



Bulletin #13-15
Friday, May 10, 2013

SENATE UNANIMOUSLY APPROVES CAP ON INMATE MEDICAL EXPENSES FOR COUNTIES

The Senate on Thursday unanimously agreed to legislation to cap counties' exposure to jail inmate medical bills, which would accomplish a legislative goal that has been long sought by counties. [S321](#) (Contain Counties' Inmate Medical Costs) is sponsored by Sen. Jim Davis, a co-chair of the County Caucus and former Macon County commissioner. The bill would provide the same medical cost containment measures now afforded to state prisons. Counties would pay only 70 percent of the medical providers' prevailing rates, or twice the Medicaid rate, whichever is lower. Furthermore, counties could seek Medicaid reimbursement for those eligible county jail inmates who need inpatient hospitalization care. Participating counties would pay the state's Medicaid costs, much like the state pays for its state prisoners. The Association has pledged to work with the Departments of Public Safety and Health and Human Services to aggregate county inmate data and coordinate the Medicaid reimbursement process.



This Week at the General Assembly

Watch the latest episode of This Week at the General Assembly on the NCACC's [Youtube Channel](#). The show is uploaded each Friday afternoon and features a recap of the week's news from the Legislature as well as interviews with key state lawmakers and Association lobbyists. The program is also broadcast on many PEG channels across the state.

HOUSE COMMITTEE PASSES PAIR OF LOCAL ELECTRONIC NOTICE BILLS



The House Judiciary Subcommittee B passed a pair of local bills that would allow certain counties to begin publishing required electronic notices online. [S287](#) (Notice Publication by some Local Govs) would allow a handful of local governments to utilize electronic notification for certain required public notices. The bill is sponsored by Sen. Trudy Wade (left), a former Guilford County Commissioner, and Sen. Tamara Barringer (Wake) and applies to the counties of Burke, Graham, Guilford, Haywood, Jackson, Macon, Mecklenburg, Swain, Union, and Wake, the municipalities located entirely within those counties, and the cities of High Point and Morrisville. It gives the governing board of each of these jurisdictions the option to decide which notices it chooses to publish on its official local government website and which ones it decides to publish in a local newspaper. If a county decides to utilize electronic notice, it must publish the notice on the main page of its website and leave it up for a year. The bill, which has already

passed the Senate, is expected to save counties from spending taxpayer dollars on advertisements in local newspapers and will also make the public notices more accessible by requiring them to be placed prominently on the county's website. The bill does not prohibit a newspaper from continuing to publish the notices.

Rep. Chuck McGrady, a former Henderson County Commissioner and member of the NCACC Board of Directors, helped sponsor a similar bill in the House. [H504](#) (Local Electronic Notice) would grant the same authority to several additional local governments – Buncombe, Forsyth, Gaston, Mitchell, Perquimans, Stanly, Surry, and Watauga counties, any municipality located wholly within those counties, and Raleigh and Zebulon. It was also passed by the House Judiciary B Committee on Thursday.



While these are only local bills, they represent a major step towards accomplishing this Association legislative goal on a statewide basis. The Association expresses its sincere appreciation to Rep. McGrady (right) and Sens. Wade and Barringer for leading the effort in their respective chambers and for withstanding a sometimes heated debate from opponents of the idea.

BURR, HAGAN SUPPORT COUNTIES WITH VOTE FOR MARKETPLACE FAIRNESS ACT

The United States Senate on Monday passed the Marketplace Fairness Act of 2013, which would compel remote and catalog vendors to collect sales taxes on behalf of states and local governments. Both North Carolina Senators, Sen. Richard Burr and Sen. Kay Hagan, supported the legislation, which passed overwhelmingly in the Senate on a bi-partisan

vote. The measure now goes to the House, where prospects for its passage are uncertain at best. The Association has supported the idea of enforcing existing sales tax laws on Internet and catalog sales for a decade, and the National Association of Counties also supports the legislation. The bill does not create a new tax; it simply requires online and catalog merchants to comply with existing state and local sales taxes. The bill makes it easier for the vendors to collect the taxes on their purchases because states are required to adopt the Streamlined Sales and Use Tax Act before they can compel the merchants to begin collecting the taxes. North Carolina is one of 24 states that have already conformed to SSUTA, meaning the state and counties would benefit almost immediately if the House passes the legislation. The Association urges county officials to contact their U.S. House delegates and urge their support of this bill, which could generate millions per year for North Carolina and the state's local governments in currently uncollected sales taxes.

TWO BILLS TO TAKE BITE OUT OF PROPERTY TAX BASE MOVE FORWARD

Commercial businesses would be granted property tax relief under two bills moving through the General Assembly. This is a drastic change to current property tax policy and should cause concern for those who are responsible for protecting the county property tax base. [S490](#) (Exclude Custom Software from Property Tax) would exempt customized software, or modifications to off-the-shelf software, from the property tax base. While the bill sponsor was informed that only two counties required customized software to be listed, a quick survey by the Department of Revenue found that to be a common practice among assessors. There appears to be differing interpretations of whether the existing statutory language calls for exempting modifications to purchased software from third parties. We are appreciative that the bill sponsor offered up a committee substitute to substantially narrow the definition of software — original language would have exempted all software. We have asked for a delay in the bill's effective date if this measure moves forward — county listings of property values undergirding the 2013-14 budget were finalized January 1, 2013. The bill's effective date of July 1, 2013 would set that aside or have commercial taxpayers seek adjustment of their 2013-14 tax listings.

