



NORTH CAROLINA GROUND WATER ASSOCIATION

LEGISLATIVE REPORT

SEPTEMBER 25, 2007



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INTRODUCTION

The first year of the 2007 Session of the North Carolina General Assembly adjourned on August 2, 2007 and was by all accounts an unusual session both for legislators and lobbyists. There were 3,645 bills filed by legislators in the General Assembly with 590 being approved and signed into law by the Governor and one bill vetoed by the Governor. The Legislature enacted several pieces of major legislation, including tougher restrictions for solid waste landfill permits, legislation to promote and develop renewable energy and energy efficiencies, legislation that would allow for registration and voting at one-stop sites, and the Legislature also toughened recent ethics legislation for campaigns, lobbyists, and legislators.

Of course, this Session will primarily be remembered because of the scandals, including the guilty plea of former Speaker Black to bribery charges, the investigation of Representative Wright for campaign filing irregularities, the investigation of Representative McAllister for a campaign loan, the controversy surrounding the Black Caucus regarding its scholarship program, the resignation of Representative Almond for inappropriate conduct, and the scandal surrounding lobbyist Don Beason's loan to Speaker Black of \$500,000. The scandal created by all of these incidents and the constant media attention made legislators and lobbyists jumpy and cautious regarding their roles and responsibilities at the Legislature. With the new Ethics Commission slowly getting started, it was difficult for most to understand the rules and how they might apply to the legislative process. Before the rules from last session could be interpreted, the Legislature passed new ethics legislation, both clarifying some of those rules and enacting new regulations. It is believed by most that the scandals are not over as investigations continue into the actions of Speaker Black, other legislators, and lobbyists on the federal and state levels.

The short session in 2008 will begin on May 13th at 12:00 noon and will be limited in scope to a review of the two-year budget and legislation that is limited by rule. According to the Adjournment Resolution passed by both the House and the Senate, the bills that will be eligible for consideration next year include bills that made the cross-over deadline by either being passed in the House or the Senate, any bills that directly and primarily affect the state budget, and bills amending the Constitution of North Carolina, which would include the bills regarding eminent domain and the marriage bill defining a marriage as between a man and a woman. In addition, bills or resolutions that were created by study commissions, the House Ethics Committee, or other select committees may also be filed during the short session as well as any local bills that are non-controversial. There is also a procedural way to have a bill introduced that is otherwise ineligible; however, it would require a two-thirds vote in both the House and the Senate before being introduced. Since a study



bill was not enacted during the 2007 Session that would authorize various issues to be studied before the short session, the leadership in both the House and the Senate may establish committees and determine the issues to be reviewed.

As mentioned above, the Governor vetoed legislation that would have provided \$40 million in economic incentives for the Goodyear Tire Company in Cumberland County. The Legislature was called back into session several weeks ago to decide whether to overturn the Governor's veto which can only be done with a vote of two-thirds of the legislators in the House and Senate. Initially, it appeared that the Legislature would overturn the Governor's veto, which has never happened in North Carolina before; however, after several days of negotiations, the Governor's Office and the Legislature reached a compromise that will expand economic incentives to other businesses besides the Goodyear plant and will spend up to \$60 million on incentives for large manufacturing companies. We do not expect any other special session to be called prior to the May 13, 2008 start date; however, there is always a possibility that a special session may be called by the Governor.

This final legislative report for the North Carolina Ground Water Association includes a summary of legislation enacted in 2007 that is of interest to your association and a summary of the state budget. In several weeks, we will also provide a summary of legislation that was not enacted into law and the status of that legislation for the 2008 session. It has been an honor representing the North Carolina Ground Water Association and I look forward to continuing to work with you during the 2008 session.

LEGISLATION ENACTED

HOUSE JOINT RESOLUTION 5, Honor Bernard Allen. This joint resolution honors the life and memory of Bernard Allen Sr., who was a member of the North Carolina General Assembly and served in the House of Representatives until his death on October 14, 2006. Representative Allen was the sponsor and a strong advocate of the legislation that required a private well drinking water program for each county. **Effective: February 6, 2007.**

HOUSE BILL 24, Smoking in State Government Buildings/Prohibition. This law prohibits smoking in buildings owned, or leased by state government or occupied by state employees and also allows local governments to regulate smoking in buildings and vehicles. This legislation was recommended by the Justus-Warren Heart Disease and Stroke Prevention Task Force. **Effective: July 8, 2007.**

