

**** NEWS SUMMARY ****

#1 HOUSE BACKS LIMITS ON VIDEO POKER: The state House voted 96-8 to forbid new video-poker machines in the state for two years but to allow the owners of 20,000 existing machines to keep as many as three machines in each establishment. "The idea is this is a moratorium, so you can't have any more machines in North Carolina. And you can't have any more than three in one place at one time," said House Majority Leader Phil Baddour, D-Wayne. Senate President Pro Tem Marc Basnight, D-Dare, who pushed for an outright ban, said the House version is unsatisfactory. The proliferation of machines in South Carolina, which this month banned them, led to problems. "Video poker changed the entire appearance of South Carolina," Basnight said. "... They had machine limits, and then they set up little booths -- 80 machines." The bill faces a final House vote today (David Rice, WINSTON-SALEM JOURNAL, 7/8). The Senate approved a ban on the machines, exempting only the casino on the Cherokee Indian Reservation. But House members were lobbied by truck-stop and convenience-store operators who rely on the machines for part of their income. During House debate, a procedural vote on adopting the Senate ban failed, 60-45. The potential standoff over video poker comes as the legislature tries to finish its session this week.

#2 EAST IS EAST AND WEST IS WEST...: A fight over zoning is likely to surface this week in the General Assembly. At issue is a Senate bill that would redistribute 1998 clean water bond funds. The bill adjusts formulas for awarding water and sewer grants and loans to local governments. As passed by the Senate, it would award about \$320 million to communities east of Alamance County, and only about \$45 million to communities from Alamance County west to the Tennessee border. The House version, which is scheduled for a final vote tonight, would guarantee at least 30 percent of bond funds each to western counties, Piedmont counties and eastern counties. "We'll fix it when it gets back over here," said Senate Finance Co-chair John Kerr, D-Wayne, sponsor of the bill. "I don't know what's going on over there" in the House. Under the Senate version, communities with zoning ordinances would get extra points when loans or grants are considered. The zoning points would tilt the bond funds heavily in favor of eastern counties. "You're doggone right we don't like zoning in the mountains," said Rep. Mitch Gillespie, R-McDowell. "People there aren't going to have it." Gillespie's amendment to divide the bond money equally passed by one vote in committee, but easily won tentative approval in the full House. Eastern lawmakers argue their local governments, still trying to recover from Hurricane Floyd last fall, need all the help they can get, particularly for services like water and sewer. But Gillespie argues that voters in Western N.C. helped pass the bonds and deserve a share.

#3 TOBACCO WATCH: Senate leaders say they don't intend to accelerate payments from the state's tobacco settlement to a trust fund for tobacco growers and quota owners. "We've looked at it. And in light of events since the House passed its bill last year, we think the need for front-loading no longer exists," Sen. Tony Rand, D-Cumberland, said after a House-Senate conference committee discussed the issue. Legislators agreed last year to put 50 percent of the state's tobacco settlement into the Golden LEAF Foundation for tobacco-dependent communities, 25 percent into a trust fund for health programs and 25 percent into a trust fund for farmers, quota holders and tobacco-related businesses. The House later passed a bill that would "front-load" payments from the state's \$4.6 billion tobacco settlement into the health and tobacco trusts during the early years. The Senate removed those provisions (ASSOCIATED PRESS, 7/8). When the conference committee met, Rep. Leo Daughtry, R-Johnston, pushed for early funding for the tobacco trust. Sen. David Weinstein, D-Robeson, said that between Phase 2 money and disaster-assistance payments, "we've put out \$437 million so far this year" for tobacco. Graham Boyd, executive vice president of the Tobacco Growers' Association of N.C., said despite the payments tobacco farmers have received, they still need help after three straight years of cuts in quotas. The conferees did agree the health trust fund should make improving the health of the poor and youths one of its priorities (Lynn Bonner, NEWS & OBSERVER, 7/8).

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