

The House Elections Committee on Wednesday approved [H11](#) (Special Elections Dates) in a bipartisan vote. The bill would restrict the dates that local governments can hold special elections, such as bond referenda, to regularly scheduled election dates (either a state, county or municipal general election or the primary election in an even-numbered year). Currently, local governments may choose a date for a special election as long as it is not within 30 days of another election. The bill would grant an exception if a county or city believes it needs a special election related to an emergency public health or public safety need. The governing board would have to adopt a resolution stating the emergency and setting the date for the election. Some local governments prefer setting separate dates for local referenda because it will allow the issue to receive more public attention than it otherwise would if the election is held in conjunction with a normal election cycle, where the focus is typically on individual races.

Tax reform plans begin discussion on revising state tax code

Bills have been filed in the last week that represent the kickoff to the latest attempt at revising and modernizing the state tax code. Sen. Dan Clodfelter, a Democrat from Mecklenburg County, unveiled a plan last week ([S394](#) - Lower Tax Rates For A Stronger NC Economy) that sticks to the theme of expanding the sales tax base while reducing the overall sales tax rate. His plan includes several notable Republican co-sponsors, such as Sen. Fletcher Hartsell and Sen. Bob Rucho, and generated a lot of coverage after it was filed. The plan simplifies corporate and individual taxes by eliminating many exemptions and expands the sales tax base to include more services, such as landscaping or repair, and to include tickets to entertainment events, such as movies or sporting events. The county sales tax rate would stay the same, meaning that all counties should see an increase in sales tax revenue with the expansion of the sales tax base. However, the plan calls for the state and counties to evenly split the 2% food sales tax (counties currently receive all the food sales tax revenue) and other county revenues could also be diminished. It is too early to tell what the overall impacts for each county would be. Other bills are being filed that would address the tax reform in a piecemeal approach. Sen. Andrew Brock this week filed [S369](#) (Business Tax Reduction and Reforms), which attempts to streamline business taxes. Currently, the state levies privilege taxes on attorneys and other professionals, and certain financial institutions. Local governments also are authorized to levy certain local privilege license taxes. The bill eliminates the general authority of local governments to levy privilege license taxes and replaces the state business franchise tax with a business privilege tax, which is a simplified version of the business franchise tax. According to a fiscal note provided by the General Assembly, the net impact of the changes to the state would be the loss of about \$10 million a year. The net impact on local governments would be a loss of about \$75 million a year, most of that to municipalities. It is widely anticipated that whatever plan is ultimately adopted will take a revenue-neutral approach for the state. The Association will continue to monitor these bills to make sure that legislators are aware of potential negative impacts to counties.

Another bill filed to extend county hold harmless payments

One more bill was filed this week to address the NCACC's legislative goal to extend the hold harmless payments for local governments whose expected Article 44 sales tax revenues were not equal to the amount they would have received for the reimbursement from the repealed intangibles tax. [S422](#) (Restore Hold Harmless Reimbursement) was filed this week and is sponsored by Sens. Earline Parmon (Forsyth) and Angela Bryant (Nash). The bill would extend the hold harmless payments in perpetuity.

Last week, [H389](#) and [S307](#) (Restore hold harmless sales tax funds) were filed. Rep. Bryan Holloway is a primary sponsor for H389, and he filed the bill after meeting with Stokes County Commissioners. These bills would extend the hold harmless payments for local governments for four years, phasing down the payments in 25 percent increments each year, through August 2016. Local governments would receive the full reimbursement in August 2013, 75 percent of the reimbursement in August 2014, 50 percent in August 2015 and 25 percent in August 2016. [H373](#) (Extend state hold harmless sales tax funds) would extend the full payments for another two years.

The 2004 Appropriations Act 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.

Bills of Interest

The Association maintains a [section on its website](#) to track bills of interest to county officials. For past editions of the Legislative Bulletin, visit the NCACC's Legislative Bulletin Blog at <http://www.ncacc.org/Blog.aspx?CID=3>.

Bill: [H343](#)

Sponsor: Turner (R84)

Title: COURTS/PROCEDURE AND FEE AMENDMENTS.-AB

Comments: This bill would remove the exemption that counties have for paying court fees in advance for the facilities fee, the General Court of Justice fee and the "miscellaneous fees enumerated in G.S. 7A-308 in child support actions, child abuse actions, and other actions filed by the department of social services." Counties are concerned that requiring these fees to be paid in advance, particularly for DSS, could hinder a county's ability to provide for the safety of

children at risk.

Bill: [H455](#)

Sponsors: Pierce (D48); Hall, L. (D29); Michaux (D31); McManus (D54)

Title: VOTING IMPROVEMENT ACT

Comments: This bill would require counties to operate one-stop voting sites on Election Day at the county board of elections or an election site nearest to the county board of elections main office. It would also extend to Sundays the hours for early voting and would require that early voting be offered for at least six hours but not more than eight hours on the final Saturday before election day. The bill also allows state employees to take up to three leave days to serve as a precinct official for election day.

Bill: [S411](#)

Sponsors: Rabon (R8); Harrington (R43)

Title: ETHICS REQUIREMENTS FOR MPOS/RPOS

Comments: This bill adds "voting members" of Metropolitan Planning Organizations (MPO) and Rural Planning Organizations (RPO) to the list of individuals covered by the State Ethics Act. The bill was passed by the Senate Transportation Committee on March 26 and has been re-referred to the Senate Judiciary I Committee.

Bill: [S463](#)

Sponsors: Woodard (D22); McKissick (D20)

Title: JAIL DORMITORY MINIMUM STANDARDS

Position: Support

Category: Legislative Goal

Comments: This bill would accomplish the NCACC legislative goal to reduce "detention center space requirements in existing and new detention center facilities in all counties in North Carolina, consistent with the language in N.C. G.S. 153A-221." It applies only to counties with a population of at least 250,000.

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



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