



Bulletin #07-26

Thursday, July 19, 2007

COUNTY MEDICAID RELIEF LEGISLATION CLEARS SENATE

The Senate's vehicle for county Medicaid relief, [H1016](#), passed the third and final reading Tuesday and was sent to the House for its concurrence. The House ruled the bill a material change Wednesday and referred it to the Finance Committee.

H1016 would phase in the state's assumption of county Medicaid costs over a three-year period, beginning this October, with an estimated statewide savings for counties of \$86 million in 2007-08. Roughly 50 percent of the corporate tax set aside for public school construction would be retained by the state in the first year to partially offset state Medicaid costs, although counties would be required to make up these losses with their Medicaid savings.

Once fully implemented, counties would be relieved of nearly \$600 million in Medicaid expenses while avoiding future cost increases that are running 10 percent or more. To help defray increased state Medicaid expenses, counties would cede a half cent in per capita sales taxes (in quarter-penny increments) beginning October 2008. While Article 44 – the most recently enacted county half-cent sales tax – would go away, its reimbursement hold harmless provision would continue as is. Article 42 – the second half-cent per capita sales tax – would convert to a point-of-delivery distribution to minimize urban revenue disruption. Any county in which the sales tax revenue stream exceeds the Medicaid expense would be held harmless for 10 years based on actual Medicaid expenses and actual foregone revenues. Cities would also be held harmless with growth included in their hold harmless payments mirroring the remaining local sales taxes.

The ad hoc county Medicaid relief committee, comprised of House and Senate leaders, appropriations and finance committee chairs, and Gov. Easley's lead budget negotiator, resumed meeting this week to hash out a workable and winnable compromise. House members continue to push for additional local revenue authority, including the land transfer tax and a local option sales tax to meet overwhelming county infrastructure needs.

County officials from across the state are urged to contact their Senate and House members each and every day to remind them of the urgent need for permanent county Medicaid relief.

END IN SIGHT?

House and Senate committees powered through legislation at full throttle this week as members sought to clear calendars in preparation for closing down the long session. House and Senate leaders announced that all committees should complete their work by July 28. Budget negotiators are rumored to be very close to a consensus, with county Medicaid relief being the last major unresolved issue.

SOLID WASTE BILL MOVES TO SENATE FINANCE

[S1492](#), "The Solid Waste Management Act of 2007," was passed by the Senate Agriculture/Environment/Natural Resources Committee today and sent to Senate Finance. The current version of the bill will have a great impact on owners and operators of landfills, as well as counties with aspirations of siting a new landfill. Previous versions of the bill would have applied additional regulations to expansions of existing landfills, but in the bill's current form, expansions of existing landfills do not trigger design and location standards. Most notably for counties, the bill contains a \$1.50 tipping tax to be applied to all solid waste facilities to be used for the remediation of pre-1983 landfills, as well as grants to local governments for recycling programs; and for new landfills: a liner system for construction and demolition landfills; leachate collection systems for lined landfills; permit review and operation fees; and significant limitations on where landfills can be sited, as well as their size.

We will continue to oppose portions of the legislation that are harmful to counties, but we encourage each county to determine how the bill would impact their existing or proposed facilities. The current landfill moratorium expires Aug. 1.

COMPROMISE ON MOTOR VEHICLE PROPERTY TAX SYSTEM TO BE HEARD NEXT WEEK IN COMMITTEE

H1688 (Rep. Dale Folwell) attempts to resolve issues raised by automobile dealers concerning the collection of property taxes under the Combined Registration and Property Tax System. The new system, which will be up and running by 2010, should significantly improve the collection of motor vehicle property taxes to the tune of \$80 million in additional annual collections statewide. The Association and the N.C. Automobile Dealers Association have agreed to the compromise language contained in the bill, which could be heard by the **House Transportation Committee** on Wednesday. We encourage county officials to contact committee members in support of H1688. Committee members are:

Chair: Rep. Becky Carney (919-733-5827)

Vice Chairs: Reps. L. Coates (919-733-5784), N. Cole (919-733-5779), J. Crawford (919-733-5824), M. Hilton (919-733-5988), D. McComas (919-733-5786), A. Williams (919-733-5906)

Members: Reps. L. Allen (919-733-5860), C. Allred (919-733-5905), C. Blackwood (919-733-2406), V. Braxton (919-715-3017), W. Brisson (919-733-5772), G. Cleveland (919-715-6707), B. Daughtridge (919-733-5802), L. Daughtry (919-733-5605), N. Dollar (919-715-0795), T. Harrell (919-733-5602), D. Hill (919-733-5830), R. Killian (919-733-5886), T. Moore (919-733-4838), R. Rapp (919-733-5732), F. Steen (919-733-5881), B. Stiller (919-301-1450), R. Sutton (919-715-0875), A. Graham Underhill (919-733-5853), W. Wilkins (919-715-0850), M. Wray (919-733-5662), T. Wright (919-733-5754)

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: **S646**

Sponsors: Albertson (D10)

Title: CONTINUE WATERFRONT ACCESS STUDY

Comments: In an unexpected move this morning, the Senate Agriculture and Environment Committee approved the bill, which amongst other things, provides present use value tax treatment for working waterfront properties – defined as income-generating properties that “abuts water to the head of tide or is within the intertidal zone and that is primarily used to provide access to or to support commercial fishing activity.” Given the high property values of these coastal properties, the fiscal impact of such a change could be vast. No fiscal analysis as to the potential property tax loss was provided. The Association will continue to determine the impact of the legislation.

Bill: **S831**

Sponsors: Hoyle (D43)

Title: WIRELESS TELECOMMUNICATIONS FACILITIES

Status: 07/19/2007 – Passed in the Senate

Comments: The bill has been approved by the Senate. In its original form, the bill would have preempted the ability of county governments to regulate the location and size of telecom towers. The proponents of the bill have been negotiating with the Association for a number of weeks, and the current version of the bill maintains local government land use and zoning authority. We have assurances from bill proponents that good faith negotiations will continue on remaining issues of concern as the bill advances in the House.

– NCACC Legislative Team