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Bulletin #09-29

Aug. 13, 2009

BUDGET MODIFICATIONS BILL DELETES LME FUND BALANCE PROVISION

Right on the heels of the state budget came the routine budget technical corrections bill. [H836](#) (Modify Appropriations Act) made several significant changes to the state budget. It rescinds budget language that forced local management entities – the mental health administrating agencies – to spend their fund balances to replace state budget cuts and restricted use of the fund balance to services alone, regardless of what emergency needs arise. The Association believed the provision in the state budget would set an intrusive precedent regarding fund balance use and worked with subcommittee appropriations chairs to revise the budget language. The modifications act does permit DHHS to consider LME unrestricted fund balance levels when administering the \$40 million cut in state-funded services each year. H836 raises the overall state appropriations for 2009-10 by roughly \$6 million, including a restoration of the small county school supplemental funding cut of \$2 million. H836 also directs that any net lottery revenues in excess of appropriated levels be allocated to those counties with effective tax rates below the statewide average. Also of interest in the education section is a directive to the Joint Legislative Education Oversight Committee to develop a plan to restructure the teacher salary schedule.

USE OF E-911 FEES, PROPERTY TAX EXEMPTIONS AMONG POSSIBLE STUDIES

Another routine legislative action at the close of the long session is passage of the annual study bill. [H945](#) (Studies Act of 2009) lists what studies the Legislative Research Commission could consider undertaking or authorizing another body to investigate prior to the convening of the short session in May 2010. The bill also directs what other oversight committees, commissions and agencies should study in the interim and creates new commissions around specific topics of interest. NCACC asked to have the use of e-911 funds be studied, along with a study to quantify the financial impacts of the various property tax exemptions and exclusions, in keeping with legislative goals adopted by county membership. Other items of interest to counties include a study of the transfer of development rights, raising the compulsory school attendance age, raising the age of juvenile defendants being tried as adults, and investigating the state's current sentencing laws and their impacts on jailing and imprisoning nonviolent offenders.

COMMERCIAL DOG BREEDERS LEGISLATION TOLD TO SIT, STAY

An attempt to regulate commercial dog breeders ran into a snag in the waning days of the session and did not make it out of the House Finance Committee before the Legislature adjourned. [S460](#) (Commercial Dog Breeder Regulation) is sponsored by Sen. Don Davis (Wayne). An early version of the bill would have required the N.C. Department of Agriculture to license and inspect commercial breeding facilities. A discussion then developed that would have shifted this responsibility to counties. Sen. Davis asked the Association for our input on this issue, and we voiced our concerns about the potential financial impacts to counties. Sen. Davis requested our recommendations to limit financial impacts and grant counties more authority to respond to complaints related to animal abuse in the commercial breeding facilities and he

willingly made the changes we requested. The revised bill was scheduled to be heard in House Finance during the last days of the legislative session, but Sen. Davis withdrew the bill due to a procedural issue that would have required the bill to be held over until the 2010 session. There is also speculation that the bill was withdrawn in part because groups opposing the legislation e-mailed misleading information to county commissioners across the state. This communication caused significant confusion to House Finance Committee members. The bill passed the Senate and remains eligible for consideration in 2010.

PERMITS EXTENSION BILL APPROVED

Earlier this month [S831](#) passed the General Assembly and was signed by Governor Beverly Perdue. The intent of S831 is to extend the lifespan of building permits for developers whose projects may have been placed on hold due to current economic conditions. The original language included a provision that would allow a county to withdraw certain water allocation permits from one permit holder if they were unable to begin construction in a specified period of time and give that permit allocation to a developer who had demonstrated they were ready to proceed with their project. Due to a technical issue, this provision was deleted from S831, and an agreement was made to reinstate this language into the House companion bill – [H1490](#).

During the closing days of the session, the N.C. Homebuilders Association, the N.C. League of Municipalities and the Association agreed on language that ultimately appeared in H1490. The bill addresses a situation that may occur if a county reaches capacity and is required to reinstate an expired permit that has already been reallocated to a different permit holder. The last section resembles the original section that was deleted from S831 but is applicable only to Union County. This section is a result of a negotiated agreement with the Homebuilders Association. It grants authority and creates a process to withdraw a permit from a developer who is unable to begin work on a project and reallocate that permit to another developer who is ready to proceed with a project.

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: [H148](#)

Sponsors: Ross (D38); Carney (D102); McGee (R75); Allen, L. (D49)

Title: CONGESTION RELIEF/INTERMODAL TRANSPORT FUND

Comments: This bill attempts to address the state's public transportation needs and represents the recommendations of the 21st Century Transportation Committee. Among the bill's components is a local-option sales tax for counties to address public transportation needs. The bill allows Wake, Durham, Orange, Forsyth and Guilford 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 its 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 allows Alamance, Davidson, Davie, Randolph, Rockingham, Surry, Stokes and Yadkin counties, which are also members of PART, to hold referendums on a quarter-cent sales tax for public transportation and gives any other county the same authority, provided that the county or at least one municipality within the county operates a public transportation system, 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. The bill was presented to the governor Aug. 11.

Bill: [H1111](#)

Sponsors: Goodwin (D66)

Title: CAMPAIGN FINANCE AMENDMENTS

Comments: Several bills were rolled into this one omnibus elections bill that makes several changes to elections, including some that impact campaigns for local elections. Among the bill's components is a reduction from \$3,000 to \$1,000 in the amount of money a candidate can raise or spend on a campaign before reporting requirements are made mandatory. This change impacts races for county commissioner, sheriff, register of deeds, school boards, municipal boards, sanitary districts and soil and water conservation districts. Also, the bill redefines the definition of the word "candidate" to include any individual who makes a public pronouncement that he/she intends to run for a public office. Anyone considered a candidate must comply with campaign laws. The House concurred with Senate changes

on Aug. 10, and the bill has been sent to Governor Beverly Perdue.