HOUSE BILL 257, Streamlined Sales Tax Changes. This law modifies a variety of sales tax regulations to comply with the streamlined sales tax agreement between states. The law alters the definition of a bundled transaction and how a bundled transaction will be taxed. A bundled transaction is one that includes two or more distinct identifiable products, one of which is taxable

Colleen Kochanek is an attorney at Smith Moore LLP and is legislative counsel for the North Carolina Ground Water Association. She can be reached at 919.755.8700 or at colleen.kochanek@smithmoorelaw.com. The Legislative Report is a publication of Smith Moore and may not be copied without prior written permission.



and one of which is exempt from taxation. A bundled transaction does not include the retail sale of a product and the delivery or installation of the product. The law defines how a bundled transaction is taxed and how to be exempted from the taxes. **Effective: October 1, 2007.**

HOUSE BILL 401, County Water/Sewer District Financing. This law allows county water and sewer districts to use installment purchase financing. **Effective: July 18, 2007.**

HOUSE BILL 463, Conservation Tax Credit Modifications. This law modifies the regulations regarding tax credits for certain real property donations by adding new categories, including forest land or farm land conservation, watershed protection, conservation of natural areas, conservation of natural or scenic river areas, conservation of predominantly natural park land or historic landscape conservation. A credit of 25% of the fair market value of the donated property is allowed as a tax credit up to \$250,000 for individuals and \$500,000 for passthrough entities. **Effective: For donated property in taxable years beginning on or after January 1, 2007.**

HOUSE BILL 568, Garner, Holly Springs, Rolesville Motor Vehicle Tax. This law allows the Towns of Garner, Holly Springs, Rolesville, and Knightdale to charge a motor vehicle privilege tax of up to \$15 for each vehicle located in the towns. **Effective: July 1, 2007.**

HOUSE BILL 700, Standards for Code-Enforcement Officials. This law clarifies the standards for code enforcement officials and allows the Board to issue one or more standard certificates to each code enforcement official in the following types of code enforcement: (1) building inspector; (2) electrical inspector; (3) mechanical inspector; (4) plumbing inspector; and (5) fire inspector. The holder of a standard certificate may practice code enforcement only within the inspection area in levels described in the certificate issued by the Board. It would be unlawful for any person to practice code enforcement, except as provided by a valid certificate issued to that person by the Board. **Effective: December 1, 2007.**

HOUSE BILL 820, Amend Interbasin Transfer Laws. This law provides regulations regarding the transfer of surface water and also directs the Environmental Review Commission to study the issues related to transferring water from one river basin to another river basin and the allocation of surface water resources. In addition, the Division of Water Resources will prepare a revised map entitled "Major River Basins and Sub-basins in North Carolina." **Effective: August 31, 2007.**

HOUSE BILL 973, Mental Health Equitable Coverage. This law was finally enacted after ten years of work on this legislation by Representative Martha Alexander from Mecklenburg County. The law requires health insurance coverage of certain mental illnesses and requires that they be covered similarly to physical illnesses. The mental illnesses covered include bipolar disorder, major depressive disorder, obsessive compulsive disorder, paranoid and other psychotic disorders, schizoaffective disorders, schizophrenia, post-traumatic stress disorder, anorexia nervosa, and bulimia.

Colleen Kochanek is an attorney at Smith Moore LLP and is legislative counsel for the North Carolina Ground Water Association. She can be reached at 919.755.8700 or at colleen.kochanek@smithmoorellaw.com. The Legislative Report is a publication of Smith Moore and may not be copied without prior written permission.



Health insurers may provide greater insurance but these illnesses are the minimum that must be covered. The law does not include chemical dependency; however, it includes a provision prohibiting discrimination against mentally ill or chemically dependent individuals. **Effective: July 1, 2008 and applies to health benefit plans that are issued for delivery or renewed on or after that date.**

HOUSE BILL 1181, Small Business Contractor Act. This law provides for contract financing and surety bonds for small businesses that contract with governmental agencies. The purpose of the law is to foster economic development and create jobs by providing this assistance to financially responsible small businesses that are unable to obtain adequate financing and bond assistance. **Effective: January 1, 2008.**

HOUSE BILL 1277, Drivers License Revocation for ABC Violation. This law provides that any person convicted of giving alcoholic beverages to an underage person or helping to purchase alcoholic beverages for an underage person may have his or her driver's license revoked for one year. Those whose licenses are revoked under this new law will be eligible for a limited driving privilege. **Effective: December 1, 2007.**

