



Bulletin #07-27

Thursday, July 26, 2007

MEDICAID RELIEF, ADDITIONAL REVENUE AUTHORITY PURPORTEDLY IN BUDGET

Budget negotiators reached agreement late Wednesday on most remaining budget items in contention, including county Medicaid relief and additional county revenue authority. Based on discussion with legislative leaders and staff, counties can expect to see a phaseout of county Medicaid expenses over three years and additional authority to levy either a 0.4 percent land transfer tax or a quarter-cent sales tax, subject to voter referendum. We understand (and hope) that the budget conference report will be read in Thursday night, with second and third readings to be held Friday and Saturday. Stay tuned and keep your fingers crossed. We will be reporting greater detail upon receipt of the budget document. In other news, legislative committees continued to churn out bills Thursday in anticipation of closing out the long session, maybe as early as next week.

SUBSTITUTE BILLS JUMPSTART SOLID WASTE, INTERBASIN TRANSFER ISSUES

With **S1492**, "Solid Waste Management Act of 2007," stalled in the Senate, supporters of tighter landfill restrictions are taking a new tact in an attempt to get a bill passed this session. The House has developed a Preferred Committee Substitute for an unrelated bill that imposes a \$2 tipping fee, extends the landfill moratorium for 13 months and establishes fees. The Association is also concerned that the liability protections for local governments related to pre-1983 landfills are not strong enough. Because the House has rewritten a bill that had already passed the Senate, if the House can pass this substitute bill, the Senate would only need to vote to concur instead of putting it through the entire legislative process again. The Senate took a similar step on another issue as the Finance Committee took a bill that had already passed the House and changed it Thursday to a bill that would amend the interbasin transfer regulations. The Association will continue to monitor this bill and many others in the coming days as the legislative session speeds to an end.

PROPERTY TAX EXCLUSIONS BEING CONSIDERED

Various legislative committees have taken up bills to restrict the local property tax base in recent days. **H1895** ("Tax on Heavy Equipment Rental Agreements") would allow counties to levy a gross receipts tax (not to exceed 0.75 percent) on rentals of heavy equipment in lieu of businesses paying property tax on the equipment. The Senate Committee on Agriculture/Environment/Natural Resources passed **S646** ("Enact WASC Recommendations/Funds") on Monday and referred it to the Senate Finance Committee, where it was passed Thursday. This bill would allow certain classes of working waterfront properties to qualify for land use value assessment instead of being assessed at the actual value. This exemption is very broad and potentially costly to counties with significant waterfront property.

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

History: 07/25/2007 – H Passed 2nd & 3rd Reading.

Comments: H1587 was changed to a study bill this week after a concerted effort by city officials who were upset about the proposal's new and potentially costly regulatory and political hurdles for providing telecommunication services. The committee substitute authorizes the Joint Legislative Utility Review Committee to study the issue, focusing on four areas: "(1) The adequacy of coverage of communications services offered by currently private providers across the State, including rural and other high costs areas; (2) The adequacy of communications services currently offered by local governments; (3) The private and public costs and the benefits of providing

communications service through a private communications service provider compared to a local government owned communications service provider, including the effect on existing and future jobs, actual economic development prospects, tax-base growth, education, and public health; and (4) The effect on competition with privately owned communications services of local government owned and operated communication services." Even though the original bill did not include counties specifically, the scope would eventually have been expanded to include counties.

Bill: HB1740

Sponsors: Johnson (R83); Glazier (D45); Jones, Earl (D60); England (D112)

Title: SCHOOL BOARD FISCAL ACCOUNTABILITY ACT

History: 07/25/2007 – H Reported as committee substitute without prejudice.
07/25/2007 – H Re-referred To House Committee On Finance.

Position: Oppose

Category: Defense

Comments: This bill, which would enable a county Board of Commissioners to grant taxing authority to a local school board, was discussed in the House Education Committee on Wednesday. Representatives from the N.C. School Boards Association spoke in favor of the bill and received support from an unexpected ally when an official with the Home Builders Association also spoke in favor of allowing school boards to have taxing authority. The bill was reported "without prejudice" and referred to the House Finance Committee.

Bill: HB1898

Sponsors: Wright (D18)

Title: PRE-RELEASE AIDS TESTING OF ALL DOC INMATES

History: 07/25/2007 – H Reported favorably by committee substitute.
07/25/2007 – H Re-referred To House Committee On Judiciary II.

Comments: H1898, introduced Wednesday in the House Health Committee, would require inmates who are being released from the custody of the Department of Correction to be tested for the AIDS virus. If an individual is found to be HIV positive, they would be referred to state and county public health officials for counseling services. While state and federal funding should be available to cover those counseling services, county health departments could be forced to foot the bill should state and federal funds run short. The fiscal impact on county health departments could be significant. The bill was re-referred to House Judiciary II.

Bill: SB1513

Sponsors: Jenkins (D3)

Title: COUNTY FINANCING/HIGHWAY AND BRIDGE PROJECTS

History: 05/22/2007 – S Withdrawn from the Calendar.
05/22/2007 – S Re-referred To Senate Committee On Finance.

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 July 26 by the Senate Finance Committee.

– NCACC Legislative Team