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Bulletin #09-26

Thursday, July 23, 2009

FOOD FOR THOUGHT

State governors are now sounding a battle cry that rings familiar to county officials: no unfunded mandates. At a meeting of the National Governors Association last weekend, governors from across the nation expressed their concerns that the national health care plan currently being discussed in Washington, D.C., would shift additional costs to states.

REPORTED AGREEMENT ON BUDGET DEAL BREAKS DOWN ON GOVERNOR'S OBJECTIONS

One day after House and Senate Democrats appeared to have broken the impasse that was blocking a budget deal, objections by Governor Beverly Perdue have reportedly sent Senate leaders back to the negotiating table. Budget negotiators from the two chambers on Wednesday reportedly agreed to a plan to raise the additional funds needed to produce a balanced budget. The plan agreed to Wednesday would raise more than \$980 million in new revenue for 2009-10, largely relying on a 1-cent sales tax increase but also including increased taxes on cigarettes and alcohol and a 2 percent surcharge on state income tax liabilities owed by individuals and corporations. The plan would reportedly raise more than \$1.3 billion for 2010-11. The budget impasse required negotiations on the appropriations as well as the revenues. Negotiators decided not to tackle modernization of the sales tax base by expanding the sales tax to include certain services, as had been discussed previously. The latest developments, however, could disrupt a timetable that could have had both chambers ready to vote on a budget plan by next week. The latest version of a continuing resolution is set to expire July 31.

HOUSE PASSES ANNEXATION REFORM BILL

After a long debate, the House passed [H524](#) (Annexation – Omnibus Changes) on Thursday. The bill makes significant changes to the state's annexation laws and includes many of the provisions sought by counties – increasing density standards for urbanizing areas, establishing June 30 as the effective date for an involuntary annexation, allowing for a public referendum in some cases, requiring the municipality to provide water and sewer services within three years, and allowing for joint utilities planning between the county and municipality. The bill now goes to the Senate, where it is also expected to undergo significant scrutiny. If the bill does not pass the Senate by the end of the session, it will remain eligible for consideration in the 2010 short session.

BILL TO EXTEND DEVELOPMENT PERMITS IN CONFERENCE

House and Senate conferees are working to resolve differences on [S831](#) (Extend Certain Development Approvals). This bill would extend the life of certain state development permits and approvals for builders who may have put projects on hold due to the economic situation. The bill affects any permit that was current and valid at any point between Jan. 1, 2008, and Dec. 31, 2010. For such permits, the "running of the period of the development approval" is suspended through Dec. 31, 2010. This means that any permit that was active on Jan. 1, 2008, is automatically extended for however many months were left on the permit as of Jan. 1, 2008 – but not more than 36 months – beginning Jan. 1, 2011. In other words, if a permit was active Jan. 1, 2008, and expired June 30, 2009, the permit would remain valid through June 30, 2012. The House Commerce, Small Business, and Entrepreneurship Committee changed the effective date from Jan. 1, 2007, to Jan. 1, 2008, on July 15. The bill passed the House on July 16.

COUNTY COMMISSIONER BENEFITS BILL MAY COME BACK

A bill that would allow counties to provide health insurance benefits to former commissioners may be one of the bills that gets resurrected before adjournment. [S468](#) (Authorize Insurance for Former Employees) would enable local governments to provide health insurance benefits for elected officials after they are no longer in office. Many local governments already offer this benefit. The House modified the Senate bill to allow the local government the option to determine who pays for the benefit (the former official or the entity). Another issue that has cropped up is a vesting period. Neither House nor Senate version included any minimum amount of service time to qualify for the benefit, but some backers in the Senate prefer requiring a minimum of 10 years of service before an officer or employee would qualify for the benefit.

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.

Bill: [HB1452](#)

Sponsors: Howard (R79); Justice (R16); Allen, L. (D49); Harrison (D57)

Title: LOCAL GOVERNMENT CODE OF ETHICS

Comments: The Senate passed the bill July 20 without an amendment that could have made complying with its requirements complicated for commissioners. The bill requires each county to adopt a code of ethics for its board of commissioners, and for each commissioner to receive two hours of training on ethics within 12 months of being elected or re-elected or appointed as a commissioner. It also applies to school boards and municipal boards as well.

Bill: [SB405](#)

Sponsor: Hartsell (R36)

Title: REAL PROPERTY SALES INFORMATION

Comments: This bill originally required that a sales information report be filed with the county whenever property changes hands to help the N.C. Department of Revenue determine its sales-assess ratio for each county. The report would have included such data as the total sales price, whether the transaction was the result of an auction or foreclosure, if it involved relatives or a business and if any personal property was conveyed during the transaction. The committee substitute approved July 8 by the House Committee on Commerce, Small Business, and Entrepreneurship restricted the data required to be collected and reported on the deed to the name and mailing address "of each grantor and grantee" and a "statement whether the property includes the primary residence of a grantor." The bill passed second reading in the House on July 23. The bill remains on the House calendar for its third and final reading. It will then be sent back to the Senate for concurrence.

Bill: [SB658](#)

Sponsor: Atwater (D18)

Title: MODIFY SUPP. RETIREMENT BOARD/FURLOUGHS

Comments: Both chambers adopted a conference report July 22 that included a provision sought by the NCACC to hold county employees harmless for any loss of retirement benefits due to being furloughed. Ordinarily, an employee's retirement benefits are based on the amount of earned income; without the authority granted in this bill, an employee who is furloughed could see a reduction in retirement benefits due to the loss of income. The bill authorizes a local government employer, at their option, to consider furloughed employees to still be in active service for purposes of computation of retirement benefits. Employers that opt to use this provision must pay both the employee and employer contributions to the retirement system. The provision applies to local government furloughs on or after Jan. 1, 2009.

– David F. Thompson, Executive Director
– Jim Blackburn, General Counsel