HOUSE BILL 1556, Speaker's and President Pro Tempore's Appointments. This legislation appoints persons to various boards and commissions based upon the recommendation of the President Pro Tempore of the Senate and the Speaker of the House of Representatives. **Effective: August 2, 2007.**

- Dr. Norman C. Camp, III of Wake County, Richard Coleman of Columbus County, and Dr. Lloyd Hackley of Orange County are appointed to the Clean Water Management Trust Fund Board of Trustees for terms expiring on July 1, 2011.
- Mark H. Hicks of Granville County, Hiram Williams of Pender County, James Kennedy of Forsyth County, and William Rakatansky of Mecklenburg County are appointed to the North Carolina Code Officials Qualification Board for terms expiring on June 30, 2011.
- Raymond W. Magette, Jr. of Hertford County and Tarrell B. Graham of Moore County are appointed to the Well Contractors Certification Commission for terms expiring on June 30, 2010.

SENATE BILL 211, Electronic Signatures/Public Agencies. This law clarifies the use of electronic signatures by specifically providing that public agencies may use and accept electronic signatures. **Effective: June 27, 2007.**



SENATE BILL 487, *Extend Fiscal Report Deadline/BD of Awards*. This law extends the reporting deadline for the State and Local Fiscal Modernization Study Commission. This Commission is studying how to revamp our state tax structure and is reviewing whether to recommend taxing services throughout the state. The Commission now must make its report by May 1, 2008. **Effective: July 4, 2007.**

SENATE BILL 514, *Deceptive Advertising of Business Location*. As originally filed, this law would have prohibited any business from misrepresenting their geographical location in any telephone directory, directory assistance database, internet, or print advertisement. Many businesses were concerned about this broad-based prohibition and spoke to the sponsor of the legislation who then tailored the bill narrowly to address the problem. The approved law states that businesses that supply perishable products are prohibited from misrepresenting their geographical location in telephone directories, directory assistance databases, the internet, and print advertisements. A violation of this provision is an unfair trade practice. **Effective: October 1, 2007 and applies to any telephone directory, directory assistance database, internet website, or print advertisement provided, published, or posted on or after that date.**

SENATE BILL 527, *Contracts with Automatic Renewal Clauses*. This law requires a person, firm, or corporation that is engaged in business and sells, leases, or offers to sell or lease any products or services pursuant to a contract to disclose any automatic renewal clauses clearly and conspicuously in the contract or the offer. In addition, information on how to cancel the contract or contract offer must also be clearly and conspicuously disclosed. There are no specifications provided in the law about how large the type must be or what kind of disclosure is required; however, the contract should clearly provide information regarding the renewal and how to cancel the same. A business may show that it has complied with this provision if it: (1) has established and implemented written procedures; (2) shows that the only reason for non-compliance is a result of error; and (3) provides a full refund and credit for all amounts billed to the consumer if disclosure was not provided. If this provision is violated by a business, then the automatic renewal clause becomes void and unenforceable. **Effective: October 1, 2007 and applies to contracts entered into on or after that date. This new law will not affect contracts that were in place prior to October 1, 2007.**

SENATE BILL 556, *Nonresidential Building Code*. This law allows municipalities to adopt ordinances establishing a nonresidential building or structure code to maintain standards of maintenance, sanitation, and safety. An order may require the owner to repair, alter, or improve the nonresidential building to bring it into compliance with the minimum standards established by the Code or to vacate and close the nonresidential building or structure. The law also provides a variety of other rules and regulations necessary to provide notice to the owner of their responsibilities and to provide a framework for the ordinance. **Effective: August 21, 2007.**

Colleen Kochanek is an attorney at Smith Moore LLP and is legislative counsel for the North Carolina Ground Water Association. She can be reached at 919.755.8700 or at colleen.kochanek@smithmoorelaw.com. The Legislative Report is a publication of Smith Moore and may not be copied without prior written permission.



