



## NORTH CAROLINA GROUND WATER ASSOCIATION

LEGISLATIVE REPORT

MAY 24, 2007



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### INTRODUCTION

Just when you think that things could not get more hectic at the General Assembly, the pace picked up with activities prior to the crossover deadline. The past two weeks have been on a frenzied pace of activity as both the House and the Senate rushed to complete bills and pass them through their chambers before the bill crossover deadline today, Thursday, May 24<sup>th</sup>. All bills that have been approved by the Senate are now eligible for consideration in the House and all bills that have been approved by the House are now eligible for consideration in the Senate. However, bills that have not passed either the Senate or the House and are not finance or appropriations bills are technically ineligible for further consideration. As always though, there are a variety of ways and methods to keep legislation alive by way of amendments to other bills or adding fees and appropriations to bills. It will be a little easier now, though, to keep track of legislation since there is a smaller pool of bills to follow.

At the same time during this two-week frenzy, the Senate was working on its budget proposal since it received the House's approved version of the budget. We have reported on the House budget provisions in this report by giving a short summary of the money requested and the reason for the request. Once the Senate budget is released, we will report on the differences between the House and Senate versions. The House and Senate are still hopeful that they will be able to complete the budget by the June 30<sup>th</sup> deadline.

The State Board of Elections held their hearing regarding Representative Thomas Wright, however, he did not testify. There was surprising testimony from the investigator not only regarding Representative Wright's campaign reports, but also some loan documents that it appears were obtained through fraud. House Speaker Joe Hackney called for Representative Wright's resignation and also submitted his case to the Legislative Ethics Committee. Representative Wright has made statements that he has no intention of stepping down or resigning his position and will continue to serve in the House. Although there is some question about whether the House has the ability to remove him from office, there does seem to be a consensus that the House can set up requirements for its members and therefore should also be able to establish requirements for removal from office. It will be interesting to see what action the House democrats take against one of their own members in light of the other scandals that have occurred in the state.

This report does not include all activities from this current crossover week and we will report on those activities in the next report. We hope you all have a wonderful Memorial Day weekend.



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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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### BILLS OF INTEREST

HOUSE BILL 1895, Tax on Heavy Equipment Rental Agreements, would authorize counties and cities to levy a tax of up to 0.75% on gross receipts from heavy equipment rentals by businesses who rent construction, mining, forestry, commercial, and industrial equipment. The business would be required to specify the tax rate in each rental agreement. **Introduced by Representative Saunders and referred to the House Commerce, Small Business, and Entrepreneurship Committee.**

HOUSE BILL 1897, Health Care for All Planning Commission, would establish the North Carolina Health Care for All Planning Commission and would provide over \$100,000 in each of the next two years to fund the Commission. The Commission would conduct a comprehensive review of North Carolina's current health care system and would develop and recommend to the General Assembly a Health Care for All Plan that would ensure that all North Carolinians have access to regular, affordable, and appropriate health care by the year 2012. **Introduced by Representative Insko and referred to the House Ways and Mean Committee.**

HOUSE BILL 1957, The School Construction Bond Act of 2007, would authorize the State Treasurer to issue \$3 billion in revenue bonds that would be secured by the net revenue of the state lottery. The bill would also require that lottery net revenue be used only for two purposes, repaying the bonds and school construction. Current law provides for distributions of the net revenue of the lottery for four purposes: class size reduction; pre-kindergarten programs, college and university scholarships; and school construction. **Introduced by Representative Dollar and referred to the House Rules Committee.**

HOUSE BILL 1958, No Taxes Until Annexation Services Provided, would prohibit a city from levying property taxes on an annexed property until water distribution, sewage collection, police and fire protection, and solid waste services were provided to the annexed property by the city. A city would also be prohibited from levying water and sewer assessments until the water and sewer systems were available for connection to the property. **Introduced by Representative Dollar and referred to the House Rules Committee.**



HOUSE BILL 1959, Bernard Allen Clean Well Water Funds. This bill is substantially similar to House Bill 1115, summarized in the April 17<sup>th</sup> Legislative Report. **Introduced by Representative Justice and referred to the House Appropriations Committee.**

HOUSE BILL 2047, Adjust Highway Use Tax by MPG Groupings, would impose a variable highway use tax of 2% to 4% for new motor vehicles based upon the miles-per-gallon rating of the vehicle as established by the Corporate Average Fuel Economy (CAFE) standards. **Introduced by Representatives Luebke and Harrison and referred to the House Transportation Committee.**

### BILL UPDATES

HOUSE BILL 257, Streamlined Sales Tax Changes. This bill was modified in the House Finance Committee to change the rules regarding the tax consequences of bundling services depending on whether the bundle includes services or whether the price of the taxable products in the bundle is no more than 50% of the price of the bundle. **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.**

