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Bulletin #10-09

July 2, 2010

## THIS WEEK AT THE GENERAL ASSEMBLY

This week at  
the General  
Assembly

Brought to you by the  
North Carolina Association  
of County Commissioners

Be sure to watch "This Week at the General Assembly" on the Association's YouTube channel ([www.youtube.com/ncacc1908](http://www.youtube.com/ncacc1908)). Video updates are posted each Friday afternoon and are accessible anytime.

## STATE BUDGET EXPRESS A LITTLE LIGHT, BUT ON TIME

Governor Beverly Perdue signed into law Wednesday the General Assembly's 2010-11 spending plan that was agreed upon this week. The budget reduces the county share of lottery receipts for 2010-11 by roughly \$63 million and directs these monies for classroom teachers and college scholarships. Counties are disappointed that the budget not only takes the growth in lottery proceeds for 2010-11, but also reduces the 2010-11 county share from 2009-10 appropriated levels by more than \$33 million. County lottery receipts in the amount of \$113.7 million will be allocated on a per pupil basis, setting aside the statutory formula that provides additional funding to those counties with effective tax rates that exceed the statewide average. Counties have the option of using county lottery receipts for classroom teachers but must receive a request to do so by the local board of education. County lottery funds used for classroom teachers cannot supplant existing local current expense funding and will not be counted in the charter school current expense calculation. Should net lottery revenues exceed the total appropriated level, excess lottery receipts will be allocated to school capital on a per pupil basis.

A more detailed analysis of the budget, including a spreadsheet with county-by-county lottery numbers, is available on the NCACC Web site at [www.ncacc.org/statebudget\\_070110.html](http://www.ncacc.org/statebudget_070110.html).

## 911 BILL GETS A PASS, ABC BILL GETS DETENTION

The Senate Finance Committee, in an unusual Thursday afternoon session held following the Senate session, approved [H1691](#) (Use of 911 Funds). The bill will now be heard by the full Senate next week. The ABC reform bill ([H1717](#) – Modernization of the State ABC System) was also on the committee's calendar but was pulled prior to consideration. It will have to be rescheduled for next week. The bill passed second and third reading in the House with only one dissenting vote. The bill was revised in the Senate Judiciary II Committee on Tuesday to address a few concerns for local ABC boards across the state and was re-referred to the Senate Finance Committee.

## THE END IS NIGH FOR SINE DIE, SEVERAL BILLS

With the state budget out of the way, legislators have turned their attention to tidying up for the session and going home. Legislators are expected to attempt adjournment next week, possibly Thursday or Friday. Several issues that could come up in the waning days include sweepstakes legislation and economic incentives.

Two bills that do not appear to be on track for consideration in the final week are [S460](#) (Commercial Dog Breeders Regulation) and [H813](#) (Uniform Apportionment of Tort Responsibility). S460 has been stuck in the House Finance Committee throughout the short session because supporters and opponents have not been able to agree on a compromise plan. It is unlikely any action will occur on this bill before the 2010 session adjourns. H813, which would change the state legal system from contributory negligence to comparative fault, also passed the House in 2009 but could not gain any traction in the Senate.

## ETHICS BILL MOVES IN HOUSE

In an effort to jumpstart movement on a comprehensive ethics bill, the House this week rewrote a Senate campaign finance law bill that had passed last session and replaced it with the ethics bill. Among the many provisions in the ethics legislation are increased requirements for local governments to maintain a record of all personnel actions for all employees, including a narrative describing the personnel actions. Currently, governments are required only to keep the date of the most recent salary adjustment and most recent job change (i.e. promotion, demotion, transfer, etc.). The bill also establishes a mediation process for public records disputes and directs a court to allow attorneys' fees to a party seeking disclosure of public records if that party "substantially prevails." Currently, the courts have discretion in awarding attorneys fees in public records cases. The bill would eliminate the judicial discretion and instead provide for only specific instances when attorneys' fees cannot be awarded, such as if a unit of government or state agency relied on an opinion from the Attorney General's office. The bill also requires any legislative liaison representing a local government to register as a lobbyist with the Secretary of State and to meet other restrictions. The bill does not allow a local government to rely on its own counsel to deny a request. The bill also puts further restrictions on "pay to play" campaign finance practices and additional campaign finance reporting requirements and places more state agencies, boards and commissions under the State Ethics Act.

## BILLS OF INTEREST

The Association maintains a section on its Web site to track bills of interest to county officials. Visit [www.ncacc.org/legislation/about.html](http://www.ncacc.org/legislation/about.html) for updates on key legislation.

**Bill:** [H1249](#)

**Sponsors:** England (D112); Harrell, T. (D41)

**Title:** HOMEBUILDER PROPERTY TAX DEFERRAL CHANGE

**Progress:** 2nd Chamber: Passed

**Status:** 06/29/2010 – Conference committee in Senate

**Comments:** This bill would expand the eligibility for a homebuilder to qualify for the temporary tax deferral granted to finished but unsold houses that passed last session (H852 - Defer Tax on Builders' Inventory). This bill would make any unsold, finished house "owned by the builder or a business entity of which the builder is a member, as defined in G.S. 105-277.2" eligible for the property tax deferral program. The legislation that passed last session is written in such a way that only an individual builder who is also the sole owner of the property can qualify for the deferral. The Senate passed the bill June 2, and the bill was assigned to the House Finance Committee, which reported the bill unfavorable for concurrence. The House voted not to concur on June 28, and conferees have been appointed to come up with an agreement between the two chambers.

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**Bill:** [H1743](#)

**Sponsors:** Crawford (D32); Owens (D1); Gillespie (R85); Tarleton (D93)

**Title:** IMPROVE RIVER BASIN MODELING

**Progress:** 2nd Chamber: Passed

**Status:** 07/01/2010 – Engrossed in the Senate

**Comments:** This bill asks the Department of Environment and Natural Resources and the Local Government Commission to take several steps to monitor the fiscal soundness of each public water and wastewater treatment system by making sure that each system

generates "sufficient revenue to cover the costs associated with proper operation of the system, including the costs of maintenance, repair, and replacement of collection, treatment, and distribution infrastructure." The agencies would specifically be charged with reviewing grant applications to make sure that any required local matches are being paid for with local funds and not another grant. The agencies could conceivably order a water system to increase its rates if it determines that the system is not generating sufficient revenue to cover costs. A revised bill passed the Senate on July 1 and will have to be sent back to the House for concurrence.

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**Bill:** [H1936](#)

**Sponsor:** Owens (D1)

**Title:** REMOVE SUNSET/ PRIV. SALE LOCAL GOV'T BONDS

**Progress:** 2nd Chamber: Passed

**Status:** 07/01/2010 – Reported by Senate committee

**Comments:** This bill removes the sunset on the authorization to sell, through a private sale, local government bonds that are either not rated or rated below "AA" to allow local governments to continue to take advantage of the federal "Build America Bonds" program. It has passed the House and passed second reading in the Senate on July 1. It will have to be approved again by the Senate next week.

– David F. Thompson, Executive Director  
– Kevin Leonard, Director of Government Relations  
– Sharon Scudder, Executive General Counsel