



**Bulletin #05-20**

**Thursday, June 9, 2005**

### **MEDICAID RELIEF PROPOSAL CONSIDERED**

House leaders this week considered a \$29.8 million proposal to provide North Carolina counties relief from their increasing Medicaid burden. Rep. Bill Owens (Pasquotank) explained the proposal that combines across-the-board relief to all counties with targeted relief for counties that are disproportionately affected by Medicaid costs. The package contains two principle elements:

- All counties would have Medicaid service costs capped at current year levels plus 2 percent.
- Counties in which 20 percent or more of the population is eligible for Medicaid would pay the lesser of the current year costs or next year's estimated costs less 5 percent.

**The Association strongly supports the “twenty nine point eight” proposal because it benefits all counties and provides targeted relief to the counties that most need relief. We urge county officials to communicate support for this to House members THIS WEEK!**

### **HOUSE REVENUE PACKAGE PRESENTED**

The House Finance Committee approved its revenue package proposal ([H1630](#)) on Tuesday, June 7. Unlike the Senate budget, the House's revenue proposal is separate and apart from its spending plan, which has yet to be seen. The House's revenue proposal would generate over \$560 million if enacted.

H1630 did address state spending, however, by including a continuing resolution to keep state government up and running while budget debate goes on. Several committee members asked whether this was a harbinger of a long, drawn-out session.

Unlike the Senate budget, the House revenue package does not propose an increase in the cigarette tax or a cut in the corporate income tax. While the House does rely on funding from the state's most recent one-half cent sales tax, the House's proposal would extend the one-half cent sales tax for two more years. The Senate budget would make the tax permanent. The House would also extend the 8.25 percent individual upper income tax bracket for two more years – the Senate budget would phase down this rate over two years to 7.75 percent. House Finance leaders have suggested that additional taxes and revenues, including a cigarette tax increase, could be considered later in the House's budget proposal or in other bills.

House Finance Committee members also received some positive economic news by Fiscal Research's Chief Economist, David Crotts. Crotts reported that the state should receive \$100 million more than the revenue anticipated in the Senate's budget proposal and \$380 million above that in the governor's. Crotts cautioned members that most of these dollars represent non-recurring or one-time monies, since these revenues are largely due to the voluntary tax compliance program. He also noted that the state's expected \$1.3 billion structural deficit has been lowered to a mere \$1 billion.

## GENERAL GOVERNMENT

### Updates

- S393** “To clarify the Public Records Laws with respect to economic development and to require the Department of Revenue to publish annual reports regarding use of economic development tax incentives.” Sen. David Hoyle (Gaston). ([Bulletin #07](#), March 10, 2005). This bill, approved by the Senate last week, has been referred to the House Commerce Committee.
- S396** “Allowing counties to make changes in service districts created pursuant to Article 16 of Chapter 153A of the General Statutes.” Sen. David Hoyle (Gaston). ([Bulletin #07](#), March 10, 2005; [Bulletin #12](#), April 14, 2005). This bill was favorably reported by the House Finance Committee on June 7.
- S856** “Regarding access to a public record that is also a trial preparation record.” Sen. Dan Clodfelter (Mecklenburg). ([Bulletin #10](#), March 31, 2005; [Bulletin #19](#), June 2, 2005). This bill, approved by the Senate last week, has been referred to the House Judiciary Committee No. 1.
- S932** “To protect confidential information on public agencies and subdivisions.” Sen. Dan Clodfelter (Mecklenburg). ([Bulletin #10](#), March 31, 2004; [Bulletin #19](#), June 2, 2005). This bill, approved by the Senate last week, has been referred to the House Judiciary Committee No. 1.
- S1143** “To restore immunity protection to municipalities and counties and their officers and employees when performing duties in furtherance of public safety and when performing activities related to building inspections.” Sen. Fletcher Hartsell (Cabarrus). ([Bulletin #11](#), April 7, 2005; [Bulletin #19](#), June 2, 2005). This bill, approved by the Senate last week, has been referred to the House Judiciary Committee No. 3.
- H1482** “To exempt from the law governing smoking restrictions local departments of social services and the buildings and grounds where they are located.” Rep. Garland Pierce (Scotland). ([Bulletin #14](#), April 28, 2005; [Bulletin #19](#), June 2, 2005). This bill, approved by the House last week, has been referred to the Senate Health Care Committee.

## PLANNING, LAND USE AND DEVELOPMENT

### Updates

- S518** “To clarify and make technical changes to city and county planning statutes.” Sen. Dan Clodfelter (Mecklenburg). ([Bulletin #09](#), March 18, 2005; [Bulletin #19](#), June 2, 2005). This bill, approved by the Senate last week, has been referred to the House Rules Committee.
- S814** “To modernize and simplify city and county planning and land-use management statutes.” Sen. Dan Clodfelter (Mecklenburg). ([Bulletin #10](#), March 31, 2005; [Bulletin #19](#), June 2, 2005). This bill, approved by the Senate last week, has been referred to the House Rules Committee.

## TAXATION AND FINANCE

### Updates

**S551** **“To allow buyout payments to count towards the one thousand dollar gross income requirement for agriculture land for present-use value tax exemptions.”** Sen. Don East (Surry). ([Bulletin #08](#), March 18, 2005; [Bulletin #19](#), June 2, 2005). This bill, approved by the Senate last week, has been referred to the House Finance Committee.

**S1081** **“To amend the procedures for notifying owners and advertising tax liens on real property.”** Sen. Phillip Berger (Rockingham). ([Bulletin #10](#), March 31, 2005). This bill, approved by the Senate last week, has been referred to the House Finance Committee.

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