief review of the Senate budget proposal, but have only provided those provisions that are substantially different from the House proposal. There were a wide variety of items that were the same and since they are not in conflict in the budget, the rules provide that they will be in the final budget. For those matters in conflict, we have only reported those items; if there is a substantial difference in funding or in a provision regarding the spending of the funds. In addition, we have included bill updates through June 27, 2008.

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>.



BILL UPDATES

HOUSE BILL 1230, Nonprofit ABC Law Changes. This bill was completely replaced in the House Committee on Alcoholic Beverage Control with a new bill that would include mixed beverages in the types of alcoholic beverages for which a permit may be issued to a nonprofit organization for a single fundraising event. **The bill as amended was approved by the House Committee on Alcoholic Beverage Control and the full House and will next be considered by the Senate Finance Committee.**

HOUSE BILL 2353, Irrigation Contractors Licensure/Fees. This bill was amended in the House Finance Committee to expand the list of persons who are exempt from the Irrigation Contractors Licensing Board to include general contractors, wastewater contractors, public utility contractors, and plumbing contractors. In addition, plumbing contractors would be included in the list of persons who may receive an irrigation contractors license without taking the examination. **The bill as amended was approved by the House Finance Committee and the full House and will next be considered by the Senate Finance Committee.**

SENATE BILL 1872, Extend Water Allocation Study. This law extends 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. The Environmental Review Commission may submit interim reports to the 2008 and 2009 sessions and a final report of its findings and recommendations must be provided on or before October 1, 2010. **Effective: June 25, 2008.**

SENATE BILL 1952, Small Business Tax Protection Act. This bill was amended in the Senate Finance Committee to clarify that the act will protect small businesses from certain sales and use tax assessments that many felt had been applied improperly. (This will resolve controversies regarding sales of bread by bakers, interior design taxes, and others that have been in controversy). The bill would also require the Department of Revenue to document certain verbal advice given to taxpayers, to allow taxpayers to rely on that documented verbal advice from the Department, and would also give the Secretary of the Department of Revenue more discretion in resolving sales and use tax disputes concerning small businesses. **The bill as amended was approved by Senate Finance Committee and the full Senate and will next be considered by the House Finance Committee.**



SENATE BUDGET

We have provided a short summary of relevant Senate budget items that are different from the House proposal. Once the final budget is enacted, we will provide a full summary of relevant budget items.

Natural and Economic Resources

River Basin Water Supply Planning. The Senate budget would provide over \$508,000 for five new positions to work on river basin water supply plans to ensure the sustainability of the state's water supplies in each river basin.

One North Carolina Small Business. The Senate budget would provide over \$3.4 million to the Department of Commerce for grants under the North Carolina Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Incentive Program.

Water and Sewer Grants. The Senate budget would provide \$50 million to the Rural Economic Development Center for grants to local governments for wastewater-related projects, public water system-related projects, natural gas line projects, and drought-related emergency water and sewer grants.

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