SENATE BILL 684, Spay/Neuter Funding. This law increases the fee for all rabies vaccination tags by twenty-five cents, with five cents of the fee being used to fund rabies education and prevention programs and twenty cents being credited to the spay/neuter account to fund statewide spay/neuter programs. **Effective: January 1, 2008.**

SENATE BILL 844, Amend Environmental Laws/Environment Technical Corrections 2007. This law makes a variety of changes to environmental and natural resources laws, including allowing an application for a construction permit for a private drinking water well that is located on a site with a wastewater system to be accompanied by either a site plan or a plat. The previous language specifically required a plat and now either may be used. In addition, the new law requires proof of completion of any required professional education courses before renewal of a well contractor's certification. **Effective: August 30, 2007.**

SENATE BILL 862, UNC Smoke-Free. This law allows UNC campuses and the UNC Healthcare System to prohibit smoking on their grounds and facilities. This provision includes all of the colleges and universities in the UNC System. **Effective: July 1, 2007.**

SENATE BILL 925, Speeding Law Changes. This law was implemented after a series of articles by the Raleigh News & Observer that highlighted the ways drivers were using the improper equipment charge as a way to avoid a variety of serious speeding violations. This law will continue to allow pleas for improper equipment; however, those pleas will be recorded in the driver's official record as "improper equipment - speedometer" so that District Attorneys and Judges can see how many plea deals the driver has received in the past. A plea of improper equipment or a prayer for judgment continued could not be used for charges of speeding in excess of 25 mph or more over the posted speed limit. **Effective: December 1, 2007 and applies to offenses committed on or after that date.**

SENATE BILL 1026, Drivers License Issuance/Expiration Dates. This law provides that drivers' licenses will expire on the person's date of birth and for those at least 18 years of age but less than 54 years of age, the license will be valid for 8 years and for those over 54 years of age, the license will be valid for 5 years. The law also clarifies that for those who are in the United States for a limited duration, their license will expire no later than the expiration of the authorization for the applicant's legal presence in the United States. The Division of Motor Vehicles will have the authority to cancel a license or endorsement if: (1) the licensee was not entitled to the issuance of the license; (2) the licensee failed to give the required or correct information or committed fraud in obtaining the license; or (3) the licensee is no longer authorized under federal law to be legally present in the United States. **Effective: The provision regarding drivers' license renewals is effective January 1, 2007 and the remainder of the law is effective May 23, 2007 and applies to drivers' licenses issued or renewed on or after that date.**

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SENATE BILL 1058, Telephone Records Privacy Protection Act. This law makes it a Class H felony for any person to obtain or sell telephone records of a customer who is a resident of North Carolina without the customer's consent. The law exempts lawfully authorized investigative work by law enforcement agencies, disclosures to the National Center for Missing and Exploited Children, disclosures authorized by state or federal law, disclosures involving an emergency with immediate danger of death or serious physical injury; or disclosures in the ordinary course of business by the telephone service providers themselves. **Effective: December 1, 2007.**

SENATE BILL 1218, Candidate Felony Disclosure. This law requires all candidates to provide information regarding whether they have been convicted of a felony that has not been dismissed, pardoned, or expunged. The information will be available as a public record and must contain the name of the offense, the date of the conviction, the date of restoration of citizenship rights, and the county and state of conviction. If the candidate does not complete the information, then his or her name will not appear on the ballot as a candidate, and it will be a Class I felony to complete the form with information that is untrue. **Effective: January 1, 2008.**

SENATE BILL 1272, Promote Use of Biofuels. This law exempts those individuals who use biodiesel for personal use in their private passenger vehicle from the motor fuel excise tax. **Effective: October 1, 2007.**

SENATE BILL 1468, Promote Innovative Water Protection Efforts. This law allows the Clean Water Management Trust Fund to expand its efforts to clean up pollution and to protect and conserve those waters that are not yet polluted by financing innovative efforts, to improve stormwater management, to reduce pollutants entering the state's waterways, to improve water quality, and to research alternative solutions to the state's water quality problems. **Effective: August 31, 2007.**

SENATE BILL 1517, Prohibit Gift Card Maintenance Fees. This law requires the conspicuous disclosure of any maintenance fees charged for gift cards and prohibits the issuers of gift cards from charging maintenance fees for at least one year after the date of purchase. **Effective: December 1, 2007 and applies to gift cards sold on or after that date.**

SENATE JOINT RESOLUTION 1557, Apologize for Slavery. This joint resolution expressed profound regret by the State of North Carolina for the history of wrongs inflicted upon black citizens by means of slavery, exploitation, and legalized racial segregation. The resolution calls on all citizens to take part in acts of racial reconciliation. **Effective: April 12, 2007.**



NORTH CAROLINA BIENNIUM BUDGET 2007-2008

The majority of the work that was done this session was work on the 2007-2009 budget. Every odd-numbered year the Legislature drafts a two-year budget plan and this year's will begin July 1, 2007 and will go through June 30, 2009. During the short session, legislators and the Governor will review the budget for any modifications that may be needed depending on the state's revenue and spending priorities. During the short session, the budget drafting is much less rigorous and is supposed to be an "adjustment." The budget for North Carolina is over \$20 billion this year and addresses several financial issues that the state was facing.

