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Bulletin #09-27

Thursday, July 30, 2009

FOOD FOR THOUGHT

Dog days of August and adjournment nearing? Speaker Joe Hackney, speaking on the House floor Thursday, said "It's time we slowed the process to begin winding down," in reference to committee meetings.

BUDGET REVIVAL?

One week after a state budget deal fell apart following voiced opposition from Governor Beverly Perdue, a revised budget deal is close to fruition – providing hope that a balanced budget for the 2009-11 biennium will be in place by the time teachers and students return to class. According to our conversations with House and Senate leadership, budget negotiators have struck a revised agreement to raise nearly \$990 million in new revenues.

Like last week's deal that was opposed by Governor Perdue, this deal also reportedly increases the state sales tax by 1 cent, boosts taxes on cigarettes and alcohol, and requires sales taxes be paid at the time of purchase on digital downloads and online purchases. Unlike the previous deal, which would have imposed a 2 percent state income tax surcharge for everyone, married couples earning more than \$250,000 annually would pay a 3 percent surcharge, while those with incomes between \$100,000 and \$250,000 would pay 2 percent. The state would hold back two-thirds of county and city beer and wine revenues – roughly \$7 million for counties – to help boost the state's bottom line in the first year of the biennium.

With the latest version of a continuing resolution set to expire Friday, the General Assembly on Thursday passed a third continuing resolution (CR) that would again restrict state expenditures to 84 percent of 2008-09 fiscal year levels. **H102** also directs the Director of the Budget to implement the budget reductions set forth in the Senate and the House budget versions that are not in controversy, such as the loss of county corporate tax school construction moneys (the ADM Fund). While the CR references the county Medicaid relief swap – not to worry. Section 4. (a) excludes the additional federal Medicaid funding via the stimulus bill from the Medicaid hold harmless calculation, leaving the Medicaid relief swap intact per normal federal/state Medicaid spending proportions. Unlike previous CRs, H102 does not have an expiration date.

Speaker Hackney did caution his House that committee schedules may be up in the air next week, pending a potential budget vote.

SENATE SITS ON ANNEXATION REFORM BILL

After passing the House last Thursday, **H524** (Annexation – Omnibus Changes) has yet to be reported into the Senate or assigned to committee, fueling speculation that the Senate won't take up the matter until the 2010 short session. A special Senate Finance subcommittee appointed to merge the four major Senate annexation bills into one piece of legislation has yet to meet, either. H524 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.

LOCAL GOVERNMENT ETHICS BILL IN GOVERNOR'S HANDS

H1452 (Local Government Code of Ethics) has been presented to the governor after the House concurred with Senate amendments earlier this week. 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. Governor Perdue is expected to quickly sign the legislation.

BILL TO EXTEND DEVELOPMENT PERMITS GAINS APPROVAL

S831 (Extend Certain Development Approvals) was ratified Thursday. The 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 final version of the bill stripped out language supported by the NCACC that, in the case of development approvals that "are contingent upon connection to a water supply system or a sanitary sewer system" and "sufficient supply or treatment capacity to accommodate requests for additional allocation" does not exist, would have required the permit holder to "submit a construction schedule for approval and begin construction within 30 days of notification that new supply or treatment capacity allocation has been requested by other parties who are ready to proceed with construction or the reserved capacity shall revert for reallocation."

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: SB653

Title: CITIES-DO NOT AUTOMATICALLY COUNT VOTE

Status: 07/29/2009 – House Committee on Judiciary I

Comments: This bill changes the general statute that requires the recording of an "aye" vote for any member of a city council that fails to vote on an issue. The bill came onto the Association's radar recently when a proposed committee substitute (PCS) added a section that requires that the NCACC, League of Municipalities and School Boards Association, with assistance from the School of Government, study the issue of conflicts of interest for local elected officials, and report any recommendations to the General Assembly on or before May 1, 2010.

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