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Legislative Bulletin #08-06

Thursday, June 19, 2008

SENATE VOTES TO REPEAL LAND TRANSFER TAX; AMEND SALES TAX

The Senate voted 38-6 Thursday to repeal the 0.4 percent land transfer tax authority that was granted to counties in the state budget that was adopted last July. The land transfer tax option and sales tax options were given to counties as part of the Medicaid swap. The revenue options were designed to give counties another way to help meet growing local infrastructure demands without relying on continual increases in the property tax. Several Senators spoke against the repeal, including Sen. Ellie Kinnaird (Orange), Sen. Floyd McKissick (Durham) and Sen. Charlie Dannelly (Mecklenburg). Sen. Kinnaird said taking the option away was not fair to the 70-plus counties that had not yet put it before the voters. Sen. McKissick argued that the option was part of the Medicaid swap and that the state should not renege on the deal made last year. Sen. Dan Clodfelter (Mecklenburg) argued for [S1951](#) because he wants the state to keep that revenue option for future use as it struggles to meet its infrastructure needs. An amendment put forth by Sen. Doug Berger (Franklin) on Thursday to give counties the option to put on the ballot what the proceeds of the sales tax option will be used for passed by a wide margin.

HOUSE COMMITTEE VOTES DOWN DUES CHECKOFF BILL

The House Local Government II Committee voted down a bill Wednesday that would have required counties to provide payroll deduction for union dues for employees if the employee groups met certain membership criteria. [S1271](#), Firefighter/EMS Payroll Deductions, passed the Senate last year and was the focus of an intense lobbying effort from pro-union groups, which have targeted North Carolina's 50-year-old ban on collective bargaining for public employees. The bill failed to be approved by an announced vote of 6-9. There is already speculation that the vote on the bill may be reconsidered at the committee's next meeting.

SENATE APPROVES BUDGET

The Senate approved its spending plan for 2008-09 Thursday, setting the stage for the House and Senate to begin negotiating the differences between the two proposals this weekend. The Senate and House both announced their budget conferees on Thursday. Several items in the Senate budget impact counties. The Senate does not accept the House's recommendation to appropriate \$21.3 from the lottery reserve to give all counties the same ADM allotment of lottery school construction monies on a one-time basis.

The Senate included a special provision (Sec. 7.22) that requires the State Board of Education to identify the "10 counties that provide the lowest funding per student for public schools and prepare a letter to parents" in those counties, indicating the funding level, its impacts, other counties' public school funding levels, and the county's relative funding in light of ability to pay. The provision does not specify what funding would be measured (current expense, capital, etc.). Furthermore, the boards of county commissioners in the 10 counties would be required to forward the letter to their schoolchildren's parents.

Like the House, the Senate restored recurring funding for the Criminal Justice Partnership Programs (CJPP) and the Juvenile Crime Prevention Councils (JCPC), but only appropriated an additional \$200,000 for each program. The House budget included an additional \$1 million for JCPC and an extra

\$500,000 for CJPP. The Senate includes an additional \$63 million in mental health funding, most directed at improving local crisis services. The Senate agreed with the House to repeal the special provision in last year's budget that makes counties responsible for courthouse telephone systems.

CLOCK TICKING ON SOLID WASTE, CIRCUIT BREAKER DELAY EFFORTS

Two county-supported efforts to delay implementation of legislation passed last year may be running out of time. [H2541](#), Delay Solid Waste Tax Effective Date, has not been heard in the House Finance Committee yet and has not yet been scheduled. The \$2 per ton tipping fee is scheduled to go into effect July 1. Concerned about how to collect the fee, counties are seeking a six-month delay so they get their systems in order. The Governor's Office has expressed opposition to a delay. [S1876](#) makes several technical changes to the circuit breaker program that was passed last year, but does not grant a delay for implementing the program that was sought by the N.C. Association of Assessing Officers. The bill has passed the Senate and was approved by the House Finance Committee on Thursday.

LOW-INCOME HOUSING PROPERTY TAX BREAK

[S1878](#) was amended to create a new property tax classification for low-income housing projects. If passed, local governments would lose upwards of \$21 million annually in order to provide tax relief for for-profit development corporations. Under federal laws, these developers already receive significant income tax relief for building these projects. The Association strongly opposes this legislation. Please contact members of the [House Finance Committee](#) and ask that this portion of [S1878](#) be removed.

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: [HB1889](#)

Sponsors: Brubaker (R78); Hill (D20); Gibson (D69); Harrison (D57)

Title: PRESENT-USE VALUE SYSTEM MODIFICATIONS

Summary: An Act to Provide Property Tax Relief for Qualifying Wildlife Conservation Land and to Clarify the Present-Use Valuation of Property Subject to a Conservation Easement.

Status: 08/02/2007 – Senate Committee On Finance

Position: Oppose

Comments: This bill extends the present-use value system to include property that is managed and maintained primarily to protect wildlife habitats. The property must be at least 10 acres and no more than 100 acres in any one county and be under a sound management plan certified by the N.C. Wildlife Commission. The property would be appraised at its present-use value as if it were agricultural land if the majority of the property is open space land. The property would be appraised at its present-use value as if it were forestland if the majority of the property is woodland. If the property lost its classification, the taxpayer would be required to pay 3 years of deferred taxes. This bill also allows LLCs, trusts and corporate owners to receive the tax benefit.

Bill: [SB1879](#)

Sponsors: Clodfelter (D37)

Title: DROUGHT/WATER MANAGEMENT RECOMMENDATIONS

Summary: An Act to Implement Water Management and Drought Preparedness and Response Measures, as Recommended by the Environmental Review Commission.

Status: 05/22/2008 – Senate Committee On Agriculture/Environment/Natural Resources

Position: Oppose unless amended

– NCACC Legislative Team