The first issue is the cost of Medicaid for the counties. The budget provides that the counties' 5% share of Medicaid costs will be transferred to the state which will relieve all counties, and especially poor rural counties, of the high cost of Medicaid. In exchange for taking over Medicaid, the counties will give up one-half penny of their sales tax revenues to the state. The counties will then have the option to raise their sales tax by one-quarter penny or to raise their land transfer tax, also known as an excise tax, from 0.2% to 0.6%. Counties may raise those taxes only if approved by a voter referendum and may choose one or the other, but not both. This was the issue that held up the budget for so long this year as the North Carolina Association of Realtors and a coalition of other homebuilder organizations and businesses were adamantly opposed to the land transfer tax. It appears that this battle will now be held in each county as voters will determine if they want a land transfer tax, an increased sales tax, or neither one. So far, approximately 16 counties have decided to put a voter referendum on the ballot to try to gain the authority for one or both of these tax options.

The budget also made permanent a temporary sales tax that was first introduced in 2001. Although the temporary sales tax was decreased last year, the one-quarter penny tax will now become permanent which will make the combined state and local sales tax 6.75%. The upper income tax increase that was also implemented in 2001 will expire at the end of the year, which will establish the tax rate for upper income earners at 7.75%.

The budget also creates a North Carolina earned income tax credit, which is similar to the federal system. The gas tax will also be capped at 29.9 cents per gallon instead of the automatic formula that would require the tax to increase or decrease periodically depending on a variety of economic factors. Other noteworthy budget provisions include an increase on the excise tax for tobacco products other than cigarettes, which will help to pay for cancer research at UNC-Chapel Hill, \$100 million in water and sewer bonds, and \$120 million for land preservation. The budget also provides \$300,000 this year and \$7 million next year to expand government subsidized health insurance for children and provides a \$20.5 million increase for mental health programs.



We have provided below a short summary of the relevant budget provisions for your association:

HEALTH AND HUMAN SERVICES

County Medicaid Share. The budget provides \$86.2 million this year and \$271.2 million next year to gradually reduce the county share of Medicaid from 15% of the nonfederal share to 7.5% of the nonfederal share effective July 1, 2008. By July 1, 2009, the state will completely relieve the counties of all Medicaid costs. The budget provides that the state is responsible for the nonfederal share of the costs of medical services provided under the Program and that counties are responsible for the cost of administering the Program. The budget further provides details regarding the exchange of the counties' portions of the local sales and use taxes for the state's agreement to assume the responsibility for the non-administrative costs of Medicaid.

NATURAL & ECONOMIC RESOURCES

Private Well Water Safety Program. The budget provides \$300,000 for incentive grants to counties that adopt local programs to enforce statewide private well construction standards. The new private well construction standards go into effect July 1, 2008.

Emergency Drinking Water Fund. The budget provides \$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.

Sediment and Erosion Control. The budget authorizes an increase in the fee charged for sediment and erosion control plan reviews from \$50 per acre of disturbed land to \$65 per acre of disturbed land shown on an erosion and sedimentation control plan or land actually disturbed during the life of the project. The revenue from the increased fee will be used for seven new positions to allow for more timely inspections.

Groundwater Remediation Program. The budget provides 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.

Geographic Information System Development. The budget provides over \$75,000 in each of the next two years for one new position to develop and implement GIS databases to map groundwater contamination and other polluted sites.



Water Quality Fees. The budget increases existing water quality fees by 20% with the revenue from the increased fees funding nine new positions. The new positions will be allocated as follows: three will work on the Basin Wide Information Management System; three will provide technical assistance to professional wastewater treatment plant operators; and three will work to improve groundwater classifications and standards. The increased fees are as follows:

- 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;
- annual fee for a certificate of coverage under a general permit for a point source discharge or an individual nondischarge permit from a single-family residence from \$50 to \$60;
- annual fee for a certificate of coverage under a general permit for a point source discharge of stormwater or wastewater from \$80 to \$100;
- recycle systems nondischarge permits from \$300 to \$360;
- major nondischarge permits from \$1,090 to \$1,310;
- minor nondischarge permits from \$675 to \$810;
- permits for construction of new sewer systems or extension of existing sewer systems permits from \$400 to \$480;
- state stormwater runoff 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.

