



Bulletin #13-02
Friday, Feb. 8, 2013

H30 would repeal combined tax, tag collections; counties could lose as much as \$50M per year

In August 2005, the N.C. House and Senate both unanimously approved legislation that would require citizens to pay the property taxes on their motor vehicles when they renew their registration, instead of paying the taxes several months after the vehicle registration had been renewed. After years of working to develop a system to accomplish this goal, and only weeks before it is set to go live, legislation has been introduced that would undo this unanimous vote. **H30** (Repeal Combined M.V. Registration/Tax System) would stop this initiative in its tracks.

North Carolina is the only state that still collects motor vehicle property taxes after the registration has been renewed. All other states require the property taxes to be paid before the vehicle registration can be renewed. Requiring the payment of property taxes when a vehicle registration is due would make it more difficult for citizens to skip paying their property taxes. According to statistics from the N.C. Property Tax Division in the Department of Revenue, counties collected 86.7% of property taxes on motor vehicles in 2011-12, while collecting 97.9% of property taxes due on non-motor vehicles. If counties enjoyed the same collection rate on motor vehicles as is experienced on non-motor vehicles, it would mean additional tax revenues of \$45-50 million per year for counties, with municipalities also receiving millions more in collected taxes. Many counties are losing the equivalent of more than one cent on their property tax rate, while Columbus (2.6 cents) and Robeson (1.8 cents) are losing significantly more revenue.

Since the legislation passed, county tax collectors and the NCACC have been working diligently with the N.C. Division of Motor Vehicles to establish a system, called Tax and Tag Together, which would generate both the registration renewal notice and the property tax bill at the same time. The bill will be sent by the DMV to the vehicle owner, and the DMV will collect the renewal fee and the property taxes, then remit the taxes to the county, allowing citizens to make one convenient payment to DMV instead of separate payments to the DMV and county. Millions of dollars have been spent developing this program, and it is set to go live in March 2013 for vehicles whose registration expires on or after July 1, 2013. The Association adamantly opposes any attempt to repeal this program, which will provide citizens a one-stop, simplified process to renew their vehicle registration and pay property taxes while dramatically improving county collection rates.

County Caucus holds initial meeting

A group of former county commissioners turned legislators met Tuesday morning at the N.C. General Assembly in the inaugural meeting of the County Caucus, which is being recognized as a formal legislative caucus in 2013. The caucus will have two co-chairs each from the House and Senate – Reps. Chuck McGrady (R-Henderson) and Becky Carney (D-Mecklenburg) and Sens. Jim Davis (R-Macon) and Earline Parmon (D-Forsyth). There are currently 26 former county commissioners in the N.C. General Assembly, including nine new House members and one new Senator. The NCACC will rely on the county caucus to be a conduit for disseminating information about legislation that could impact counties, said NCACC Director of Government Relations Johanna Reese. “Members of the caucus can quickly understand the pros and cons of any legislative proposals that could impact counties, and we will rely on them to help educate other members of the Legislature,” said Reese. “It is a huge benefit to counties to have so many former commissioners in the General Assembly.” The caucus replaces the County Coalition, which had been meeting informally for several years but was never officially recognized by the House or Senate.

Walk the Hall Wednesdays

The NCACC is inviting county commissioners to Raleigh this year to walk the halls with the NCACC advocacy team during the 2013 legislative session. NCACC staff will guide you through the halls of the General Assembly where you will meet with legislators, attend committee meetings and be a part of the advocacy team for a day!

If you are interested in joining the NCACC advocacy team in Raleigh for a Wednesday at the General Assembly, please complete [this form](#). And please remember to bring comfortable shoes.

Eminent Domain bill appears imminent

A bill that attempts to restrict local governments' ability to use eminent domain has been introduced in the House. **H8** (Eminent Domain) proposes a constitutional amendment, which would be held on the Nov. 4, 2014, general election, to prohibit a unit of government from using eminent domain to take property and give it to another party for economic development. It would also give either side the authority to ask for a trial by jury to determine compensation for land seized through eminent domain. A similar bill passed the House in 2007 and 2011, but stalled in the Senate both times. A slightly revised version of the bill passed the House Judiciary B Committee on Wednesday and has been placed on the House calendar for Feb. 12.

House, Senate set local bill deadlines

The House and Senate have established their bill deadlines for the 2013 Long Session. For the House, local bills must be submitted to bill drafting by 4 p.m. on Wednesday, March 20 and filed in the House by Wednesday, April 3. For the Senate, local bills must be submitted to bill drafting by 4 p.m. on Tuesday, March 5, and filed in the Senate no later than Wednesday, March 13 by 3 p.m. County officials interested in pursuing local legislation are urged to act quickly to ensure that their requests are eligible for the long session.

NCACC Legislative Bulletin Schedule

The Legislative Bulletin will be communicated electronically to county officials, legislators and other interested recipients every Friday during the Legislative Session. If you would prefer to have the bulletin mailed to you, please send your name and mailing address to communications@ncacc.org. Additionally, as events warrant, the Association sends e-mail alerts to the Legislative Bulletin e-mail list.

You can also receive instantaneous updates by following us on Twitter to receive our updates on your phone or other portable device. Check out our Web page from time to time at www.twitter.com/NCACC. You can also become our fan on Facebook at www.facebook.com/ncacc1908.

Bills of Interest

Bill: **[H69](#)**

Sponsor: Torbett (R108)

Title: OPPORTUNITY ADVANCEMENT ZONES

Comments: This bill would create special Opportunity Advancement Zones (OAZ) within a county based on certain criteria. Employers located in these zones would be eligible for additional economic development tax credits for new job creation. A zone consists of one or more contiguous census tracts or census block groups, or a combination of both, and could not comprise more than 5 percent of the area of the county. The zone must also meet one of the following criteria: at least 40 percent of households with incomes of \$25,000 or less and an unemployment rate that exceeds the federal unemployment rate by at least two percent; has at least 33 percent of households with incomes of \$25,000 or less and has an unemployment rate that exceeds the federal unemployment rate by at least four percent; or has at least 25 percent of households with incomes of \$25,000 or less and an unemployment rate that exceeds the federal unemployment rate by at least six percent. The Board of Commissioners would adopt a resolution designating the area as an OAZ.

Bill: **[H71](#)**

Sponsor: Baskerville (D32)

Title: RESTORE CERTAIN HOLD HARMLESS SALES TAX FUNDS

Position: Support

Category: Legislative Goal

Comments: This bill would extend the existing hold harmless payments from the reimbursements for the repealed intangibles tax for Vance, Warren and Granville counties only. Counties approved a legislative goal to extend these payments. The 2004 Appropriations Act (H1414) amended G.S. 105-521 by guaranteeing hold harmless payments through 2012 for local governments. The 2012-13 payment is scheduled to be the last unless additional legislation is passed. The Article 44 hold harmless payments are approximately \$15 million, and these funds are an important source of revenue for the economically distressed counties and municipalities that receive them.

Bill: **[H79](#)**

Sponsors: Pittman (R82); Hardister (R59); Ford, C. (R76)

Title: ANNEXATION AMENDMENT

Comments: This bill would amend the state constitution to require any annexation initiated by a municipality be put to a vote of the people in the area being annexed. For it to pass, the annexation would have to be approved by two-thirds of the voters. In addition, the constitutional amendment would restrict cities from exercising "any jurisdiction beyond the

corporate limits."

- Johanna Reese, Government Relations Director
- David F. Thompson, Executive Director



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