



Bulletin #07-18

Thursday, May 24, 2007

SENATE STILL LOOKING AT A PERMANENT MEDICAID RELIEF SOLUTION

Senate leadership continued discussion and debate on a permanent Medicaid relief strategy that would best meet the needs of counties while preserving the interests of the state. Still under consideration is Sen. Dan Clodfelter's plan to provide 100 percent county Medicaid relief in exchange for a modest swap of county revenues whose total amounts fall short of county Medicaid costs. His plan is predicated on three principles of importance to counties and is in keeping with the NCACC Board's Medicaid relief strategy – counties would not need to raise taxes for Medicaid relief, all counties would be held harmless for any net loss due to the swap, and counties would be granted additional revenue authority targeted at infrastructure funding. Also under discussion is Sen. Tony Rand's bill. **S1424** would have the state assume all county Medicaid costs while assuming 1 penny of the local sales tax. Counties would be granted a local-option one-cent sales tax to make up for the lost revenue. We appreciate county Medicaid relief being at the forefront of the senate's budget discussion and encourage all county commissioners to urge their senators to ensure Medicaid relief becomes a reality.

EMINENT DOMAIN BILL PROGRESSING IN HOUSE

The House passed second reading of a bill May 23 that would change the state constitution regarding eminent domain procedures. The measure was to be considered for its third and final reading in the House on May 24 but had not been voted on prior to the deadline for this issue of the Legislative Bulletin. **H878**, co-sponsored by Reps. Paul Stam (Wake), David Lewis (Harnett), Jim Harrell (Surry) and Dan Blue (Wake), has widespread, bi-partisan support and is a reaction to a controversial ruling by the U.S. Supreme Court in 2005. The bill eliminates the taking of private property "for the purpose of thereafter conveying an interest in the property to a third party for economic development." Taking blighted property is excluded from this restriction. The bill also gives the property owner the right to have a jury determine the just compensation to be paid for the property. If the House passes the bill on third reading and the Senate concurs, it would be placed on the ballot this November. State law requires constitutional amendments to be approved by the voters of the state.

PARTNERSHIP TO PUSH NEED FOR INFRASTRUCTURE FUNDING

The Association is part of a new coalition called Partnership for North Carolina's Future, which is trying to educate the General Assembly and general public about the state's significant infrastructure needs, which are being compounded by our rapid population growth. The group was unveiled at a May 23 news conference at the Legislative Building.



Partnership spokesman Tom Lambeth urged the General Assembly to take "bold steps to protect the basic foundation upon which our communities' quality of life and economy is built – schools, roads, clean water and land protecting natural resources." NCACC President Terry Garrison (Vance), President-elect David Young (Buncombe), First Vice President Bill Kopp (New Hanover) and past president Breeden Blackwell (Cumberland) represented the Association at the news conference.

Sen. Dan Clodfelter (Mecklenburg), shown speaking in the photo, said that giving more revenue options to local governments could be a critical piece in helping the state meet the infrastructure demands. Members of the partnership are advocates for increased state investments in school construction, affordable housing, roads, land and water conservation, and water and sewer services. Besides the Association, other members of the coalition include the North Carolina League

of Municipalities, the North Carolina School Boards Association, the North Carolina Association of School Administrators, the North Carolina Rural Economic Development Center, the North Carolina Housing Coalition, NC Gol, and the North Carolina Metropolitan Coalition. For more information about the Partnership for North Carolina's Future, visit www.ncfuturenow.org.

LOTTERY COMMISSION PROJECTS LOWER SALES THAN HOUSE, GOVERNOR

The N.C. State Lottery Commission adopted its 2007-08 budget, and it projects even lower revenues and sales than either the budget proposals from Gov. Mike Easley or the House of Representatives. The commission's adopted budget estimates \$957.7 million in sales for 2007-08. That would generate \$341.6 million for education programs in the state. The county share would be \$136.64 million. Gov. Easley's budget had a sales estimate of \$1.5 billion in sales, with a \$438 million return for education. The governor also changed the percentage that would go to prizes and reduced the county share of the proceeds from 40 percent to 30 percent, meaning the county share of his \$438 million would be \$131.4 million. The budget adopted by the House estimated \$350 million in proceeds, with \$140 million going to counties.

APFO BAN BILL DISCUSSED, BUT NO ACTION TAKEN

The Senate Committee on Finance discussed S1180 (No Monetary Exaction for Development) this week but took no action after representatives from the Association and League of Municipalities argued that the bill would invalidate agreements already in place. This bill impacts a county's ability to impose an adequate public facilities ordinance (APFO) if fees are involved. The bill is sponsored by Sen. Walter Dalton (Rutherford). Sen. Dalton, who is a member of the committee, said the bill was an attempt to clarify existing law, but NCACC General Counsel Jim Blackburn said that the language in the bill would render existing agreements moot. After listening to the discussion, the committee opted not to vote on the bill – for now.

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 bills listed below.

Bill:	HB676
Sponsors:	Owens (D1); Weiss (D35); Stam (R37); Carney (D102)
Title:	INCREASE REGISTER OF DEEDS' PENSION
Position:	Support
Category:	LEGISLATIVE GOAL
Comments:	The bill passed the House on May 23 and now heads to the Senate. This bill allows counties to reduce the contribution to the fund from 4.5 percent to 0.9 percent of Register of Deeds' fees, while expanding beneficiary eligibility and increasing pension benefits. It is supported by N.C. Association of Registers of Deeds.

Bill:	HB1519
Sponsors:	Glazier (D45); England (D112); Williams (D6); Cotham (D100)
Title:	MODIFY SCHOOL FUNDING MEDIATION LAW
Position:	Oppose
Comments:	According to this bill, an appeal of a school funding dispute would not be affected if the fiscal or school year in contention ends before the issue is resolved. If a school board wins the suit after the fiscal year in contention has ended, the county cannot deny or reduce an appropriation in a future year "until a final judgment is rendered at the conclusion of the appellate process." The bill would also require the county to pay interest.

– NCACC Legislative Team