



Bulletin #07-15

Thursday, May 3, 2007

## FOOD FOR THOUGHT

*"The measure of success is not whether you have a tough problem to deal with, but whether it's the same problem you had last year." – John Foster Dulles*

### HOUSE BACKING AWAY FROM MEDICAID CAP PROPOSAL

Three weeks ago, amid much fanfare, a House bill was introduced that would permanently cap county Medicaid costs at 2005-06 levels and provide additional targeted relief. [H1424](#) provides \$100 million of relief in 2007-08, including \$10 million for targeted relief, and \$154 million for 2008-09, including \$15 million of targeted relief. Most importantly, it would have made the cap permanent. Every member of the House committed to this bill, and newspapers around the state hailed the bill as a step in the right direction in counties' long battle for Medicaid relief.

Three days ago legislators learned the state revenue surplus for 2006-07 was expected to top \$1.1 billion – a boost of \$260 million, enough to fully fund [H1424](#), since the last estimate in mid-March.

Despite the unanimous support and despite the additional revenue, the Association has learned that the House's budget proposal, which is scheduled to be released next week, currently has a one-time appropriation of \$60 million for county Medicaid relief for 2007-08 and \$0 in 2008-09.

"This is simply unacceptable," said NCACC Executive Director David F. Thompson. "It is becoming apparent that there is not enough political willpower to find a solution for our Medicaid crisis. It is particularly disappointing since all of them committed to H1424 and the state clearly has the revenue needed to achieve this critical goal. Medicaid relief is our No. 1 priority. House and Senate members around the state have said it is one of their top priorities, too. It is time for them to do the right thing and make Medicaid relief a priority issue."

### REALTORS WELCOME COUNTY OFFICIALS TO RALEIGH ON COUNTY ASSEMBLY DAY



On Wednesday, May 2, nearly 300 county officials from around the state, including NCACC President Terry Garrison of Vance County (shown conversing with Rep. Earline Parmon of Forsyth County) converged on the Legislative Building to make their case for Medicaid relief and additional revenue options. They were greeted by a full-page ad in that day's edition of *The News & Observer*, courtesy of the North Carolina Association of Realtors.

The ad was an "open letter to the North Carolina Association of County Commissioners" and informed the Association that the NCAR had already been to the General Assembly on April 18 to lobby against a proposed local-option one percent land transfer tax. "As you walk the halls of the General Assembly today, know that we have walked before you," the letter read. "The NC Association of Realtors held a Legislative Rally on April 18 to protest the proposed 1% new tax on North Carolina's property owners that you endorse." The letter was signed by several organizations, including the N.C. Home Builders Association.

### FISCAL MODERNIZATION COMMISSION REACHES AN IMPASSE

The State and Local Fiscal Modernization Study Commission was supposed to make a series of recommendations to the General Assembly this year on updating the state's revenue system and a strategy for eliminating the county Medicaid share, among other items. Instead, the commission was unable to come to a consensus on the items at its April 30 meeting and announced that it will not make any specific recommendations to be considered this session and will shoot for 2008 instead. Panelists were split on how to broaden the sales tax base to include services, how to reduce the state income tax rates and how the state could assume the county Medicaid share.

### SENATE COMMERCE DEFERS ACTION ON CELL TOWER BILL

The Senate Commerce Committee was scheduled to hear [S831](#), Wireless Telecommunications Facilities, on Thursday morning, but the bill was pulled from the calendar. The committee actually took up the bill at its meeting on Tuesday, May 1, but did not vote after officials from the Association and N.C. League of Municipalities raised concerns over the bill's far-reaching impacts on local zoning regulations.

### SENATE FINANCE LISTENS TO PROPERTY TAX RELIEF BILLS

During its regular meeting Wednesday afternoon, the Senate Finance Committee discussed several property tax relief bills, including [S1051](#) (Equitable Residential Property Tax Relief) and [S1309](#) (Property Tax Reform Act of 2007). The committee did not vote on any of the bills. Due to rapidly increasing property values in some coastal and mountain counties, the Legislature is considering a number of bills that would provide some form of property tax relief, particularly for homeowners with low incomes and home values that are increasing drastically. The Association supports filed by Sen. Jim Jacumin (Burke). [S445](#) (Study Bill for Property Tax Relief) which would achieve an Association legislative goal to study the issue further before making any drastic changes that could have unintended consequences.

