NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS
LEGISLATIVE BULLETIN
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BUDGET NEGOTIATIONS BEGIN

House and Senate Appropriations Committee members this week began reviewing differences between budget proposals adopted by the two bodies. Appropriations subcommittees reviewed differences in various policy areas before closed door negotiations involving conferees and House and Senate leaders began. House-approved provisions capping county Medicaid expenses and providing targeted relief to counties based on Medicaid-eligible populations were among the items in controversy to be resolved by budget conferees.

CHANGES PROPOSED IN ECONOMIC DEVELOPMENT INCENTIVES

Legislation approved in the House Finance Committee early this week would significantly rewrite a 10-year-old economic development incentive system. **H2170**, originally introduced by Reps. Jim Harrell (Surry), Bill Daughtridge (Nash), Pryor Gibson (Anson) and Bill Owens (Pasquotank), would revise much of the "Bill Lee" Act, created in 1996. The bill would replace the five-tier system in that act with a three-tier system based on factors in each county: unemployment, median household income, percentage of population growth and per capita assessed property value. Tiers one and two would each include 40 counties; tier three would include 20 counties. Any county with a population of less than 12,000 would automatically be included among the counties with the highest rankings (tier one), and any county with a population of less than 50,000 would automatically be included among the counties with the 80 highest rankings (tiers one or two).

The bill would revise the definition of "development zones," originally intended to be areas of high poverty within cities. The new "urban progress (UP) zones" could only be areas entirely within the corporate limits of municipalities with populations over 10,000. The newly defined UP zones would have to meet more stringent guidelines with respect to poverty; either 20 percent or more of the zone's population below the poverty level or 50 percent of the zone's area zoned nonresidential and adjacent to a census tract or block group meeting the 20 percent threshold. The area of a UP zone that is zoned nonresidential could not exceed 35 percent of the total area of the zone.

The bill would expand the types of business eligible for tax credits and would retain current standards with respect to wages, employee health insurance, environmental impacts, safety and health programs, overdue tax debts and forfeiture of credits if the taxpayer is ineligible in the year for which the credit is claimed.

The proposal would create credits for job creation, variable by tier and number of jobs, and would allow credits for expenditures on machinery and equipment, also variable by tier.

Following action by the House Finance Committee on Tuesday, H2170 was re-referred to the House Appropriations Committee. If approved by Appropriations and by the full House, the bill will be sent to the Senate.

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