



**Bulletin #07-17**

**Thursday, May 17, 2007**

### **HOUSE BUDGET UPS MEDICAID RELIEF, PROTECTS LOTTERY PROCEEDS**

With many of our House members citing county Medicaid relief as the most pressing issue facing the General Assembly, the first substantive floor amendment to the House's 2007-09 budget proposal last week was to increase county Medicaid relief from \$60 million to \$100 million. Offered up by Rep. Bill Owens (Pasquotank), a past president of the NCACC, and lauded by Democrats and Republicans alike, the amendment was adopted unanimously. The \$100 million is split into three pots, with \$50 million to be shared by all counties based on their proportion of actual 2006-07 Medicaid expenses to the statewide county total, \$40 million to be shared by those counties whose Medicaid eligible populations are 25 percent or greater of their total population, and \$10 million to those counties with Medicaid eligibles between 20 and 25 percent. Each county's Medicaid relief would be provided in 12 equal payments credited monthly against the county's 2007-08 Medicaid costs (Sec. 6.16).

The House budget appropriates \$350 million of the anticipated lottery proceeds to education, with \$140 million set aside for school construction. This is lower than the appropriated amounts of \$425 million and \$170 million for 2006-07, reflecting more realistic sales estimates.

The House also rejected a recommendation to levy a statewide \$2 per ton landfill tipping fee to support assessment and remediation of abandoned landfills and hazardous waste sites. This would be in addition to any fee levied by counties to support landfill operation and availability.

The \$20.3 billion general fund budget would increase state spending by 7.4 percent or \$1.4 billion, including capital expenditures. The House extended for two more years the temporary quarter-cent sales tax and the 8 percent upper income personal tax bracket, providing \$300 million in additional revenue. Teachers would receive salary increases averaging 5 percent, with a step increase plus a flat \$1,240, to bring their salaries above the national average by 2008-09. New teachers paid at step 0 would receive a \$250 signing bonus at the year's end. Community college faculty and professional staff would also receive 5 percent. School administrators would receive an average 4.44 percent increase. Employer contribution rates for retirement and other benefits are set at 7.96 percent, while annual contributions for health coverage are \$4,284 for indemnity and \$4,097 for PPO.

The House relies on certificates of participation to fund capital projects at \$449 million. This amount is in excess of the State Treasurer's estimated debt capacity at \$384 million for each of the next 10 years. No funding is provided for water and sewer grants – most of the COPS are for prisons and university facilities. The budget did designate \$300,000, however, to the state board of elections to pay for a statewide election.

For a more thorough analysis of the House budget, including a chart showing county-by-county estimates for the Medicaid relief proposal, visit [www.ncacc.org/housebudget\\_051107.html](http://www.ncacc.org/housebudget_051107.html).

### **FURTHERING THE DIGITAL DIVIDE**

**H1587**, "Local Government Fair Competition Act," (Reps. Saunders, Holliman, Brubaker and Howard) attempts to prevent cities from providing both wired and wireless communication services – i.e., cable TV, telephone, and broadband Internet services – by requiring a special election to be held prior to providing services, and places numerous restrictions on system operations. Ironically, the same proponents that refused the inclusion of "build out" requirements during the 2006 deregulation of local government cable franchises are now attempting to prevent local

governments from serving those that the private telecommunication providers are unwilling to serve. The bill has been scheduled – but not heard – in the House Public Utilities Committee.

### DRAWING THE LINE ON E-911 SERVICE CHARGES

Legislation that would standardize all e-911 monthly service charges – both wireline and wireless – at the current wireless charge of 70 cents or below awaits a hearing in the House Finance Committee after being approved by the House Committee on Public Utilities. [H1755](#), “Coordinate Statewide Enhanced 911 System,” (Reps. Saunders, Holliman, Brubaker, Howard) also consolidates administration of the charges under the state e-911 Wireless Board, renamed and expanded as the 911 Emergency Locating Board. Any wireline fund balance that exists prior to the bill’s effective date would be transferred to the local government’s general fund, to be used for any lawful purpose.

In addition, the bill would hold each PSAP’s (Public Safety Answering Points) e-911 revenue harmless at 2005-06 levels. Use of these funds would be expanded to include mostly in-state training of 911 personnel, achieving an NCACC Legislative Goal. The bill will significantly impact county e-911 programs.

### MENTAL HEALTH REFORM COMMITTEE CREATES BREATHING ROOM FOR LMEs

The House Committee on Mental Health Reform on May 17 heard [H627](#), which makes several changes to Local Management Entity (LME) functions. The committee proposed a substitute that allows LMEs that fall below the population threshold of 200,000 or the minimum number of six counties to have 12 months from the effective date of the county’s change in status to comply with the population requirements without penalty. Under current statute, all counties that do not meet the above criteria will forfeit 10 percent of their administrative funding annually beginning July 1, 2007. The bill further allows LMEs with more than eight counties to enlarge their oversight boards to 30 members, regardless of population in the catchment area.

