



Bulletin #09-06

Thursday, March 5, 2009

FOOD FOR THOUGHT

When it rains, it pours, so to speak. It wasn't very long ago that drought had everyone talking about the millions of local dollars that needed to be pumped into leaky water infrastructure in order to lessen the impact of drought on water supply. While rains in 2008 helped everyone forget just how quickly the state's supply of potable water could dry up, it may be time to pay attention again. As of March 3, all but five of 100 counties are now classified by the U.S. Drought Monitor as having at least "Abnormally Dry" conditions, and 39 counties are suffering from severe or moderate drought conditions. At a time when the state and county governments are slashing their current fiscal year budgets to keep pace with evaporating economy dependent revenues, can we afford another drought?

BEST USE OF CORPORATE TAX REVENUE?

One week after counties learned they may lose more than \$5 million from the February quarterly distribution of corporate income tax payments to the Public School Building Capital Fund due to the state budget shortfall, Sens. Dan Clodfelter (Mecklenburg), primary sponsor, and Sens. Clark Jenkins (Edgecombe) and David Hoyle (Gaston), co-sponsors, filed a bill that would divert the ADM Fund monies for the next biennium to the state's general fund. [S386](#) (Make Best Use of Corporate Tax Revenue) diverts the portion of the corporate income tax that is dedicated to school construction needs for the next two fiscal years. In the resolution that is part of the bill, the sponsors cite that the average county fund balance is 21.5 percent, that school construction "historically slows" during a recession, and that as of Jan. 28, 2009, there is more than \$267 million in the Public School Building Capital Fund, enough to cover any obligations for the next two years without "any additional funding" from the corporate income tax. County school construction needs are not dissipating because of the recession, and in fact, with prices falling and construction contractors looking for work, it is actually a good time for counties to build schools. Losing the ADM Funds along with the loss of the February lottery funds may make it more difficult for counties to proceed with construction. The Association is currently surveying counties to determine how much of the \$267 million in the fund has already been pledged.

SECOND ANIMAL EUTHANASIA BILL HEARD IN COMMITTEE

[H6](#) (Davie's Law/Humane Euthanasia in Shelters) was heard in the House Agriculture Committee on Wednesday and, similar to when [H27](#) (Regulating Euthanasia of Animals) was heard in the same committee last week, drew a standing room-only audience. H6, sponsored by Rep. Cary Allred (Alamance), bans entirely the use of carbon monoxide and requires counties to destroy their gas chambers. H27 allows counties to retain their carbon monoxide capabilities and allows them to be used on non-domesticated animals. County animal control officers from several counties spoke to the pros and cons of H6 during the committee meeting. Counties remain concerned about the cost of implementation of either bill and the safety of animal control workers, who could be exposed to dangerous animals while attempting to give them a lethal sedative if counties are forced to abandon carbon monoxide chambers.

ELECTRONIC NOTICE OF PUBLIC HEARINGS BILL PASSES COMMITTEE

[H193](#) (Electronic Notice of Public Hearings), sponsored by Rep. Julia Howard (Davie) and Paul Stam (Wake), was reported favorably by the House Local Government II Committee on Wednesday and has been re-referred to the House Committee on Judiciary I. The bill rewrites what was local legislation passed in 2007 that applied to Cabarrus County and four towns in Wake County and makes it a statewide bill. It enables a county to post notices of public meetings on its official Web site in lieu of purchasing costly advertisements in newspapers. If a county operates a government access television channel, it would also be required to advertise notice of the public hearings on the channel. The bill does "not supersede any State law that requires notice by mail to certain classes of persons or the posting of signs on certain property, nor shall there be any alteration of the publication schedule required by State law."

HOMESTEAD EXEMPTION INCREASE SOUGHT

Two bills were filed Wednesday that would increase the homestead exemption income threshold from \$25,000 to \$30,000 (**H423** – Raise Homestead Income Limit to 30K) or \$35,000 (**H396** – Raise Income Limit for Homestead Exclusion). H396 is sponsored by Reps. Mark Hilton (Catawba), Ray Warren (Alexander) and Mitch Setzer (Catawba), while H423 is sponsored by Rep. Cary Allred (Alamance). No fiscal note has yet been reported, but a similar bill in 2007 that would have increased the exemption from \$20,500 to \$30,000 would have resulted in an estimated loss of property tax revenue of \$33.7 million to cities and counties for 2009-10 and \$35.9 million in 2010-11. The Homestead Exemption was increased to \$25,000 during the last biennium.

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: HB229

Sponsors: Tolson (D23); Jeffus (D59); Yongue (D46); McLawhorn (D9)

Title: RETIRED TEACHERS RETURN TO WORK

Related: SB362

Status: 02/23/2009 – House Committee on Pensions and Retirement

Comments: This bill reduces the waiting period from six to four months for retired teachers who wish to return to the classroom without losing their retirement benefits and requires local school systems to contribute a "Reemployed Teacher Contribution Rate of eleven and seventy-hundredths percent (11.70%) as a percentage of covered salaries that the retired teachers, who are exempt from the earnings cap, are being paid." The local school system is also responsible to pay the difference for any reemployed teacher who is exempt from the earnings cap and whose salary and the Reemployed Teacher Contribution Rate exceeds the state-supported salary level for that position. It also removes the prohibition on providing contract services for all retired state employees for the six months immediately following retirement.

Bill: HB335

Sponsors: McComas (R19); Barnhart (R82); Stam (R37); Killian (R105)

Title: TAX FAIRNESS IN EDUCATION

Status: 03/02/2009 – House Committee on Education

Comments: This bill would create a state tax credit for children who are enrolled in a non-public K-12 school (or a public school that charges tuition). It would also give county boards of commissioners the discretion to appropriate funds for the education of these children up to \$500 per child, payable to the child's parents or the person who claims the child as a dependent on his/her state tax return.

Bill: HB388

Sponsors: Earle (D101); Lucas, M. (D42); Carney (D102); Parmon (D72)

Title: CAMPAIGN DISCLOSURE

Status: 03/04/2009 – House Committee on Election Law and Campaign Finance Reform

Comments: This bill would require all candidates running for public office in North Carolina to file campaign disclosure forms relating to their fundraising. Currently, candidates who agree to raise less than \$3,000 and spend less than \$3,000 for their campaign are not required to file the various reports with the State Board of Elections.

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