



Bulletin #07-19

Thursday, May 31, 2007

FOOD FOR THOUGHT

"We will not adjourn until this is taken care of," – Sen. Kay Hagan (Guilford), discussing relieving counties of the Medicaid burden during an Appropriations Committee meeting.

SENATE EXPRESSES INTENT TO END COUNTY MEDICAID SHARE

With little floor debate and a strong show of bipartisanship, the Senate adopted its \$20 billion budget Thursday. The Senate spends fewer operating dollars and incurs more capital debt than the House version while allowing the temporary quarter-cent sales tax and upper income tax bracket to sunset as scheduled.

The NCACC had been told earlier by Senate leadership that the budget plan would not contain county Medicaid relief. Rather, a special provision (Section 6.16; see full text below) acknowledges the burden Medicaid places on county finances and outlines the Senate's intent to relieve counties of their Medicaid share, with a plan in place by July 1, 2008. Appropriations Co-Chair Kay Hagan, when reviewing the budget's general provisions in the full Appropriations Committee meeting, drew the committee's attention to the county Medicaid relief special provision by saying, "We're all interested in this. It will be solved this session, this year. We will not adjourn until this is taken care of." Appropriations Co-Chair Walter Dalton reiterated the Senate's commitment to permanent Medicaid relief when he concluded his opening remarks on the Senate floor Wednesday by saying, "You know we're working on a solution. A one-time fix is not sufficient." Dalton further noted that the final solution must be sustainable and provide state and local governments with the ability to fund education.

So what does this permanent relief look like? Two competing plans for permanent and complete county Medicaid relief are expected to be heard next week in the Senate Finance Committee. Senator Dan Clodfelter's plan, now in bill drafting, would provide 100 percent county Medicaid relief in exchange for a modest swap of county revenues. It is predicated on three principles of importance to counties and keeps with the NCACC Board of Directors' Medicaid relief strategy – counties would not need to raise taxes for permanent and complete 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, **S1484**. It would have the state assume all county Medicaid costs while assuming one penny of the local sales tax. Counties would be granted a local-option one-cent sales tax to make up for the lost revenue. Counties would have to hold the cities harmless for any lost sales tax revenues, but only at 2006-07 levels with no growth.

We appreciate county Medicaid relief being at the forefront of the Senate's deliberations and encourage all county commissioners to call their Senators, let them know how county Medicaid costs are impacting their budget debates right now, and ask that permanent Medicaid relief become a reality.

MEDICAID COUNTY SHARE RELIEF

SECTION 6.16. In recognition of the increasing cost of Medicaid services and the burden this places on county finances, it is the intent of the General Assembly to develop a method for relieving counties of the county share of the nonfederal share of Medicaid expenditures. It is the further intent of the General Assembly that this relief will be in place by July 1, 2008. Methods being considered will allow counties to use those funds the counties would otherwise spend on Medicaid to support improvements in education at the local level without limiting the State's ability to provide critical State-funded services, including education.

HOUSE FINANCE COMMITTEE APPROVES 911 BILL

H1755 ("Coordinate Statewide Enhanced 911 System") was approved by the House Finance Committee on Thursday morning. The bill significantly amends the funding and administration of 911 systems across the state by establishing a uniform wireline monthly service charge of 70 cents per line (including Internet telephone), restructures the existing Wireless 911 Board into the "911 Emergency Locating Board" to oversee 911 systems, expands the authorized uses of 911 fees to include training, and dedicates unspent industry 911 funds to a grant fund for local 911 programs. All public safety answering points will be held harmless to 05-06 funding levels, and additional revenues flowing into the statewide 911 program will be divided by the 911 Emergency Locating Board in two ways: per capita, and to rural and other high-cost areas. Existing local fund balances will revert to the general fund of the local government as the program transitions. We expect the bill to be heard by the full House next week.

WHEN IS A DEADLINE NOT REALLY A DEADLINE?

The crossover deadline passed last week, meaning bills that did not pass the originating chamber and that do not have to be referred to either the finance or appropriations committees are presumably dead for this session. However, the fact that a certain bill may not have made it to the opposite chamber doesn't mean the issue absolutely is dead. Legislators have other avenues available to keep issues alive that they want considered. The Association remains vigilant in tracking these issues, especially ones that could prove detrimental to counties, to make sure they do not reappear as amendments or provisions in other legislation.

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: **HB1587**
Sponsors: Brubaker (R78); Howard (R79); Saunders (D99); Holliman (D81)
Title: THE LOCAL GOV'T FAIR COMPETITION ACT
Status: 04/19/2007 – House Committee On Public Utilities
Scheduled: 06/06/2007—House Committee On Public Utilities, 10:00 A.M., 1228 LB
Comments: The House Public Utilities Committee discussed but did not take any action on **H1587** ("Local Government Fair Competition Act") during its meeting on Wednesday due to vigorous opposition by the League of Municipalities. The bill would significantly restrict municipalities that want to provide communications services, such as cable, telephone, electronic voice, data, audio or video transmission and Internet access, to its citizens. In its current form, **H1587** does not specifically include counties because counties currently do not have the authority to operate a cable TV system, but is a concern due to its unwarranted intrusion into authorized local government service provision. The bill would require municipalities who want to provide communications services to hold a public hearing, create a business plan and hold a referendum before they could provide the service. If counties were to be authorized to operate communication systems in the future and began to do so, the telecommunications industry would certainly move to place similar limitations on counties. The bill is expected to in committee next week.

Bill: **SB1271**
Sponsors: Snow (D50)
Title: FIREFIGHTER/EMS PAYROLL DEDUCTIONS
Status: 05/29/2007 – House Committee On State Personnel
Position: Oppose
Comments: Passed the Senate largely along party lines May 24 and has been referred to the House Committee on State Personnel. The bill requires counties to deduct union dues for certain personnel if requested. The bill originally targeted firefighters, EMS workers and police officers, but the scope of the bill was expanded in committee to include any employee organization with at least 2,000 members statewide, at least 500 of whom are law enforcement officers.

– NCACC Legislative Team