



## INTRODUCTION

It is really getting interesting now. The House and Senate could not reach a resolution on the budget by July 15th and had to enter into another continuing resolution to keep the State running until July 31, 2009. This resolution provides continued spending at 84% of the previous budget. Last week, both the House and Senate agreed to the primary outlines of their budget agreement which included a 1% increase in the sales tax, some increases in cigarette and alcohol taxes, and a 2% surtax on taxes owed at the end of the year. The provisions we discussed in previous reports regarding taxes on services, recreation taxes, and franchise taxes were not included in the agreement. Discussions were continuing on the details and when the session would adjourn and committees started planning on their last meetings as late as Thursday of last week. Of course, lobbyists and legislators were very happy to see the session wind down and there was an air of excitement on Jones Street.

All of that came crashing down last Thursday when legislative leaders met with the Governor and she did not approve of the 2% surtax or the cuts to education that would have been included in the budget. Apparently, the Governor wants more revenue, which translates to additional taxes. The Senate leadership declared that they would go back to the drawing board this week so that all tax proposals were back on the table. Not sure what all this means in terms of the session winding down, although there are many options from here. One, they could go ahead and pass their agreement from last week and dare the Governor to veto their budget. Two, they could rework the budget to satisfy the Governor's concerns for more revenue which means that some of the other tax proposals are probably back on the table. Three, they could stop committees and only work on the budget to try to wait each other out. Of course, there are many more options than this, but right now no one seems to know how long they will be in session and what the final budget will look like.

While all of this drama has been unfolding, the House and Senate continue to review, revise, and approve legislation as it moves through the process. The sessions in both the House and Senate have been very full and, for the most part, it feels like they are trying to wrap up their business, although legislators do not know if session will end next week, next month, or the end of the year. Many controversial issues have been dealt with this session and many legislators are worried about their re-election next fall. Some of the topics tackled this year include: the bullying bill (school violence prevention act); annexation changes; sex education changes; the Racial Justice Act; and many other emotionally charged issues. Legislators, lobbyists, and staff are tired and irritable and want the session to end, but many are unsure how to make that happen.



## NORTH CAROLINA GROUND WATER ASSOCIATION



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## BILL UPDATES

SENATE BILL 687, Exempt Plumbing Contractor/Well Contractor Requirements. The North Carolina Ground Water Association had concerns about the original version of this bill that would have exempted plumbers from the well certification commission. The Association worked with other stakeholders on this bill to reach a consensus that will require those who work on pumps to receive training and be present when the work is performed in the field. The bill was amended in the House Commerce, Small Business, and Entrepreneurship Committee to put language in the bill as agreed to by the stakeholders. The modified version exempts from the well contractor certification requirements licensed plumbing contractors who install pumps or pumping equipment; install, break, or reinstall a well seal; or disinfect a well incident to the installation, alteration, or replacement of pumps or pumping equipment within or near a well. The plumbing contractor would be required to attend a continuing education course that covered well seal installation, protection, and sanitation within the last two years prior to performing the work and to remain on site while the work is being performed until the well is disinfected and sealed. **The bill as amended was approved by the House Commerce, Small Business, and Entrepreneurship Committee, the House Judiciary III Committee, and the full House. The Senate agreed to the changes made by the House and the bill has been sent to the Governor for her signature.**

HOUSE BILL 524, Annexation - Omnibus Changes. This controversial bill was amended substantially in the House to make a variety of changes to the first edition of this bill regarding annexation by petition, involuntary annexation of contiguous areas, and annexation agreements between municipalities. The bill provides some limitations on annexations by municipalities and requires those municipalities to provide at least two core services, including water lines, sewer services, police protection, solid waste collection, or street maintenance services and allows twenty years to pay for the water and sewer services provided. The bill provides that the residents of an area to be annexed may challenge the annexation by petition. **The bill as amended was approved by the House and will next be considered by the Senate.**

SENATE BILL 106, Moratorium on EMC Rule Making. The provisions of the previous version of this bill were removed in the Senate Agriculture/Environment/Natural Resources Committee and were replaced with a new bill that would prohibit the Environmental Management Commission from adopting any permanent rules for the period beginning the day this act becomes law and ending July 1, 2011. However, the Environmental Management Commission could adopt a permanent rule during the moratorium period if the adoption of the rule is required by one or more of the following: (1) a serious and unforeseen threat to public health, safety, welfare, the environment, or natural resources; (2) an act of the General Assembly or the United States Congress specifically directing the Commission to adopt a rule; (3) a change in federal or state budgetary policy; (4) a federal regulation; or (5) a court order. **The bill as amended was approved by the Senate Agriculture/Environment/Natural Resources Committee and will next be considered by the Senate Finance Committee.**

SENATE BILL 1017, Enhance Protections Against Identify Theft. A variety of amendments were made to this bill in the House Ways and Means/Broadband Connectivity Committee, the House Judiciary II Committee, and on the House floor. The final version as passed by the House would include a variety of provisions to enhance protections against identity theft and to protect the credit of crime victims during the pendency of crime victims compensation fund applications and appeals, including provisions regarding security freezes and credit monitoring services. **The Senate agreed to the changes made by the House and the bill was signed into law by the Governor on July 27, 2009.**

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