### VOTE ON PEACE OFFICERS BILL OF RIGHTS LEGISLATION POSTPONED

Perhaps it was a coincidence, but the vote on a bill that would set up a grievance process for police officers was postponed from May 2 – a day in which the Legislative Building was filled with county commissioners from around the state – to May 10. Even though sheriffs are exempt from [H980](#), Law Enforcement Officer Discipline, the Association and the Sheriff's Association are joining with the N.C. League of Municipalities and other local government organizations to oppose the legislation. The proposal represents a serious intrusion into local government autonomy with regard to personnel processes and rights, and is one of a series of bills introduced this year that would eventually lead to collective bargaining rights for local government employees.

### BILLS OF INTEREST

As the May 17 crossover deadline nears, action in both chambers is heating up. Several bills that would accomplish county legislative goals have seen activity in one chamber or the other in the past week. 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](http://www.ncacc.org/legislation/about.html) for updates on key legislation, including the bills listed below.

**Bill:** [HB1060](#)  
**Sponsors:** Faison (D50)  
**Title:** LOCAL GOVERNMENT SURPLUS PROPERTY DONATIONS  
**Status:** 05/02/2007 – Senate Committee On State and Local Government  
**Comments:** This bill, which allows a local government to donate surplus, obsolete or unused personal property to other units of government, passed the House unanimously and has been referred to the Senate Committee on State and Local Government. The bill requires the donating body to post a public notice at least five days before adopting the resolution to make the donation.

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**Bill:** [HB1134](#)  
**Sponsors:** Tolson (D23); Haire (D119); Justice (R16); Allen, L. (D49)  
**Title:** CLEANUP OF ABANDONED MANUFACTURED HOMES  
**Status:** 03/28/2007 – House Committee On Environment and Natural Resources  
**Position:** Support  
**Priority:** Medium  
**Category:** Legislative Goal  
**Comments:** This bill provides counties the necessary resources to clean up abandoned manufactured homes through the imposition of an advanced disposal fee on the sale of new and used manufactured homes.

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**Bill:** [HB1742](#)  
**Sponsors:** Goforth (D115); Harrell, J. (D90)

**Title:** MODIFY LAW RE: SCHOOL CAPITAL PROJECTS  
**Status:** 04/19/2007 – House Committee On Ways and Means  
**Comments:** This bill would require counties that use lottery proceeds to build a new school to use one of five prototype designs to be developed by the Department of Public Instruction. The theory is that using the templates would enable counties to save on school construction costs by avoiding paying design and architectural fees, which can be as high as 6 percent of the overall cost. The N.C. School Boards Association has not endorsed the plan.

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**Bill:** [HB1917](#)  
**Sponsors:** Bordsen (D63); Jones, Earl (D60); Mobley (D5)  
**Title:** SENIOR HOMESTEAD TAX RELIEF  
**Status:** 05/03/2007 – House Committee On Aging  
**Comments:** This bill is yet another in a series of bills designed at expanding the current Homestead Exemption. Under this bill, the appraised value of a house of a person who qualifies for the exemption would not increase unless the land undergoes a significant change or the owner no longer uses it as a permanent residence. However, the exemption remains if the owner is temporarily disabled and moves into a long-term facility and the house is either unoccupied or occupied by the owner's spouse or dependent. This bill would require an amendment to the state constitution and would have to be approved by voters.

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**Bill:** [SB1180](#)  
**Sponsors:** Dalton (D46)  
**Title:** NO MONETARY EXACTION FOR DEVELOPMENT  
**Status:** 03/22/2007 – Senate Committee On Finance  
**Position:** Oppose  
**Comments:** This bill prohibits a county or city from imposing or exacting in a development agreement, a tax, fee or financial contribution not authorized by law. This bill would impact a county's ability to impose an adequate public facilities ordinance if fees are involved.

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**Bill:** [SB1492](#)  
**Sponsors:** Clodfelter (D37)  
**Title:** SOLID WASTE MANAGEMENT ACT OF 2007  
**Status:** 03/27/2007 – Senate Committee On Agriculture/Environment/Natural Resources  
**Position:** Oppose  
**Priority:** High  
**Comments:** This bill would radically increase the costs of landfill permitting and operation by imposing a \$2.50 per ton tax on solid waste disposal, requiring double liners in sanitary landfills, and increasing permit fees. The bill greatly restricts local decision making as to the siting of landfills.

– NCACC Legislative Team