



Bulletin #13-21

Friday, June 21, 2013

House, Senate appoint budget conferees; Tillis hints at Continuing Resolution

The House and Senate have each appointed the conferees who will serve as the committee to work out the differences between the spending plans approved by each chamber. The state must have its budget adopted and approved by Gov. Pat McCrory before midnight June 30 to avoid any interruption of government services.

There are several significant areas in dispute that impact county governments. The NCACC has distributed information about these issues to all legislators serving on the conference committee. County officials are asked to contact their legislators and urge them to support counties in the state budget plan by protecting county revenues and avoiding unfunded mandates.

Key county budget issues in dispute

- Statutory language guaranteeing 40% of lottery funds to counties – eliminated in Senate budget, maintained in House budget
- Unfunded mandate requiring counties to pay for non-county employee (volunteer fire and EMS) Workers' Compensation costs – House provision limits exposure for counties and delays implementation until 2016; Senate provision requires counties to cover any shortfalls
- Extending Article 44 Hold Harmless payments – House budget extends for one year; Senate budget eliminates
- Tax reform – Protect county revenues if any tax reform measures are included in the state budget

In a television interview Wednesday, Speaker of the House Thom Tillis hinted that a Continuing Resolution (CR), a temporary state budget, could be adopted before June 30 to give the House, Senate and Gov. McCrory additional time to negotiate a final spending plan. To avoid a CR, the Conference Committee would have to finalize its work by Friday, June 28, to give each chamber enough time to conduct the votes required over three separate days and for Gov. McCrory to sign the bill.

For a more complete analysis of the differing budget proposals, please visit the [NCACC website](#).

Senate unanimously passes bill to increase fees counties pay for collection of motor vehicle property tax revenues

A bill to increase fees paid by county and municipal governments to DMV contract license plate agents for the collection of vehicle property taxes unanimously passed the full Senate on Thursday. The current version of **S305** (DMV Commission Contract Changes) adds a \$1.27 fee for the issuance of a limited registration plate when property tax is not collected, and increases the fee for the collection of property tax from \$.48 to \$1.06 for the first six months of the program and to \$.71 thereafter.

While the NCACC had negotiated with the bill sponsor to improve the original bill and had agreed to the \$1.27 fee, the association opposes the increase for property tax collection. The additional cost to

counties from the current law to implementation of this bill is \$4.8 million in the first 18 months. We are concerned that this bill appears to have been fast-tracked. It has been assigned to the House Finance committee, skipping the Transportation policy committee, and will likely be heard early next week.

House committees approves new economic development plan

The House Committee on Commerce and Job Development gave approval to Governor McCrory's plans to restructure economic development administration and oversight with a revised version of [S127](#) (Economic Development Modifications). Building upon some changes made in the Senate, the House version establishes a framework for the N.C. Department of Commerce to contract with one or more non-profit corporations for many of the economic development functions now being administered by Commerce or the current seven economic development regions.

Citing the need to "move at the speed of business," N.C. Commerce Secretary Sharon Decker outlined her plans for economic development restructuring, including a refresh of the state's comprehensive strategic development plan. Secretary Decker noted her intentions to make visits across the state to include economic development perspectives from local businesses and county and city officials in crafting the strategic plan. The House version continues Senate language to establish eight geographically uniform areas, called Collaboration for Prosperity Zones, to coordinate economic development efforts. State funding for the existing economic regions would be phased out by December.

Each county has been tentatively assigned to one of the eight regions, and each state agency with a regional presence must have a least one employee physically located in the CPZ's office to serve as the department's liaison.

Bills of Interest

Bill: [S368](#)

Sponsors: Bingham (R33)

Title: COUNTY/ SHERIFF FEE CHANGES

Comments: This bill authorizes a sheriff to charge a \$10 fee for each pistol permit application and authorizes a sheriff to charge up to a \$10 copay for a prescription refill for an inmate in a county jail. The bill passed the Senate on May 1. The House changed the effective date for the new fee from July 1, 2013, to Aug. 1, 2013, but the bill was pulled from the House calendar on Wednesday and re-assigned to the House Rules committee.

Bill: [S490](#)

Sponsors: Gunn (R24); Barefoot (R18); Walters (D13)

Title: EXCLUDE CUSTOM SOFTWARE FROM PROPERTY TAX

Comments: This bill removes from the property tax base any upgrades or modifications made to computer "software or any modifications to software, whether done internally by the taxpayer or externally by a third party, to meet the customer's specified needs." The House pushed back the implementation date to taxable years beginning July 1, 2014, to allow for counties that have already adopted budgets for 2013-14 and included the assessed value of any software upgrades in their tax base. The House approved second reading on Thursday, with third reading scheduled for next week.

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