



Bulletin #07-06

Thursday, March 8, 2007

FOOD FOR THOUGHT

"Our children are leaving the county all the time, and what's staying? Your land. ... To me it's a good tax. It's a must tax." - Washington County Board of Commissioner Chairman Billy Corey in the Washington Daily News on his support of a land transfer tax.

BEVY OF LOCAL-OPTION REVENUE BILLS FILED

Several bills authorizing counties to enact an additional local-option sales tax have been filed in recent weeks, and the first bills to give counties local-option land transfer taxing authority have also surfaced. Alexander, Lee and Pitt counties have seen bills filed to give them authority to levy a local-option one-cent sales tax. The bills for Lee ([S568](#)) and Alexander ([S416](#), [H230](#)) counties give the boards of commissioners the option to enact the sales tax by resolution and do not restrict the use of the proceeds. Pitt County's bill ([H327](#), [S237](#)) requires a referendum and restricts use of the proceeds to "public school capital outlay purposes or community college plant fund purposes." In addition, Sampson ([S438](#)) and Hoke ([S451](#)) counties have seen bills filed on their behalf for local-option one-half cent sales taxes. Sampson's is by resolution while Hoke's requires a referendum. Both are for public school capital needs, while Sampson's can also be used for community college capital needs.

[S551](#) would authorize Granville County to enact a land transfer tax of up to 1 percent if approved by voters of the county. The bill does not restrict use of the proceeds, and it allows for the Board of Commissioners to repeal or reduce the tax by resolution. [S610](#) would give Wake County its own menu of local-option revenues – a 1 percent land transfer tax, a 1 percent sales tax and impact fee authority. The county would be required to hold referenda on all three options at the same time. The sales tax proceeds would be split 50/50 for public school capital and transportation needs. The land transfer tax proceeds would have no restriction.

In addition, Sen. Clark Jenkins filed [S563](#) (Local-Option One-Cent Sales Tax) that would give all counties a local-option one-cent sales tax for infrastructure needs, such as "Public School Capital Outlay Purposes, Other Capital Infrastructure Needs, Road Construction, or Mental Health programs."

LOTTERY MIGHT NOT BE OFF-LIMITS AFTER ALL

With so much controversy surrounding the creation of the lottery in 2005 and its less-than-stellar sales in its first full year, many observers felt legislators would be hesitant to make any changes to it this session. However, Sen. Tony Rand (Cumberland) filed [S518](#) ("Lottery Act Changes") this week. The bill consists primarily of technical changes to the original lottery legislation and does not implement any of the changes being pushed by Gov. Mike Easley. In his budget proposal, Gov. Easley reduced the county's share of the proceeds for school construction from 40 percent to 30 percent and increased the amount of revenues going to prizes in an effort to generate additional ticket sales. While Rand's bill does not address these issues, the presence of this bill may indicate that legislators will delve into some of the other issues with the lottery, including the distribution formula and the governor's proposals. Stay tuned.

PROPERTY TAX RELIEF BILLS FILED

[S412](#), "An act to provide for additional property tax benefits for lower income homeowners," is sponsored by Sen. Harry Brown (Onslow). It would institute a "circuit breaker" type of property tax relief for low-income (annual income of \$50,000 or less) property owners, meaning that the maximum amount of property tax they would be required to pay is

limited to a fixed percentage of their income (e.g. a person with annual income between \$25,000 and \$50,000 would not have to pay more than 5 percent of their income in property taxes) regardless of the actual amount of property taxes owed. The bill would also establish a “permanent residence tax deferral” option for seniors or persons who are permanently or totally disabled. This option would enable qualifying owners to defer property taxes until their death or they sell the residence as long as they meet certain requirements. The deferment is limited to 85 percent of the residence’s assessed value. In addition, Rep. Robert Grady (Onslow) filed two property tax relief bills. [H539](#) would increase the Homestead Exemption’s income limit to \$49,000, and [H540](#) would limit the annual increase in appraised value to the increase in the Consumer Price Index.

BILLS OF INTEREST

The Association has created a special section on its Web site to track bills of interest to county officials. Please visit www.ncacc.org/legislation/about.html frequently for updates on key legislation.

Bill: [HB24](#)
Sponsors: Weiss (D35); Glazier (D45)
Title: SMOKING IN STATE GOVT. BUILDINGS/PROHIBITION
Summary: An Act to Protect the Public from the Health Risks of Secondhand Smoke by Prohibiting Smoking in Buildings Owned, Leased, or Occupied by State Government; and to Authorize Local Governments to Regulate Smoking in Buildings and Transportation Vehicles Owned, Leased, or Occupied by Local Government as Recommended by the Justus warren Heart Disease and Stroke Prevention Task Force.
Status: 03/07/2007 – Passed in the House
Position: Support
Category: Legislative Goal
Comments: This bill was amended to include allowing local governments the option to restrict smoking in public places, including buildings owned, leased as lessor, or the area leased as lessee and occupied by local government; building and grounds wherein departments of local health and social services are housed; public schools or day-care centers where the local government has jurisdiction and public transportation vehicles that are owned or leased by the government and used by the public. It easily passed the House and is now in the Senate.

Bill: [HB412](#)
Sponsors: Insko (D56); Hill (D20); Fisher (D114); Harrison (D57)
Title: LOWER PRESENT USE VALUE ACREAGE THRESHOLD
Summary: An Act to Lower the Acreage Threshold to Qualify for Present-use Value for Agricultural Lands.
Status: 03/01/2007 – House Committee on Agriculture
Comments: This bill reduces the minimum acreage requirement for agricultural lands from 10 acres to 5 acres as part of eligibility in the present-use value property tax deferral program. It is unknown at this time how many additional farms will qualify with this reduction. This will impact the county revenues, but at this point, a fiscal note is not available.

Bill: [HB515](#)
Sponsors: Saunders (D99)
Title: STATE TREASURER/LOCAL OPEB INVESTMENTS
Summary: An Act Allowing the State Treasurer to Invest, on Behalf of Local Governments, in Equities Funds Set Aside for Other Post Employment Benefits.
Status: 03/07/2007 – House Committee on Pensions and Retirement
Comments: This bill would establish the Local Government Other Post-Employment Benefits Fund. Local governments would have the option of allowing the state treasurer to invest in equities funds set aside for “other post-employment benefits.” The theory is that the state treasurer would be able to provide a better return on the investment than if the funds stayed with the local government, thereby reducing the annual contribution from the local government.

– NCACC Legislative Team