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Bulletin #09-28

Aug. 6, 2009

FOOD FOR THOUGHT

After weeks of starts and stops on a state budget, the General Assembly has finally started to stop for good. Published reports indicate that the House is planning to return to Raleigh next week for an abbreviated session, with a possible adjournment on Wednesday, while the Senate appears intent on leaving town Friday, Aug. 7. The last few days of a session after the budget has been passed are sometimes called the witching hour, as bills that were presumed dead suddenly find new life. The Association legislative staff will closely monitor the remaining days of the session to ensure that bills we've killed once before remain dead.

BUDGET CONTAINS GOOD AND BAD FOR COUNTIES

The Legislature finally passed a state budget this week after Senate and House Democrats agreed to a \$19 billion spending plan that raises nearly \$1 billion in new revenues for 2009-10 and almost \$1.3 billion for 2010-11. The good news for counties is that the General Assembly honored the Medicaid relief plan agreed to two years ago. This means that counties – as of July 1 – are officially out of the business of funding Medicaid services. The General Assembly also left intact the lottery funds for school construction, increased funding for school nurses – an Association legislative goal – and fully funded the Juvenile Crime Prevention Councils and the Criminal Justice Partnership Program. Food and lodging inspections fees were also increased to \$75 and \$250, respectively, which should result in additional revenues for counties. Public education took less of a hit than proposed in the Senate or House budget versions. Still, local school districts must find \$225 million in cuts without impacting K-3 class size.

But as the Legislature giveth, the Legislature also taketh. Gone for the biennium is the corporate income tax dedicated to school construction (commonly known as the ADM fund). This will represent a \$125 million hit to counties. Also taken, permanently, is the \$18 per day reimbursement the state provides to counties for housing misdemeanants. This will result in a loss of about \$10 million annually. The budget also takes two-thirds of the counties' beer and wine revenues for 2010, which amounts to about \$7.7 million. The state will no longer reimburse counties for office space provided to probation officers, and the state will shift to counties the funding responsibility for child support offices, beginning July 1, 2010. This impacts 28 counties served by 16 state-run offices at a cost of about \$4.1 million per year.

The Association will send additional information about the state budget by the end of the week to our managers, finance officers and commissioners.

COUNTIES ALLOWED TO OFFER HEALTH BENEFITS TO COMMISSIONERS

House and Senate conferees appear to have agreed on a plan that allows counties to continue offering health benefits to former commissioners. The compromise plan will require a commissioner to have served for least 10 years before becoming eligible for the benefit. However, commissioners who served less than 10 years but are already receiving the benefit because of their county's policy will be grandfathered in. In addition, the plan will allow the county to decide who will pay for the benefit (the county or the commissioner, or a shared arrangement). The bill excludes counties that

participate in the State Health Plan from offering this benefit. The conference report was approved by both the House and Senate on Thursday. S468 (Authorize Insurance for Former Employees), sponsored by Sen. Floyd McKissick (Durham), accomplishes an Association legislative goal.

BILL REGULATING PUPPY MILLS MOVES FORWARD

S460 (Commercial Dog Breeder Regulation), sponsored by Sen. Don Davis (Wayne), gives counties authority to investigate complaints lodged against commercial dog breeders. The bill passed the Senate on Wednesday and has been referred to the House Commerce, Small Business, and Entrepreneurship Committee for consideration. This bill would eliminate abusive practices, provide humane care for the treatment of dogs and establish standards for their care at commercial breeding facilities. Commercial breeders would be defined as a person who maintains 15 or more female dogs of breeding age and 30 or more puppies for the purpose of sale. This bill authorizes the Department of Agriculture to establish standards for the commercial breeding operations and to provide a consumer protection registry that would list all registered commercial breeding facilities. This bill requires commercial breeders to register online with the Department of Agriculture and establishes penalties to those operations that fail to provide adequate care to animals.

TRANSPORTATION BILL MOTORS TOWARD THE FINISH LINE

H148 (Congestion Relief/Intermodal Transport Fund), which attempts to address the state's public transportation needs and represents the recommendations of the 21st Century Transportation Committee, sprang to life this week after sitting dormant in the Senate since April. The Senate Finance Committee approved the bill Tuesday, adding just one minor amendment before sending it to the Senate floor, where it passed second reading on Wednesday. Among the bill's components is a local-option sales tax for counties to address public transportation needs. The bi-partisan bill, which is sponsored by Reps. Deborah Ross (Wake), Lucy Allen (Franklin), Becky Carney (Mecklenburg) and Bill McGee (Forsyth), allows Wake, Durham, Orange, Forsyth and Guilford counties to hold referendums on a half-cent sales tax for public transportation. The tax can only be levied by a county if approved by the voters in the county and if the board of commissioners and the relevant local transportation authority – Triangle Transit Authority or Piedmont Authority for Regional Transportation (PART) – has adopted a financial plan for the proceeds. The bill also gives any other county – except Mecklenburg, which already has a transportation sales tax – the authority to hold a public referendum on a quarter-cent sales tax for public transportation and gives to all counties the ability to institute a county vehicle registration tax not to exceed \$7, provided that either the county or at least one municipality in the county operates a public transportation system. Only local governments that operate public transportation systems can receive funds from the registration tax, which is divvied up on a per capita basis amongst all qualifying local governments in a county.

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: HB1389

Sponsors: Rapp (D118); Fisher (D114); Harrison (D57)

Title: REVOLVING LOAN FUND FOR ENERGY IMPROVEMENTS

Comments: This bill grants to cities and counties the authority to enter into contractual loan arrangements with residents or businesses to help finance energy efficiency improvements to real property or for "the purchase and installation of distributed generation renewable energy sources." The bill enables local governments to tap into Energy Efficiency and Conservation Block Grant Funds from the American Recovery and Reinvestment Act (ARRA) to set up the loan funds. An entity may also use its unrestricted revenues for the fund. The loan cannot be for longer than 15 years, and the interest rate charged cannot be higher than 8 percent.