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Bulletin #05-16

Friday, May 13, 2005

ELIMINATION OF 911 FEES PROPOSED

Legislation introduced this week would eliminate local government authority to charge fees now used to finance Emergency Telephone systems. **H1638**, introduced by Rep. Drew Saunders of Mecklenburg, would substitute authority for a “911 special-use tax.” The special-use tax could not exceed \$24 “per taxpayer” per year. The Association’s Taxation and Finance Steering Committee is scheduled to examine the effects of the proposal at its meeting in early June. While the bill incorporates additional flexibility in use of the proceeds from the proposed tax, it would prohibit imposition of the tax until all fee proceeds have been spent. It would also eliminate the equity that is achieved by imposing the current fee on existing telephone connections.

CIGARETTE TAX FOR COUNTY MEDICAID COSTS PROPOSED

Two bills introduced this week would directly relate increased cigarette taxes to payment of county Medicaid costs. **House Bills 1623** and **1746** would increase the cigarette tax substantially with funds earmarked for county Medicaid costs. **H1623**, introduced by Rep. Verla Insko (Orange), would raise the tax to 80 cents per pack and earmark one-fourth of cigarette tax proceeds to pay county Medicaid costs. **H1746**, introduced by Rep. Bob England (Rutherford), would raise the tax to 40 cents per pack and appropriate funds to assist counties.

CROSSOVER POSTPONED

The deadline for moving legislation from one house of the General Assembly to the other has been postponed from next week to June 2. This will give legislators an additional two weeks to move legislation and make bills eligible for consideration this session.

CORRECTIONS, LAW ENFORCEMENT AND EMERGENCY MANAGEMENT

Introductions

H1638 “To further the goals of Homeland Security by transferring the collection of 911 service taxes to local governments and by eliminating existing charges on telephone subscribers.” Rep. Drew Saunders (Mecklenburg). This bill would repeal the authority of local governments to impose a monthly 911 service fee, now collected by telephone companies. It would substitute authority for local governments to impose a special use tax to operate the 911 system, but the tax could not be imposed until funds held in the Emergency Telephone System Fund have been expended. The bill has been referred to the House Committee on Public Utilities.

HUMAN RESOURCES

Updates

S804 “To improve the public health infrastructure by establishing an accreditation system for Local Health Departments, as recommended by the Public Health Task Force 2004, and to appropriate funds to implement this act.” Sen. Fletcher Hartsell (Cabarrus). (Bulletin #09, March 24, 2005). This bill was favorably reported in the Senate May 4. It was approved on second and third reading May 5. This bill has been referred to the House Health Committee.

Introductions

H1623 “To increase the excise tax on cigarettes and to provide that the proceeds from the cigarette tax shall be used to reimburse counties for the county share of Medicaid expenditures.” Rep. Verla Insko (Orange). This bill would increase the cigarette tax from 5 cents to 80 cents per pack and earmark 25 percent of the cigarette tax revenue to be distributed pro rata to each county to reimburse the county for a portion of its share of Medicaid costs. The bill was referred to the House Finance Committee.

H1746 “To increase the excise tax on cigarettes and dedicate the proceeds of the increase to county Medicaid programs of a pro rata basis.” Rep. Bob England (Rutherford). This bill would increase the cigarette tax from 5 cents to 40 cents per pack and states the intent to use the proceeds to reimburse counties for their share of Medicaid expenses. The bill would appropriate \$201.3 million in 2005-2006 and \$229.9 million in 2006-2007 for these reimbursements. The bill was referred to the House Finance Committee.

PERSONNEL

Updates

H763 “To enhance the benefits for career firefighters and career rescue squad workers who are members of the Local Governmental Employees’ Retirement System.” Rep. Bill Culpepper (Chowan). (Bulletin #10, March 31, 2005). This bill was favorably reported in the House May 3 and was re-referred to the House Appropriations Committee.

H1237 “To provide for four additional members of the Board of Trustees of the Local Governmental Employees’ Retirement System.” Rep. Russell Tucker (Duplin). (Bulletin #13, April 21, 2005). This bill was favorably reported in the House May 4. It was approved on second reading May 10 and third reading May 11. It has been referred to the Senate Committee on Pensions and Retirement

TAXATION AND FINANCE

Updates

H116 “To clarify present-use value eligibility and to amend the period for appeal of a present-use value determination or appraisal.” Rep. Harold Brubaker (Randolph). (Bulletin #04, February 17, 2005). This bill was favorably reported in the House April 26. It was approved on second reading May 3 and on third reading the next day. It has been referred to the Senate Finance Committee.

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