



Bulletin #09-07

Thursday, March 12, 2009

FOOD FOR THOUGHT

Because there is not a lot of money to go around this year, legislators are paying a lot of attention to other issues, including many that impact local governments. So far this year, numerous bills have been introduced to update the state's annexation laws, force city and county officials to comply with the state Ethics Act, and change public notice requirements for local governments, among others.

PUBLIC TRANSPORTATION BILL ON THE MOVE

A revised version of **H148** (Congestion Relief/Intermodal Transport Fund) received a favorable report from the House Transportation Committee on March 11 and has been referred to the House Finance Committee. The bill, sponsored by Reps. Becky Carney (Mecklenburg), Lucy Allen (Franklin), Deborah Ross (Wake) and Bill McGee (Forsyth), gives certain counties or transportation authorities the ability to levy a one-half cent sales tax for transportation purposes and gives all other counties a quarter-cent sales tax to be used for transportation. The tax is not applicable to food. For the individual county, either the county or a municipality within that county must operate a public transportation system before a county can attempt to implement the additional sales tax. For the multi-county special districts, all counties within the district must agree to put the referendum on the ballot before it can proceed. The referendum must pass in each individual county before an authority can implement the tax. Certain criteria, as specified under Articles 26 and 27 in Chapter 160A of the General Statutes, must be met before counties can form a regional transportation authority.

ANNEXATION CHANGES PROPOSED IN SEVERAL BILLS

Annexation was on the minds of many legislators this week, as three new bills proposing changes to the state's annexation laws surfaced – two in the Senate and one in the House. **S472** (Annexation Changes), sponsored by Sen. Tony Rand (Cumberland), the Senate majority leader, would make several changes to the state's annexation laws. Among the changes, the bill adjusts the small municipality population threshold from 5,000 to 10,000 and expands requirements on financial effects of annexation analysis. It also allows a "distressed" community to be annexed if 75 percent of the "resident households" sign a petition requesting annexation. This would allow low-income areas to receive municipal services. The bill gives priority consideration to municipalities for state grants to construct water-sewer systems for newly annexed low-income residents. It allows a "doughnut hole" type of annexation but also tightens the "balloon string" type of annexation by prohibiting annexations that use a street or a street right-of-way to connect to an outlying area. The bill sets June 30 as the date for all annexations after adoption of an annexation ordinance, part of the Association's legislative goal on annexation, and gives all affected property owners additional time to request an extension to pay for the cost of the water/sewer service. It also includes a new section that allows a municipality to enter into an agreement with a property owner in which the owner agrees to receive the water/sewer services in exchange for not protesting the annexation. Municipalities will allow the property owners up to 20 years to pay off the cost.

H524 (Annexation – Omnibus Changes), sponsored by Reps. Bruce Goforth (Buncombe), Paul Luebke (Durham), Earl Jones (Guilford) and Edgar Starnes (Caldwell), makes many of the same changes noted above, but also adds several other restrictions that would make it more difficult for municipalities to annex an area. The bill increases density standards from 1.0 persons per square acre to 2.5 persons per square acre, increases from 60 to 65 percent the "total number of lots and tracts in the area at the time of annexation ... used for residential, commercial, industrial, institutional or governmental purposes" and requires that at least 60 percent of the area to be annexed is subdivided into lots of two acres or less (was three acres or less). The bill also requires that a subdivision or neighborhood can not be split by an annexation and adds to the public notice requirements.

S494 (Annexation/Meaningful Services and Oversight), sponsored by Sen. Larry Shaw (Cumberland), requires cities to prove that “meaningful” services can only be provided by annexation and asks for great detail in how water/sewer services will be provided. The bill allows the county Board of Commissioners set the date of the public hearing and, if objections are raised at the hearing, gives the county commissioners the authority to ask for a public referendum.

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: HB382

Sponsors: Wainwright (D12); Farmer-Butterfield (D24); Martin (D34)

Title: AUTHORIZE VOLUNTARY MEDICAL REGISTRY PROGRAM

Related: 2009:SB258

Status: 03/10/2009 – House Committee On Judiciary III

Comments: The bill asks the state emergency management program to establish a model registry for use by cities and counties to identify medically fragile persons who would be in need of special assistance during an emergency or disaster. Any health information obtained would be considered confidential and would not be covered under public information statutes. It authorizes cities and counties to coordinate the voluntary registration of functionally and medically fragile persons. The changes are part of a series of recommendations from the Joint Select Committee on Emergency Preparedness and Disaster Management Recovery. The bill received a favorable report from the House Health Committee on March 10 and has been re-referred to the House Committee on Judiciary III.

Bill: SB447

Sponsors: Hoyle (D43)

Title: NO MONETARY EXACTION FOR DEVELOPMENT

Status: 03/09/2009 – Senate Committee On State and Local Government

Position: Oppose

Category: Priority Goal

Comments: This bill clarifies that a local government may not impose a tax, fee or monetary contribution for developments that is not specifically authorized by law. This bill would essentially impact a county's ability to impose an adequate public facilities ordinance (APFO) if fees are involved. A similar bill passed the Senate in 2007 but did not pass the House.

Bill: SB487

Sponsors: Clodfelter (D37)

Title: MODERNIZE SALES TAX STAT/DIGITAL PRODUCTS

Status: 03/10/2009 – Senate Committee On Finance

Position: Support

Category: Legislative Goal

Comments: This bill clarifies that music, movies, books and computer software that are purchased and delivered electronically are subject to the same sales tax as if they were purchased in a hard format. The bill would become effective Jan. 1, 2010. The NCACC Board of Directors, at its Feb. 18, 2009, meeting, adopted a federal legislative goal to "Support Remote Sales Tax Collection." North Carolina is one of 19 states that are in full compliance with the Streamlined Sales and Use Tax Agreement, according to the Streamlined Sales Tax Governing Board, Inc.

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