
Government Affairs Update



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North Carolina News:

Budget

The Senate has approved a \$20.5 billion state budget. Through a combination of federal stimulus money, spending reductions and \$500 million in tax increases, the plan attempts to fill the \$3.4 billion budget gap projected for next year. The tax increases will be unspecified until the finance package is released. However, they are expected to include higher alcohol and cigarette taxes and taxes on some professional services. It is unknown whether the increase in the professional license tax included in Governor Perdue's budget will be included in the final Senate budget.

Spending cuts in the proposed budget include \$55 million in state funding to Medicaid patients living at home, \$362 million in education cuts and more than 700 layoffs of state workers. After being approved by the Senate Finance, Appropriations and Pension Committees on Tuesday, it was passed by the Senate in a fairly partisan vote.

Transfer Tax Repeal

This week, a bill similar to **SB 915 introduced by Sen. David Hoyle (D-Gaston)**, was introduced in the House by **Reps. Thom Tillis (R-Mecklenburg), Curtis Blackwood (R-Union), Nelson Dollar (R-Wake) and Shirley Randleman (R-Wilkes)**. **HB 1431 (Repeal Land Transfer Tax)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1431v0.pdf>, would repeal the county authority to put the transfer tax on the ballot.

Homebuyers Tax Credit

Already this session, two homebuyer tax credit bills have been introduced in the Senate and one in the House. **Reps. Michael Wray (D-Northhampton), William Wainwright (D-Craven), Bill Owens (D-Pasquotank) and Hugh Holliman (D-Davidson)** have introduced yet another such bill. **HB 1240 (Home Purchase Stimulus)** <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1240v0.pdf> provides a \$10,000 tax credit over five years for the purchase of a permanent residence. The legislation sets aside a total of \$100 million for this credit on a first come, first serve basis. This is a companion bill to **SB 912 (Home Purchase Stimulus)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/Senate/PDF/S912v0.pdf>, which was introduced by **Sen. David Hoyle (D-Gaston)**.

Beach Plan Changes

Before the beginning of this year's legislative session, a legislative study committee reviewed the effect that a significant hurricane would have on the insurance companies in NC and specifically the Beach Plan. The study committee recommended making certain changes to the Beach Plan. These changes include capping policy exposure limits for Beach Plan policies (\$750,000 for residences and \$3 million for

commercial). The recommendations also included a provision that limits insurance company exposure in the event of large losses in the Beach Plan and then would allow them to impose a charge on all homeowners' policies across the state in order to pay Beach Plan claims. **HB 1305 (Beach Plan Changes)**, introduced by **Rep. Hugh Holliman (D-Davidson)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1305v0.pdf>, includes many of the recommendations of the study committee.

Photoelectric Smoke Detectors

Rep. Verla Inkso (D- Orange) has introduced **HB 1125 (Require Photoelectric Smoke Detectors)**, <http://ncleg.net/Sessions/2009/Bills/House/PDF/H1125v1.pdf>, which would require Photoelectric Smoke Detectors in all new homes and would require the installation of these devices in existing homes when they are sold. Additionally, the bill allows the Building Code Council to require these smoke detectors to be used in all dwelling units which are rental properties.

Private Well Testing

A bill which would require private wells to be tested at the time real property is transferred was introduced by **Reps. Pricey Harrison (D-Guilford), Carolyn Justice (R-Pender), Dan Blue (D-Wake) and Rick Glazier (D-Cumberland)**. **HB 1442 (Protect Private Drinking Well Users' Health)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1442v0.pdf>, requires the test be performed prior to closing and that the buyer and seller certify, in writing, that they have received and read the results. The bill also requires that any rental property which is supplied through a private well must be tested every three years. A copy of the most recent results must be provided to a new lessee prior to execution of a rental agreement.

Commercial Broker Liens

Reps. Darrell McCormick (R-Yadkin) and Pryor Gibson (D-Anson) introduced **HB 1356 (Commercial Real Estate Broker Lien Act)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1442v0.pdf>, which will allow a commercial real estate broker to attach a lien to a property for which they are owed a commission for a sale or lease transaction. The broker will have up to two years to file the lien.