



**Bulletin #07-02** **Thursday, February 1, 2007**

*“One is the loneliest number that you’ll ever do.”* –Harry Nilsson (circa 1969, a few years after the Medicaid program was created)

**COUNTY MEDICAID RELIEF REMAINS A HOT TOPIC**

County Medicaid relief was once again at the forefront of General Assembly discussions. At Tuesday's fiscal briefing for legislators that highlighted 2006-07 budget actions in preparation for the 2007-09 biennial budget, the focus was on the \$27.4 million appropriation to cap the county share of Medicaid, with very little discussion of the \$333 million in education initiatives. On Wednesday, fiscal research staff held a Medicaid briefing for legislators, and some legislators were surprised when a chart compiled by the National Conference of State Legislatures showed that five other states required their counties to share in the costs of all Medicaid services. Based on previous research by UNC students and much national focus on the county Medicaid share through the National Association of Counties, NCACC staff had earlier substantiated that North Carolina is the only state that requires its counties to help fund all Medicaid services. While other states may require their counties to assist in specific Medicaid services, North Carolina counties must contribute to all services, thereby facing an unlimited and ever-increasing financial liability. Immediate contact with the five other states quickly verified the cold, hard fact – **we are still the lonely one!**

A House bill that would phase out the county Medicaid share over five years, and cap costs at 2005-06 levels, was introduced Jan. 31. **H57**, sponsored by Reps. Julia Howard, Becky Carney, Douglas Yongue and David Almond, would reduce to 12 percent on July 1, 2007, the county share of the non-federal Medicaid services costs. The share would be reduced to 9 percent on July 1, 2008, 6 percent on July 1, 2009, 3 percent on July 1, 2010, and eliminated completely beginning July 1, 2011. If a county's reduced share in any year until 2011-12 is higher than what it paid in 2005-06, the state would pay for the overage. The bill was referred to the House Rules Committee.

**BILL DEADLINES SET**

Bills	Bill Drafting by 4 p.m.	Filed by 3 p.m.
<b>House</b>		
Study Bills	March 6	March 14
<b>Local Bills</b>	<b>March 20</b>	<b>March 28</b>
Public Bills, excluding Appropriation & Finance	April 10	April 18
Appropriation & Finance Bills	May 1	May 9
<b>Senate</b>		
<b>Local Bills</b>	<b>Feb. 27</b>	<b>March 7</b>
Public Bills	March 13	March 21
<b>Crossover</b>	<b>May 17</b>	

**BILLS INTRODUCED TO CHANGE LOTTERY DISTRIBUTION FORMULA**

Bills in the House and Senate have been filed to change the way public school capital funds from the state education lottery are distributed to counties. **H9**, sponsored by Reps. Walter Church, Bruce Goforth, Ray Rapp and Jim Harrell, and **S2**, filed by Sen. John Snow, would distribute “all the Funds Based on Average Daily Membership” of each district. Currently, 65 percent of the lottery proceeds devoted to school construction are distributed via ADM, and the other 35 percent are distributed to counties whose effective property tax rate is above the state average. The proposals also would allow counties to use the funds to “retire indebtedness incurred for school construction projects

incurred on or after January 1, 2000.” Current law restricts the use of lottery funds for projects incurred on or after Jan. 1, 2003.

### **GRAB YOUR WALLETS – PROPERTY TAX EXCLUSION PROPOSED**

Several other bills of interest to county officials were filed this week, including [H39](#) (“Endangered Manufacturing and Jobs Act”), [S38](#) (“Eminent Domain”) and [S47](#) (“Lottery proceeds do not supplant school funds”). **H39** would grant property tax exclusions to endangered manufacturers like furniture, textile and apparel manufacturers effective July 1, 2008.

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- NCACC Legislative Team