

If you are having problems viewing this e-mail, please visit our Web site to view [this bulletin](#).



Legislative Bulletin #08-08

Thursday, July 3, 2008

BUDGET STUCK IN NEUTRAL

Even with the intervention of Senate President Pro Tem Marc Basnight (Dare) and Speaker of the House Joe Hackney (Orange), progress has been slow in resolving the remaining differences between the House and Senate versions of the state budget. Negotiators were dealt a blow earlier in the week when a revised fiscal forecast reduced projected revenues for 2008-09 by about \$70 million. Both chambers were asked by their leaders to go back and look at the budgets and find some room to reduce costs to accommodate the revised fiscal estimates. So far, none of the cost-saving measures being considered impact funding for any county-related programs. The temporary spending measure signed by Gov. Mike Easley on June 30 and will expire July 15 includes state funds for the Criminal Justice Partnership Programs and the Juvenile Crime Prevention Councils.

DROUGHT BILL STARTING TO MOVE

The long-anticipated water resources bill being pushed by Gov. Mike Easley and the Department of Environment and Natural Resources in response to the state's ongoing drought is starting to take shape. [H2499/S1879](#) has been undergoing an extensive negotiating process over the past several weeks with a stakeholders group comprised of representatives of local governments, DENR and the Governor's Office, among others. The NCACC is anticipating that a proposed Committee Substitute to be brought to the House floor for consideration soon. Many items in the bill impact counties, including the requirement that a county water system's water shortage response plans must be approved by the Secretary of DENR, and the allowance of civil penalties of up to \$10,000 per month assessed to water systems that do not implement required conservation measures within the specified time frame. The legislation also links local drought response to the U.S. Drought Monitor Map, which classifies counties in one of five stages of drought – abnormally dry, moderate, severe, extreme and exceptional. Mandatory conservation measures would kick in once a county is designated as being in a severe drought and would become more stringent with each succeeding classification. The Association remains concerned with certain aspects of the bill, including the prospect of civil penalties for local governments that operate water systems and language that relates to a county's authority to regulate water used for landscape irrigation purposes by private well users.

OWENS' AMENDMENT IMPACTS REVAL SCHEDULE IN S1878

Rep. Bill Owens (Pasquotank) offered a successful amendment to [S1878](#) (Property Tax Modifications) on July 1 that changes the trigger for causing a county to advance its scheduled revaluation. In the Senate version, once a county's sales/assessment ratio dipped below .90, the county had to schedule a revaluation before Jan. 1 of the third year following notification that their sales/assessment ratio was below .90. Rep. Owens' amendment changed this trigger from .90 to .70. The bill changes how low-income housing property is valued, allowing the property tax to be based upon the income generated by the property rather than the market value. According to a fiscal note prepared by the General Assembly's Fiscal Research Division, this could cost local governments as much as \$21 million in lost property tax revenue annually. The amended bill passed second reading in the House on Wednesday by a 115-3 vote and is expected to pass third reading Thursday afternoon before it goes back to the Senate for concurrence.

HARMFUL FINANCIAL PROVISION STRIPPED OUT OF TRANSPORTATION BILL

A bill that makes changes to statutes governing voluntary local government participation in Department of Transportation projects passed the House on July 2 without harmful language that would allow the State Board of Transportation to base funding decisions on whether a local government has elected to participate in financing the project. [H2314](#) (Voluntary County Participation/DOT.-AB) sponsored by Rep. Nelson Cole (Rockingham) defines the relationship between participating local governments and the DOT with regard to voluntary financial participation. A House committee substitute stipulates that voluntary participation by a county or municipality cannot cause any disadvantage to another project elsewhere.

COLLECTIVE BARGAINING LEGISLATION STUCK IN COMMITTEE

[S1271](#) (Firefighter/EMS Payroll Deductions) remains in the House Local Government II Committee. The bill was on the calendar for the committee's July 2 meeting, but was pulled. Supporters of the bill are attempting to bring the bill back before the committee. Their efforts apparently have not been successful. The Association opposes this bill because it could lead to collective bargaining for public employees.

HOUSE APPROVES ANNEXATION MORATORIUM

The House on Wednesday approved a plan to implement a nine-month suspension on all involuntary annexations, including those in which cities have already taken steps to initiate the process. [H2367](#) (Involuntary Annexation Moratorium) was amended on the floor Wednesday to add additional restrictions on moratoriums. No action can take place on any annexations during the nine-month period from August 31, 2008, through May 31, 2009. The moratorium includes cities that have already started the annexation process through either a resolution of intent or consideration. The bill must still be considered by the Senate, which was not involved in the legislative study commission that originally recommended the moratorium. The NCACC Board of Directors supports a moratorium on new involuntary annexations and the formation of a study committee to further examine the issue of annexations and the impact on citizens and local governments.

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: [HB2541](#)

Sponsors: Gibson (D69); Allen, L. (D49); Harrison (D57)

Title: DELAY SOLID WASTE TAX EFFECTIVE DATE

Summary: An Act to Delay the Effective Date of the Solid Waste Disposal Tax Imposed by Article 5g of Subchapter I of Chapter 105 of the General Statutes, as Enacted by S.L. 2007-550 and Amended by S.L. 2007-543, from 1 July 2008 to 1 January 2009, as Recommended by the Environmental Review Commission.

Status: 07/02/2008 – Senate Committee On Finance

Position: Support

Comments: This bill was approved by the House on July 2 and sent to the Senate, where it was referred to the Senate Finance Committee. This bill reflects the position of the NCACC Board of Directors to push back implementation of an additional \$2 per ton tipping tax at county landfills and transfer stations from July 1, 2008, to Jan. 1, 2009, in order to work out kinks in the system. For this change to be implemented, the bill has to pass the Senate and then be approved by Gov. Mike Easley, who is believed to be opposed to the delay.

Bill: [SB2064](#)

Sponsors: Hoyle (D43)

Title: OPEN GOVERNMENT ACT

Summary: An Act to Create the Open Government Unit of the Department of Justice, to Appropriate Funds for that Purpose, and to Provide that the Successful Plaintiff in a Public Records Dispute is Entitled to Reasonable Attorney's Fees.

Status: 07/01/2008 – Senate Committee On Judiciary I

Scheduled: 07/03/2008 – Senate Committee On Judiciary I, 10:00 a.m., 1027 LB (Revised 07/02/2008)

Position: Oppose

Comments: This bill was withdrawn from the Senate Committee on Appropriations on July 1 and referred to the Senate J-1 Committee. The bill would require local governments to pay attorney fees for the opposition if a local government is sued because it refused to grant a public records request and is compelled by the court to turn over the public records.