HOUSE BILL 819, Amend Environmental Laws 2007. This bill would clarify that a construction permit for a private drinking water well that is located on a site where a wastewater system is located may be accompanied by either a site plan or a plat. In addition, proof of completion of any required professional development would be needed to show that a well contractor certificate could be renewed. **The technical corrections were approved by the House Environment and Natural Resources Committee and the full House and will next be considered by the Senate.**

SENATE BILL 844, Amend Environmental Laws 2007. This bill was amended in the Agriculture/Environment/Natural Resources Committee to clarify that an application for a construction permit for a private drinking water well may be accompanied by either a site plan or a plat. In addition, the bill would require proof of completion of any required professional development for the renewal of a well contractor certificate. **The bill as amended was approved by the Senate Agriculture/Environment/Natural Resources Committee and the full Senate and will next be considered by the House Environment and Natural Resources Committee.**



## NORTH CAROLINA BIENNIUM BUDGET 2007/2008

North Carolina drafts a two-year budget every odd-numbered year during the long session of the General Assembly. The short session, in every even-numbered year, is used to make budget adjustments as necessary depending on income and expenses for the State. The procedure is as follows: the Governor makes his proposal after receiving information from his various departments (e.g. The Department of Commerce) regarding the spending needs and revenue expectations for each agency. This proposal is provided to either the House or Senate, who take turns making the first draft proposal. The other chamber then makes a budget proposal and a conference committee is formed to work out the differences between the two versions. Both chambers must approve the same budget, then the Governor must then sign the budget into law.

This year the House began the budget process in the legislature with House Bill 1473, and made a variety of adjustments, deletions, and additions to the proposal provided by the Governor. The House has recently completed and approved its version of the budget. The Senate is now working on its version of the budget and will make a variety of changes to the House proposal. The Governor, the North Carolina House of Representatives, and the North Carolina Senate each have their own priorities and ideas about how State government should work and how best to spend the State's money. Final negotiations will take several weeks with a goal of completing the budget by June 30<sup>th</sup>. Below we have summarized the highlights of the House budgetary provisions that are of interest to your Association.

### NATURAL AND ECONOMIC RESOURCES

Private Well Water Safety Program. The House-approved budget would provide \$300,000 for incentive grants to counties to adopt local programs to enforce statewide private well construction standards.

Emergency Drinking Water Fund. The House-approved budget would provide \$615,000 to notify private well users of contamination, to cover the costs of testing private wells for contamination, and to pay for alternative drinking water supplies.

Groundwater Remediation Program. The House-approved budget would provide over \$160,000 in each of the next two years for two new positions to focus on cleaning up existing contaminated sites across the state, many of which have an impact on groundwater quality.

Sustainable Management of Groundwater Resources. The House-approved budget would provide over \$95,000 in each of the next two years to assist groundwater users in finding sustainable and cost-effective groundwater sources and for improvements to the monitoring well network.



Clean Water State Revolving Fund Match. The House-approved budget would provide over \$3.8 million to meet the 20% state match requirement for drawing the maximum federal funds for the State Wastewater Treatment Plant Revolving Fund.

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

NC Green Business Fund. The House-approved budget would provide \$1 million for the establishment of the NC Green Business Fund to provide no-interest loans to private businesses with less than 100 employees, non-profit organizations, and state agencies to encourage the expansion and growth of a state green economy.

Bernard Allen Memorial Emergency Drinking Water Fund. The House-approved budget would rename the Emergency Drinking Water Fund the Bernard Allen Memorial Emergency Drinking Water Fund. The fund would be used to pay for the following: testing and notifying owners of improved springs and private drinking water wells; testing for suspected contamination up to once every three years at the request of the person who uses the well; and providing alternative drinking water supplies.

Water Quality Permit Fees. The House-approved budget would increase the following fees:

- major individual National Pollutant Discharge Elimination System (NPDES) permit from \$2,865 to \$3,440;
- minor individual National Pollutant Discharge Elimination System (NPDES) permit from \$715 to \$860;
- recycle systems permits from \$300 to \$360;
- major nondischarge permits from \$1,090 to \$1,310;
- minor nondischarge permits from \$675 to \$810;
- sewer system extension permits from \$400 to \$480;
- state stormwater permits from \$420 to \$505;
- major water quality certifications from \$475 to \$570;
- minor water quality certifications from \$200 to \$240;
- permits for land application of petroleum contaminated soils from \$400 to \$480; and
- annual renewal fee for water pollution control system operators from \$35 to \$50.



## TRANSPORTATION

Leaking Underground Storage Tank Fund. The House-approved budget would adjust the Leaking Underground Storage Tank Fund by \$300,000 this year and \$350,000 next year to account for gasoline inspection fees.

## CAPITAL

Water Resources Development Projects. The House-approved budget would provide over \$18.5 million for the state's share of water resources development projects.

— Colleen Kochanek  
NCGWA Legislative Counsel  
Smith Moore LLP  
[colleen.kochanek@smithmoorelaw.com](mailto:colleen.kochanek@smithmoorelaw.com)  
[www.smithmoorelaw.com](http://www.smithmoorelaw.com)