The committee also voted to favorably report [H1654](#), which shifts rule-making authority for MH/DD/SAS from the Secretary’s Office to the Commission for MH/DD/SAS. The commission is composed of 30 members – six appointed by the General Assembly, and 24 appointed by the governor in accordance with specific qualifications similar to those imposed at the local level. The Division of MH/DD/SAS spoke against the bill on behalf of the secretary, however the bill sponsor, Rep. Verla Insko, co-chair of the Mental Health Oversight Commission, pointed out that the current rule-making authority exercised by the secretary limits LME and consumer input in advance and often leads to public disagreements about proposed policies. Both bills now go to the House floor.

### BILLS OF INTEREST

A rush of bills, both good and bad, are being heard in House and Senate committees as the May 24 crossover deadline approaches, and 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.

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**Bill:** [HB859](#)

**Sponsors:** Gibson (D69); Allen, L. (D49)

**Title:** EXTEND NUTRIENT OFFSET PAYMENT SUNSET

**Related:** 2007:SB603

**Status:** 05/16/2007 – Senate Committee On Agriculture/Environment/Natural Resources

**Position:** Support

**Category:** Legislative Goal

**Comments:** This bill would maintain the current nutrient offset payment schedule until Sept. 1, 2008, in order to allow additional time for the General Assembly to study the issue and make final determinations as to the appropriate fee level to be charged for nutrient offsets in the Tar-Pam and Neuse river basins. The bill passed the House and was referred to the Senate Ag/Environment Committee. The bill would accomplish an NCACC Legislative Goal.

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**Bill:** [HB1363](#)

**Sponsors:** Justice (R16); Goodwin (D66)

**Title:** LOCAL BOARDS OF HEALTH/INSPECTION FEES

**Status:** 04/09/2007 – House Committee On Health

**Comments:** The bill would authorize local boards of public health and boards of county commissioners to begin charging a cost-related fee for restaurant inspections (counties may currently charge for wastewater system inspections – septic tanks – for swimming pool inspections, and for inspections of tattoo parlors). The bill was heard May 17 in the House Committee on Health, and members raised questions about how high the fees might go and the lack of statewide uniformity, but referred the bill without prejudice to House Finance. Several members spoke in favor of the concept and agreed that public health activities are seriously under funded in N.C. House Speaker Pro Tem William Wainwright asked local health directors present at the meeting to identify actual costs by county so that when the bill is considered by the Finance Committee, members have a better grasp of the gap between actual costs and available resources. Rep. Jeff Barnhardt spoke in favor of the concept but expressed a desire to distinguish between large formal restaurants and vendor-type or church-related establishments. The NCACC supports this legislation and offered to help the sponsor with cost data.

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**Bill:** [SB490](#)

**Sponsors:** Hoyle (D43)

**Title:** INDUSTRIAL MACHINERY – BUILDING CODE

**Status:** 05/17/2007 – Passed in the Senate

**Position:** Support

**Category:** Legislative Goal

**Comments:** This legislation would help in recruitment and retention of manufacturing industries by limiting costly and time-consuming inspection of specially designed industrial equipment. If approved – it is on the Senate calendar for third reading May 17 – the bill would accomplish an NCACC Legislative Goal.

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**Bill:** [SB580](#)

**Sponsors:** Clodfelter (D37)

**Title:** STATE TREASURER/LOCAL OPEB INVESTMENTS

**Related:** 2007:HB515

**Status:** 05/16/2007 – House Committee On Pensions and Retirement

**Position:** Support

**Category:** Legislative Goal

**Comments:** The bill accomplishes an NCACC Legislative Goal by authorizing local governments to participate in an investment trust through the Treasurer's Office, whose proceeds are dedicated for paying other post-employment benefits (OPEB). The bill unanimously passed the Senate on May 14 and was referred in the House to the Committee on Pensions and Retirement.

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**Bill:** [SB1507](#)

**Sponsors:** Boseman (D9)

**Title:** HOUSING CONDITIONS/INSPECTIONS

**Related:** 2007:HB1011

**Status:** 03/27/2007 – Senate Committee On Commerce, Small Business and Entrepreneurship

**Comments:** Numerous counties and cities have established minimum housing codes via local act, while other local governments with no such standard. The bill sets a standard, statewide minimum housing code that requires a landlord to ensure "fit and habitable" conditions and defines several conditions as "imminently dangerous" that require "immediate repair or remedy," while requiring local governments to have probable cause before inspecting residential and non-residential structures. Local governments may perform periodic inspections and routine inspections for landlords who are habitual offenders. The bill, as amended, grandfathers existing local government ordinances and programs. S1507 was approved by the Senate Commerce Committee on May 17.

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**Bill:** [SB1513](#)

**Sponsors:** Jenkins (D3)

**Title:** COUNTY FINANCING/HIGHWAY AND BRIDGE PROJECTS

**Status:** 03/28/2007 – Senate Committee On Commerce, Small Business and Entrepreneurship

**Comments:** This bill permits counties to participate “in the cost of rights of way, construction, reconstruction, improvement, or maintenance of a road on the State highway system under agreement with the Department of Transportation.” Counties could also purchase land for roads. The bill was approved May 16 by the Senate Committee on Commerce, Small Business and Entrepreneurship.

– **NCACC Legislative Team**