



Bulletin #07-08

Thursday, March 15, 2007

FOOD FOR THOUGHT

More than 220 bills were filed in the House on Thursday, and it wasn't even a deadline day.

LOCAL GOVERNMENT LEGISLATORS MEET TO DISCUSS COUNTY, CITY ISSUES

A group of nearly 20 former county and city officials who are now legislators met March 15 with staff from the Association and League of Municipalities (NCLM) to discuss issues of mutual concern to counties and cities. The legislators wanted to hear an update on the Association's proposal for Medicaid relief and infrastructure support. NCLM officials told the group that cities and counties were together in this approach, which provides much-needed relief to counties hardest hit by the Medicaid burden and provides new revenues to help areas deal with the challenges they are facing due to rapid population growth. The Association's proposal calls for the state to cap the county Medicaid share at 2005-06 levels, provide additional targeted relief to counties with the highest Medicaid burdens, and give counties a local-option, 1 percent land transfer tax, which would be shared with municipalities. NCACC and NCLM staff told legislators that the land transfer tax is an ideal revenue source to deal with growth issues because it helps get revenues to areas with significant infrastructure needs.

Legislators also asked about the existing cap for Medicaid costs. Through the end of February, according to recent figures from the state, counties had seen an increase of more than \$24 million in Medicaid spending compared to figures through the same time in 2006. There was a particularly large jump of nearly \$6 million in February, which is giving rise to fears that the \$27.4 million that was appropriated by the General Assembly to cap county costs at 2005-06 levels will not be enough.

FISCAL COMMISSION HEARS SUBCOMMITTEE RECOMMENDATIONS

The State and Local Fiscal Modernization Study Commission met March 12 to hear recommendations from the 31-member task force's five subcommittees. Many of the subcommittees recommended expanding the state's sales tax base while reducing the overall sales tax rate, and many suggestions would impact counties. The sales and excise tax subcommittee recommended including food in the sales tax base, which would mean that the county sales tax rate on food would increase to 2.5 percent. The subcommittee said this should only be done if the state also provides a mechanism to relieve lower income households from any additional tax burden. The infrastructure responsibilities and funding subcommittee recommended allowing counties to increase the deed stamp tax to "fund infrastructure needs driven by growth, including public schools." The subcommittee also said that this same revenue source could be used to fund transportation needs. The local tax modernization subcommittee said local governments should be given a menu of "taxes and fees" that would include "options for sales taxes, real estate transfer taxes, impact fees, and vehicle use taxes." The program responsibilities subcommittee recommended that the state take over full responsibility for the county share of Medicaid after it has identified the funding stream it would need. The subcommittee also said the state should fund "at its expense" the cap on county Medicaid costs at 2005-06 levels.

Counties have been well represented during the commission's efforts by NCACC President Terry Garrison (Vance) and past presidents Kitty Barnes (Catawba) and Breeden Blackwell (Cumberland), commissioners Beth Ward (Pitt) and Joe Carpenter (Gaston), and county managers Linda Jones (Warren) and Mike Ruffin (Durham). In addition, several of the legislators appointed to the commission are also former county commissioners, including Sen. Pete Brunstetter (Forsyth) and Reps. Becky Carney (Mecklenburg) and Linda Coleman (Wake). The full commission is scheduled to meet again April 2.

EIGHT DAYS' NOTICE JUST TOO MUCH

A bill that would have required some local government boards to give eight days' notice of any "special" called meetings was successfully derailed March 14. During a House Local Government I committee meeting, representatives of local governments explained that requiring any governing board to give eight days' notice prior to calling a "special" meeting would severely limit those boards from being able to call non-scheduled meetings when an issue arises. Current law requires a governing board to provide at least 48 hours' notice if it plans to call a "special" meeting. [H311](#) would have impacted local governments – including school boards – for which the only newspaper that has requested their special notices is a weekly newspaper. The measure would have required those boards to give eight days' notice of a special meeting to ensure that the weekly newspaper was able to publish the notice in an issue that would be printed prior to the date of the meeting. The committee created a subcommittee co-chaired by Reps. Linda Coleman (Wake), J.H. Langdon (Johnston) and Pryor Gibson (Anson) to study the issue further.

MOORE, CHATHAM, GRANVILLE PURSUE LOCAL REVENUE AUTHORITIES

Moore ([H712](#)) and Chatham ([H711](#)) counties have joined the list of counties pursuing local-option land transfer taxes. Rep. Bill Owens is sponsoring both bills. Each county would have the option of levying a land transfer tax of up to 1 percent. The bills require each county to put the issue to a public referendum. Granville County would receive impact fee authority under bills filed by Rep. James Crawford ([H607](#)) and Sen. Doug Berger ([S636](#)). The revenues generated by the fees must be used for public school capital needs, including renovation, expansion and repair of existing schools as well as new construction. The fees cannot exceed \$2,000 per dwelling, but that cap expires June 1, 2010.

HOUSE LOCAL BILL DEADLINE IS NEXT WEEK

The House deadline to have local bills to bill drafting is next Tuesday, March 20. The Senate deadline passed in late February.

BILLS OF INTEREST

The Association has created a section on its Web site to track bills of interest to county officials. Visit www.ncacc.org/legislation/about.html for updates on key legislation, including the bill listed below.

Bill: SB487
Sponsors: Hoyle (D43)
Title: EXTEND FISCAL MODERNIZATION REPORT DEADLINE
Summary: An Act to Extend the Reporting Deadline for the State and Local Fiscal Modernization Study Commission.
Status: 03/06/2007 – Senate Committee On Rules and Operations of the Senate
Position: Support
Category: Legislative Goal
Comments: This bill would extend the life of the commission by one year to May 1, 2008, and would also authorize the commission to make interim reports.

– NCACC Legislative Team