[H860](#) would exempt all commercial burial properties from the property tax base, setting a troubling precedent that would for the first time exempt commercial properties for sale. While receiving a favorable report in House Judiciary, the bill garnered considerable consternation during committee discussion. The bill now moves to House Finance. There may be valid questions of consistency for valuation purposes, and we will be working with the bill sponsor and the Department of Revenue to make sure sufficient guidance, be it administrative or statutory, can ensure consistency from county to county. Our thanks to Henderson County Assessor Stan Duncan for speaking on behalf of counties.

DESIGN-BUILD OPTION MOVES FORWARD IN HOUSE

A bill that would authorize the "design-build" option for construction projects has begun to move in the House. [H857](#) (Public Contracts/Construction Methods/DB/P3), sponsored by Rep. Dean Arp, passed the House Government Committee on Thursday. It has been re-referred to the House Finance Committee. The bill would accomplish the NCACC legislative goal to "Authorize design build option for all counties." The bill has a sunset date of July 1, 2019.

STEERING COMMITTEES MEET



Three Association Steering Committees met this week, including the Tax and Finance Steering Committee, which met Thursday and heard from Lyons Gray (pictured at left), a former state Representative who was appointed by Gov. Pat McCrory as the Secretary of the Department of Revenue. Secretary Gray discussed the prospects of tax reform and said that whenever tax reform is adopted, it will likely be a phased-in approach. On Wednesday, the Justice and Public Safety Steering Committee heard from representatives of the State Highway Patrol on the VIPER program, and on Friday, the Environment Steering Committee received an update on fracking from Lee County Commissioner Jim Womack, who serves as chair of the Mining and Energy Commission, the state body that is overseeing the development of fracking rules and regulations.

HOUSE PASSES BILL REQUIRING CLOSED SESSIONS TO BE RECORDED

The House approved a bill Thursday that would require all governing bodies to record, either audio or video with audio, all closed sessions, in addition to the required general accounting of the meeting. [H870](#) (Record Closed Sessions of Public Bodies) is sponsored by Rep. Jimmy Dixon. Once the recordings become available to the public, the governing board would have to retain them for at least two years. Closed sessions relating to personnel issues are exempt from the requirement. The bill was amended on the floor by the bill sponsor to exempt closed sessions called to discuss information that is privileged or confidential under state or federal law, to consult with an attorney in order to retain the attorney-client privilege or when the closed session is called for public safety issues related to terrorist threats or situations.

REGISTER OF DEEDS BILL MOVES FORWARD IN THE HOUSE

A bill that would require registers of deeds to maintain regular office hours was approved by the House Judiciary A Subcommittee this week. [H593](#) (Register of Deeds Hours) provides that the register of deeds office will be open for public business during county office workdays and hours as set by the board of county commissioners. The bill would allow

registers of deeds to set hours for registering real estate instruments to begin not more than 30 minutes after the office opens and to end not more than 30 minutes before the office closes. The bill would also allow the register of deeds to close temporarily with the prior approval of the board of county commissioners or the county manager. Each register of deeds office would be required to adhere to certain posting and notification requirements for alerting the public to its workdays, holidays, and office hours, including the hours for registration of real estate instruments. The bill directs the Secretary of State to establish a website for posting the schedule for each register of deeds office. H593 has been calendared to be heard in the House on Monday, May 13.

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: H254

Sponsors: Glazier (D44); Lewis (R53); Szoka (R45); Lucas, M. (D42)

Title: ZONING CHANGES/NOTICE TO MILITARY BASES

Comments: This bill would require counties and cities to give notice to the commander of a military base if the local government is adopting or modifying its zoning map or if it is proposing any changes to "proposed subdivisions, telecommunications towers, or windmills" on land within five miles of the perimeter boundary of the military base. The board of commissioners would have to "provide written notice of the proposed changes by certified mail or by any other means reasonably designed to provide actual notice to the commander of the military base or the commander's designee not less than 10 days nor more than 25 days before the date fixed for the public hearing." Any comments made by the military on the proposed changes would have to be taken into consideration by the county before it makes a final determination on the ordinance. This bill passed the House on April 3 and has been passed by the Senate Finance Committee.

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. The bill sponsor has agreed to make the exemption for counties from paying these fees in advance a permanent change. It was passed by the House Finance Committee on May 1 and has been placed on the House calendar for Monday, May 13.

Bill: H765

Sponsor: Dixon (R4)

Title: JURY INSTRUCTIONS FOR SCHOOL BUDGET DISPUTE

Comments: This bill specifies what instructions should be given to a jury in the event that a local board of education and a board of county commissioners cannot agree on the amount of county funding for the public school systems. Current law allows the jury only to consider "what amount of money is needed from sources under the control of the board of county commissioners to maintain a system of free public schools." The revised bill requires the judge or jury to consider "the facts as to the following in order to maintain a system of free public schools as defined by State law and State Board of Education policy: (i) the amount of money legally necessary from all sources and (ii) the amount of money legally necessary from the board of county commissioners. In making the finding, the judge or the jury shall consider the educational goals and policies of the State and the local board of education, the budgetary request of the local board of education, the financial resources of the county and the local board of education, and the fiscal policies of the board of county commissioners and the local board of education." The bill passed the House Judiciary Subcommittee A on May 9 and has been placed on the House calendar for May 13.

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



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