



Bulletin #07-03

Thursday, Feb. 8, 2007

FOOD FOR THOUGHT

"It was the first time I've had legislators come up to me and tell me, 'We haven't forgotten about that Medicaid thing.'"
– Person County Commissioner and NCACC Environment Steering Committee Chair Jimmy Clayton, relaying a conversation with a local legislator to the NCACC Board of Directors during its Feb. 7 meeting.

MEDICAID STATE OF MIND

At a Medicaid briefing last week, legislative staff distributed a chart to legislators that showed six states – Mississippi, New Hampshire, New York, South Carolina and Utah, along with North Carolina – required counties to participate in "all/most" Medicaid services funding. Earlier this week, legislative staff issued a corrected report that removed Mississippi, New Hampshire and Utah from the list. The chart still lists New York, South Carolina and North Carolina as participating in "all/most" Medicaid services funding, but there is a critical difference between the ways counties are asked to fund the services. New York and South Carolina counties essentially make a lump sum payment to the state, meaning that county costs are not affected by any programmatic decisions made at the state level. In North Carolina, counties are required to pay a percentage of all of the state's Medicaid services costs, meaning that our costs are impacted every time the state makes any change in the services offered – either by adding new services or expanding coverage.

GET YOUR LOCAL-OPTION SALES TAXES HERE

At least five counties had bills filed this week that would provide a local-option sales tax for capital outlay needs. Haywood County ([H71](#), Rep. Ray Rapp) is requesting a half-cent for community college capital outlay purposes, while Davie ([H117](#), Rep. Julia Howard) is requesting a half-cent for "Public School Capital Outlay Purposes and Community College Plant Fund Purposes." Sen. James Forrester introduced legislation for Lincoln ([S62](#)), Iredell ([S63](#)) and Gaston ([S78](#)) counties to provide a local-option half-cent for public school capital outlay purposes. All of the bills require voter approval.

Rep. Doug Yongue filed [H66](#), "Local Option Sales Tax for Education," which would give all counties a local-option, half-cent sales tax for public school capital outlay needs. The bill would also require each county to receive voter approval.

Counties interested in pursuing any local-option revenue sources should contact their delegation and push to have bills filed on their behalf. The deadlines for local bills are Feb. 27 at 3 p.m. in the Senate and March 20 at 4 p.m. in the House. Additional revenue sources for public school construction or other infrastructure needs is a priority goal for the Association, and it will strengthen the Association's case if the vast majority of counties are asking for additional revenue sources to meet these growing needs.

SPEAKER PAYS A VISIT

Speaker Joe Hackney addressed the Association's Board of Directors on Wednesday, Feb. 7, and promised that the House would be willing to listen to the concerns of counties. Hackney also mentioned the Association's legislative priorities during his brief remarks. "We want to have you involved in our decisions," he said. "We need to work on Medicaid. It is a big problem for the state, and it's a big problem for counties. We need to work on school construction. It's a big problem for you – a big problem for all of us. We have some problems with respect to where you get your revenue and your options. I don't come here today with any answers to any or all of those problems. We want to start

the dialogue about it. We want to be constructive. We want to work together as we go through this session. We want to be open to your suggestions, your ideas and your complaints.”

SOMETIMES THE BEST OFFENSE IS A GOOD DEFENSE

Last week, the first bill aimed at chipping away at the local property tax base was filed. [H39](#), Endangered Manufacturing and Jobs Act, would grant property tax exclusions to “endangered” manufacturers like furniture, textile and apparel manufacturers effective July 1, 2008. The Association is anticipating it to be open season on property tax exemptions this year, as many special interest groups are expected to seek exemptions from property taxes. In addition, we believe there will be attempts to expand the current homestead exemption, especially in light of the extreme property value increases as a result of revaluation in some counties dealing with rapid growth, or in counties with lots of vacation properties.