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# Government Affairs Update



North Carolina Association of REALTORS®, Inc.

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## North Carolina News:

### **Beach Plan Legislation Moves Forward**

The House Insurance Committee approved legislation intended to help the state-sponsored coastal insurance plan, commonly known as the Beach Plan, survive a catastrophic storm event. **HB 1305 (Beach Plan Changes)**, introduced by **Rep. Hugh Holliman (D-Davidson)**, <http://www.ncleg.net/Sessions/2009/Bills/House/PDF/H1305v2.pdf>, is the product of a legislative study committee and months of discussions between legislators, regulators and interested parties.

NC Association of REALTORS® staff testified during the committee meeting, stating that the current version of the bill addresses many of the Association's major issues. However, staff did ask for specific amendments to the bill, including increasing public access to Beach Plan decision-making, mitigation credits for the voluntary market and keeping property coverage limits at current levels.

The bill makes clear that the state-backed plan will be required to keep its surplus instead of refunding it to member insurance companies. Additionally, if a huge storm event were to result in Beach Plan claims that exceeded a certain level (the amount of the retained surplus plus \$1 billion), insurance policy owners across the state would be subject to assessments on their policies of up to 10% per year to pay claims. The surcharge would remain in effect until the insurance companies recouped losses above this level.

N.C. Association of REALTORS® staff will continue to push for improvements to the bill as it moves on to the House Finance Committee in the coming weeks.

### **State Budget Impasse**

State government will not shutdown thanks to the passage of **SB 311 (Continuing Budget Authority)**, introduced by **Sen. Linda Garrou (D-Forsyth)**, <http://www.ncleg.net/Sessions/2009/Bills/Senate/PDF/S311v3.pdf>, which is a continuing budget resolution that will keep state government operating until July 15<sup>th</sup>. Passage of such legislation was necessary because budget negotiators from both chambers have been unable to work out a compromise budget.

The continuing resolution funds state government at 85 percent of spending of the current \$21.3 billion state budget. It would also delay any step pay increases that normally would go to teachers, magistrates and clerks based on seniority.

### **Property Tax Reprieve on Unsold Inventory**

This week, the Senate Finance Committee approved **HB 852 (Defer Tax on Builders' Inventory)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H852v3.pdf>, introduced by **Reps. Margaret**

**Dickson (D-Cumberland), Harold Brubaker (R-Randolph), Hugh Holliman (D-Davidson) and William Wainwright (D-Craven)**, which would temporarily defer the property taxes due on unsold, new homes which have never been occupied. The period of the deferment could be as long as three years or until the house is sold. The tax deferment is only on the home and not the underlying property. The increased property taxes generated by improving the land with a home would be due when the home is sold.

### **National News:**

#### **Houses Passes Climate Bill with Energy Labeling Exemption**

The U.S. House of Representatives approved H.R. 2454, the American Clean Energy and Security Act by Reps. Waxman (D-CA) and Markey (D-MA). The bill, re-numbered H.R. 2998, includes NAR-supported provisions which were championed by Rep. Perlmutter (D-CO) that exempt existing homes and buildings from the bill's energy labeling program.

After multiple meetings to discuss the Waxman-Markey bill, the NAR Land Use, Property Rights and Environment Committee directed NAR staff to concentrate on the real estate provisions in the bill. As a result, NAR issued calls for action and made this a talking point for Capitol Hill visits during its recent Midyear meeting. Overall, Realtors succeeded in making a number of positive changes to the bill. Thanks to Realtors, the House-approved bill:

- Limits the energy labeling provisions to new construction only;
- Prohibits the Environmental Protection Agency from regulating carbon emissions from residential and commercial buildings under the Clean Air Act;
- Eliminates an early proposal to bolster a private right of action so that citizens could sue over minor climate risks under the Clean Air Act; that proposal is no longer in the bill as passed by the House;
- Provides property owners with significant financial incentives, matching grants and the tools to make property improvements and reduce their energy bills; and
- Establishes a multitude of green building incentives for HUD housing, including a loan program for renewable energy, block grants and credit for upgrades in mortgage underwriting.

While H.R. 2998 includes many positive changes, NAR will have additional opportunities to make further changes to address unresolved issues, such as the bill's building energy code targets. The Senate must still pass its version of an energy/climate bill. There would be a House-Senate conference to reconcile differences between the House and Senate bills. The timing for a vote in the Senate is not clear as the Environment and Public Works Committee still must develop the climate provisions to "cap and trade" carbon emissions. The Senate Energy and Natural Resources Committee has approved the energy provisions (to which climate provisions would be coupled), which include building energy standards that are more realistic and preserve state flexibility to develop and enforce building codes. While the bill as approved by the House represents a significant improvement over the bill that was introduced, NAR will continue to work to address these issues as the legislative process continues.

Here is a link to a document that NAR put together on the topic entitled "Myths and Facts: Home energy labeling":

[http://www.realtor.org/wps/wcm/connect/865087004eadb900a294fab684cb314f/government\\_affairs\\_clean\\_energy\\_myths\\_facts.pdf?MOD=AJPERES&CACHEID=865087004eadb900a294fab684cb314f&LID=RONav0019](http://www.realtor.org/wps/wcm/connect/865087004eadb900a294fab684cb314f/government_affairs_clean_energy_myths_facts.pdf?MOD=AJPERES&CACHEID=865087004eadb900a294fab684cb314f&LID=RONav0019)