

## General Assembly Adjourns 2008 Short Session

The General Assembly adjourned the 2008 “short session” on July 18<sup>th</sup>. This year's legislative session, which began on May 13<sup>th</sup>, was marked by the passage of a \$21.4 billion state budget that despite a modest pay raise for judicial branch employees, did not provide an expansion budget for the judicial branch ([H2436](#)). For a summary of the judicial branch budget, please see the latest edition of the [Governmental Affairs Update](#).

In addition to passage of the budget, the legislature passed a number of significant pieces of legislation this year, including the repeal of the North Carolina gift tax. Effective January 1, 2009, North Carolina residents who give monetary gifts to family and friends will no longer be subject to additional taxes. Prior to this repeal, North Carolina was one of only four states that had such a tax. The Bar Association successfully collaborated with the North Carolina Association of Certified Public Accountants on this important issue.

Another success for the Bar Association involved a statutory change to Chapter 105 of the North Carolina General Statutes which clarified the General Assembly's intention with respect to sales tax obligations of charities. This statutory change provides assurance that the Bar Foundation will receive its sales and use tax refund from the Department of Revenue for its charitable and educational services in the years to come.

In other news, the legislature, established a commission to study the compensation of North Carolina's judicial officials ([H2431](#)). North Carolina's judges are the lowest paid judges in the southeastern court system, which includes Virginia, South Carolina, Tennessee, Georgia and North Carolina. The commission is required to make a final report, including any proposed legislation, to the 2009 General Assembly by no later than January 15, 2009.

In addition, the Bar Association assisted with the passage of clarifying language to the Advanced Directives/Health Care Power of Attorney legislation from the 2007 long session ([S1632](#)). While purely technical in nature, these changes will provide much needed assistance with statutory interpretation.

Legislators also clarified the state ethics law to require the state auditor to turn over possible violations of the ethics act to the N.C. State Ethics Commission ([H2542](#)). Additionally, possible conflicts of interest involving officials and their duties were addressed in the ethics legislation.

In other significant news, the legislature passed a handful of bills aimed at addressing the housing crisis in North Carolina. The Emergency Foreclosure Reduction Program ([H2623](#)) will help sub-prime mortgage holders avoid foreclosure. The Earlier Notification of Mortgage Servicer Fee ([H2188](#)) prohibits bonus payments to mortgage brokers for steering borrowers into more expensive home loans. While the Regulation of

Mortgage Servicers ([H2463](#)), gives the North Carolina Commissioner of Banks regulatory authority over mortgage servicers by way of the Mortgage Lending Act.

Despite the many successes for the Bar Association this session, legislation in support of preserving the independence of the judiciary failed to pass ([S2103/S2105](#)). This issue will remain a standing legislative initiative during the long session.

A complete recap of the session's proceedings will be provided in the Legislative Bulletin and provided to the members of the Bar Association at the end of each legislative session by the Office of Governmental Affairs. The latest edition, which will be available by the end of August, will provide a synopsis of the legislative session in a user-friendly format that links directly from the summaries to the complete text of each bill.

Legislative proposals for the 2009 Session of the General Assembly, which begins January 28<sup>th</sup>, 2009, are due in Office of Governmental Affairs no later than October 3<sup>rd</sup>. All proposals will be distributed to every section and legislative chair of the Bar Association for review and comment prior to review by the Executive Committee late this year. The proposals will then be voted on by the Board of Governors at their meeting in January. See [Legislative Policies and Procedures](#).

For additional information about anything in this article, please contact [Kim Crouch](#), the Bar Association's Director of Governmental Affairs.