

#MTRaleigh – Issue No. 12, July 1, 2015

It's the latest edition of the MountainTrue Raleigh Report – Dog Days of Summer Edition. It's the time of year when things get really crazy. Just this week we saw a bill about gravel transportation morph into a regulatory reform bill that reduces the number of air quality monitors, limits local stormwater management and eliminates protections for wetlands. You can [read more](#) about that bill.

July 1 is the beginning of the state's fiscal year – and the date by which the legislature typically aims (and misses) to have a new state spending plan in place.

Unless a small miracle occurs in the next several days, the GOP-controlled House and Senate are virtually guaranteed to miss this key deadline. Instead, look for them to pass a continuing resolution to keep the government running and then go into what many expect to be weeks of deadlock over their respective spending plans.

With this year's budget impasse now upon us, we thought it might be a good time to go over some of the major issues that need settling in the budget as well as some of the bills the legislature will likely take up before they pack up and go home.

Join MountainTrue in Raleigh

Since legislators are going to stick around Raleigh for the foreseeable future, join us on our next trip to the General Assembly. We are headed back to Raleigh July 16th to meet with legislators about energy issues, environmental protections and other WNC issues. [Sign up today.](#)

Budget Battles Brewing

The Senate and House budgets are miles apart on everything from tax policy to Medicaid reform to education – and dozens of other issues in between.

For enviros and policy wonks, the N.C. Conservation Network has a handy [side-by-side chart](#) that is an easy way to see the differences between the House and Senate budgets on key conservation provisions. A quick look at the Senate's version of the budget, for example, has a number of bad provisions:

- Diverts millions from the Clean Water Management Trust Fund for untested technology for "SolarBees" that supposedly reduce algae blooms in polluted lakes by churning the water.
- Phases out the cleanup program for non-commercial leaking underground storage tanks, leaving landowners with no state help in addressing the pollution.
- Weakens the protection of coastal barrier island shorelines by directing the Coastal Resources Commission to allow sandbagging on any beachfront property whose neighbor has sandbags.

As we mentioned above, the General Assembly is going to need a temporary spending agreement – called a continuing resolution – to bridge the gap between the start of the fiscal year July 1 and the completion of the budget. Legislators have already begun work on the continuing resolution and hope to have it ready to go early this week.

Magically Growing Bill – Part 2

As we told you last issue, H44, Local Government Regulatory Reform 2015, grew overnight to mysteriously include a number of lousy environmental provisions, including weakening riparian buffer

rules and making it harder to create bike lanes. Unfortunately, the bill actually got worse when it passed the full Senate.

The good news is that the House voted not to concur with the changes and sent the bill to conference. Our own Rep. Chuck McGrady is on the conference committee, trying to hammer out a responsible bill so stay tuned....

Renewable Energy Tax Credits

All session, we've kept a close eye on the future of the Renewable Energy Investment Tax Credit (REITC). These credits are a primary contributor to the growth of North Carolina's clean energy economy and have generated \$1.54 of state and local government tax revenue for every \$1.00 taken in tax credit. For more background, check out [this fact sheet from the N.C. Sustainable Energy Association](#).

The future of the tax credits is still muddy. The House budget extended them at 35% the first year and down to 20% in the second year, but the Senate budget cut them entirely. If the Senate provisions are approved, the credits would end immediately – providing a serious blow to the solar industry here in North Carolina and putting at risk the thousands of jobs it has brought to our state.

Earlier this session Gov. McCrory signed into law Senate Bill 372 extending the tax credit for renewable energy projects in advanced stages of development until Jan. 1, 2017. To qualify for the credit, projects that will have less than 65 megawatts of capacity and must be 80 percent complete by Jan. 1, 2016. For projects that will have 65 megawatts of capacity or more, the project must be 50 percent complete by Jan. 1, 2016.

REPS

We've also talked a lot about REPS, the Renewable Energy Portfolio Standards, this session. REPS requires Duke Energy to meet up to 12.5% of its energy needs through renewable energy resources or energy efficiency measures by 2021, phasing in the requirements over time. Rural electric cooperatives and municipal electric suppliers are subject to a 10% REPS requirement. You can read more about REPS from the [N.C. Sustainable Energy Association](#).

This session REPS has been under attack, with a number of legislative vehicles aimed at freezing the requirements at the current standard of 6%. The most recent bill to accomplish this is H332, Energy Policy Amendments. This bill has passed the House and is currently in the Senate, where its next stop is the Finance Committee.

Last month, Apple, Google and Facebook sent state legislators a [letter opposing H332](#) and the freezing of REPS. There have also been some powerful op/eds written in support of REPS, including a warning from a [state legislator from Ohio](#) and a piece by [former Duke Energy CEO Jim Rogers](#). New Belgium and Sierra Nevada also signed letters to legislators supporting REPS.

Whether legislators will decide to listen to business leaders and others on this issue remains to be seen – and probably won't be resolved until (unless?) legislators go home for the summer (Fall?). When that will be is just about anyone's guess.