



## NORTH CAROLINA GROUND WATER ASSOCIATION

LEGISLATIVE REPORT

JULY 9, 2007



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### INTRODUCTION

The House and the Senate were not able to agree on a budget proposal for 2007-2009 prior to the end of the fiscal year on June 30<sup>th</sup> and had to enact a continuing resolution to keep state government running. The resolution will keep in place the temporary sales tax that has been a part of the dispute between the House and Senate members. The additional areas of dispute appear to be centered around how to solve the Medicaid problem to allow the state to take over the Medicaid burden from the counties and which temporary taxes the state will continue. Additionally, the earned income credit is in dispute between the two chambers with the Senate wanting to provide one for those who have to pay income taxes and the House wanting to expand the credit for those who do not pay income taxes and who therefore would receive a refund. Since these tax and funding issues have not been resolved, it is unclear whether additional provisions in the budgets have even been addressed as there are many differences between the House and Senate versions of the budget in all areas including education, health and human services, justice and public safety, environment and natural resources, general government, and capital expenditures. The continuing resolution continues the state budget through August 1, 2007; however, they hope to have the final budget approved within the next two weeks.

The Legislature was fairly quiet last week as the July 4<sup>th</sup> holiday fell in the middle of the week when many legislators wanted to be in their district celebrating the holiday with their constituents. The House and Senate both took the day off Wednesday and then held skeleton sessions on Thursday where no votes were taken so that they could have the full holiday weekend. We expect them to return this week with a full calendar and committee schedule of bills and to continue working on the budget negotiations.

In what has become somewhat of a "scandal update," I wanted to provide information about the three legislators currently being investigated. Representative Mary McAllister had a hearing before the State Board of Elections and it looks like she will escape criminal charges but will be required to pay a large fine for her campaign record problems. The Board found that she improperly reimbursed herself for campaign loans that were never made and she will be required to return those funds as well as pay a fine for the costs of the investigation. Although the hearing did not provide any comfort to those who feel that the funding her nonprofit organization receives from the state is improper, it is not clear whether there will be any further action against Representative McAllister. Former Speaker Black is scheduled to be sentenced in federal court on July 11, 2007 and most legislative insiders expect the sentence to be between 5 to 10 years in prison. There has been no new



information released on Representative Thomas Wright in the various investigations currently being held in regard to his actions both in his campaign and as a state representative.

We hope all of you had a wonderful July 4<sup>th</sup> holiday.

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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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### BILL UPDATES

HOUSE BILL 2044, 2007 Continuing Budget Authority. The continuing budget resolution passed by the House and the Senate will keep the sales tax rate for the state portion at the current rate of 4.25%. Retailers who make a good faith effort to collect the tax at the correct rate are not liable for under or over-collections during the period from July 1 through July 15, 2007. The House and the Senate are continuing to dispute the continuation of the sales tax increase in their negotiations.

SENATE BILL 1202, Establish Commission on Littering/Study. This bill was completely replaced with a new bill that would establish the Commission to Reduce Littering which would study and develop alternative mechanisms to enforce littering statutes for violations that involve the operation of motor vehicles or vessels. **The bill as amended was approved by the Committee and will next be considered by the Senate Rules Committee.**

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