Sustainable Management of Groundwater Resources. The budget provides over \$95,000 in each of the next two years for one new position to provide technical assistance to 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 budget provides 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 budget provides over \$5.5 million to meet the 20% state match requirement for drawing the maximum federal funds for the State Drinking Water Revolving Fund.



Clean Water Management Trust Fund. The budget provides \$100 million to the Clean Water Management Trust Fund.

Bernard Allen Memorial Emergency Drinking Water Fund. The budget establishes the Bernard Allen Memorial Emergency Drinking Water Fund. The Fund will be used to pay for notification to persons who reside in any dwelling unit or any place of business where water is supplied from a private drinking water well or improved spring that is located within 1,500 feet of and at risk from known groundwater contamination. The Fund may also be used to pay for testing of private drinking water wells and improved springs from suspected contamination up to once every three years upon the request of the person who uses the well and may also be used for temporary or permanent provision of alternative drinking water supplies to persons whose drinking water well or improved spring is contaminated. The Fund is not to be used for remediation of groundwater contamination or to supply alternative drinking water supplies to households with incomes greater than 300% of the federal poverty level.

Funds for Local Government Water and Sewer Improvement Grants. The budget provides \$50 million for grants to local governments for wastewater-related projects and \$50 million for grants to local governments for public water system-related projects to the Rural Economic Development Center and outlines eligible grant applicants and project requirements.

GENERAL GOVERNMENT

Biennial Fee Report. The budget directs the Office of the State Budget and Management to report biennially on the fees charged by each state department, bureau, division, board, commission, institute, and agency during the previous two fiscal years. The report will include: the statutory or regulatory authority for each fee; the amount of the fee; when the amount of the fee was last changed; the number of times the fee was collected during the prior fiscal year; and the total receipts from the fee during the prior fiscal year.

Most State Employees/Salary Increases. The budget authorizes a salary increase of 4% for all permanent full-time state employees, effective July 1, 2007.

Change Corporate Annual Report Fees. The budget increases the fee for filing an annual report with the Secretary of State from \$20 to \$25 and adds a new fee for filing an electronic report of \$18.

Maintain Current Sales Tax Rate. The budget authorizes the continuation of the current sales tax rates and makes those rates permanent. The combined state and local sales tax is now 6.75%.



Earned Income Tax Credit. The budget provides for an earned income tax credit for qualified taxpayers and provides that if the allowable credit exceeds the amount of tax imposed, the person is due a refund. The earned income tax credit will expire for taxable years beginning on or after January 1, 2013.

Reenact Long-Term Care Credit. The budget allows a tax credit of \$350 for each qualified long-term care insurance contract for taxpayers depending upon adjusted gross income. The long-term care tax credit will expire for taxable years beginning on or after January 1, 2013.

Local Option County Taxes. The budget authorizes the levy of a county land transfer tax upon a majority vote in a referendum on instruments conveying interests in real property located in the county, up to a rate of 0.4%, in increments of 0.1%. The budget also authorizes a One-Quarter (1/4) cent County Sales and Use Tax when the majority of those voting in a referendum vote for the levy of the tax. Counties may not levy both taxes but must choose either the land transfer tax or the sales tax.

TRANSPORTATION

Driver License Secure ID and Card Production System. The budget provides over \$1.4 million in each of the next two years for 36 new positions in the Division of Motor Vehicles for the implementation of a new driver license secure ID and card production system. The new system will comply with the U.S. Real ID Act and House Bill 267.

Division of Motor Vehicles License Plate Recall Program. The budget provides over \$282,000 this year and \$99,000 next year to replace old license plates. The Division of Motor Vehicles will develop a schedule for recalling approximately 94,000 of the oldest license plates annually for the next 5 years. The budget also provides \$99,000 in each fiscal year after 2008-2009 to begin a continuous license plate recall program.

RESERVES/DEBT SERVICE/ADJUSTMENTS

Public School Salary Increase. The budget provides for a 5% increase in teacher salaries.



CAPITAL

Water Resources Development Projects. The budget provides \$20 million for the state's share of water resources development projects.

— Colleen Kochanek
NCGWA Legislative Counsel
Smith Moore LLP
colleen.kochanek@smithmoorelaw.com
www.smithmoorelaw.com