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Bulletin #11-07

March 11, 2011

## TWEET OF THE WEEK

*"Nobody has mentioned the 6% that realtors take at every sale. Does that make houses unaffordable or just the 0.4% transfer tax?" [@Fitzsimon](#) – Chris Fitzsimon, director of NC Policy Watch, during House debate of H92 (Repeal Land Transfer Tax) on March 8. On the sale of a \$100,000 home, a 6 percent realtor commission would cost \$6,000; a 0.4 percent land transfer tax would cost \$400.*

## HOUSE PASSES REPEAL OF LAND TRANSFER TAX

What took years for counties to achieve is being taken away in a matter of weeks by the General Assembly. The House voted Tuesday to repeal the 0.4 percent land transfer tax option that was given to counties as part of the 2007 Medicaid swap. Prior to the swap, which was included in the 2007 state budget, counties had lobbied for more than a decade to achieve additional revenue options, including a land transfer tax.

"Taking away the land transfer tax option from counties does not reduce taxes," said NCACC Executive Director David F. Thompson. "Instead it reduces a county's flexibility when seeking alternatives to continued property tax increases, and it takes away from citizens their ability to choose if the land transfer tax is a good fit for their community. Counties worked very hard to get the land transfer tax option, and it is not right for the state to take away counties' ability to pursue this alternative."

The Association would particularly like to thank Reps. Becky Carney (Mecklenburg), Jennifer Weiss (Wake) and Paul Luebke (Durham) for speaking out in favor of keeping the option, and especially to Rep. Chuck McGrady (Henderson), who was the only Republican to vote against the repeal. Rep. McGrady is a former Henderson County commissioner. [H92](#) has been sent to the Senate Finance Committee.

## FIRST THE LAND TRANSFER, NOW THE PROPERTY TAX BASE

Right on the heels of House passage of the land transfer tax repeal is a growing number of bills to chip away at the property tax base. A principal goal of the Association is to preserve the local revenue base.

[H246](#) would increase the homestead exclusion income limit from \$25,000 to \$35,000, and would exclude the applicant's capital losses from the income computation. [S216](#) would similarly increase the homestead exclusion's income eligibility to \$35,000. Each of these bills would become effective July 1, 2011.

[S210](#) would extend the religious exemption for property taxes to any religious organization recognized by the IRS as a 501(c)(3). While this may appear consistent with the current religious properties exemption, the IRS may grant "tentative" approval for organizations, and take up to five years to qualify the public support test. One such 501(3)(c) organization that was designated as such turned out to be a front for a white supremacist group.

[S233](#) and [H170](#) would expand the charitable property tax exemption to the entirety of the property, if a portion of the property qualifies and the remainder of the property is vacant. Finally, [S107](#) would reduce the property tax owed on improved property inside roadway corridors.

## ANNEXATION MORATORIUM BILL PASSES SENATE

The Senate on March 7 passed [S27](#) (Involuntary Annexation Moratorium), which would put into place a temporary moratorium on involuntary annexations through July 1, 2012. It also adds a section to allow a municipality that has adopted its budget for 2010-11 to change its budget ordinance, including establishing a different tax rate, if its property tax base is reduced because of the moratorium. This could impact a municipality with an annexation scheduled to come online before the end of the current fiscal year, if that municipality had anticipated collecting additional property tax revenue in its 2010-11 budget from the newly annexed property owners. The bill also stays any pending litigation on an ongoing annexation until July 1, 2012.

## SENATE BILL WOULD OVERRIDE LOCAL RESTRICTIONS ON BILLBOARDS

A bill that would provide more leeway for billboard sign operators by overriding community regulations regarding the location and appearance of billboards has been filed in the Senate. [S183](#) (Selective Vegetation Removal/State Highways) would remove many restrictions on where and how many billboards can be erected and would dramatically expand the area where public trees can be cleared along roadways. The legislation is strongly opposed by the NCACC, N.C. Chapter of the American Planning Association, N.C. League of Municipalities, N.C. Metro Mayors Coalition, Preservation North Carolina and homeowners associations.

In 2004, the General Assembly passed a law that requires a local government to pay the billboard owner for potential lost revenues if the local government passes an ordinance that requires existing billboards to be removed. S183 also allows many existing billboards to be converted to digital billboards, which can run multiple ads at a time and would therefore be much more costly to remove if a local government ever passed an ordinance eliminating the billboards.

## REGULATORY REFORM COMMITTEE SEEKING PUBLIC INPUT

The Joint Committee on Regulatory Reform, chaired by Sens. Harry Brown (Jones) and David Rouzer (Johnston) and Reps. Marilyn Avila (Wake) and Pat McElraft (Carteret), is launching a statewide listening tour to receive feedback from the public on burdensome state regulations. The committee is tasked with scrutinizing all state regulations on the private sector and targeting outdated rules and regulations that should be eliminated. It is comprised of nine senators and nine representatives appointed by Senate President Pro Tem Phil Berger and Speaker of the House Thom Tillis.

The first meeting of the joint committee was to be held March 11 in Wilmington. Additional meetings will be scheduled across the state. A new Web site ([www.ncleg.net/regreform](http://www.ncleg.net/regreform)) will house a web-based submittal form as a tool for collecting public input. An e-mail address ([mregreform@ncleg.net](mailto:mregreform@ncleg.net)) has been created for those who cannot attend meetings but would still like to submit comments (or for those who attend and want to submit additional comments or materials).

## CHECK US OUT ON YOUTUBE, TWITTER AND FACEBOOK

The Association has several ways members can receive up-to-date legislative information. The NCACC's Twitter feed has more than 440 followers. Sign up to follow us at [twitter.com/ncacc](https://twitter.com/ncacc). You can also view our latest Twitter posts on the NCACC Web site ([www.ncacc.org](http://www.ncacc.org)). If you are on Facebook, search for "NCACC" and click on the "Like" button to receive our updates. The Association posts breaking news on both the Twitter and Facebook pages. The Association is also creating weekly legislative video reports for the NCACC's YouTube Channel ([www.youtube.com/ncacc1908](http://www.youtube.com/ncacc1908)). "This Week at the General Assembly" will be posted each Friday afternoon and will feature interviews with legislators and NCACC staff, reports on legislation impacting counties and updates on county legislative priorities.

## 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 these and other bills we are tracking. Bills added this week include:

Bill	Title	Committee
<a href="#">H231</a>	Fayetteville's Gates Four Annexation Repeal	Local bills of interest
<a href="#">H236</a>	Biltmore Lake Annexation Repeal	Local bills of interest
<a href="#">H237</a>	Economic Impact/Regulation Legislation	IQR/Tax and Finance

<a href="#"><u>H238</u></a>	State Health Plan/Repeal Penalties	Intergovernmental Relations
<a href="#"><u>H240</u></a>	Intrastate Commerce Act	Tax and Finance
<a href="#"><u>H241</u></a>	Firearms Freedom Act	Justice and Public Safety
<a href="#"><u>H242</u></a>	National Gas Exploration/Bonds	Environment
<a href="#"><u>H246</u></a>	Modify Homestead Property Tax Exclusion	Tax and Finance
<a href="#"><u>H284</u></a>	Wayne County Design Build	Local bills of interest
<a href="#"><u>H307</u></a>	Local Electronic Notice	Intergovernmental Relations
<a href="#"><u>S182</u></a>	Greenville/Email Subscription Lists	Local bills of interest
<a href="#"><u>S198</u></a>	Local Governments Fund Court Resources	Justice and Public Safety
<a href="#"><u>S203</u></a>	Set Aside Child Supp./Limited Circumstances	Health and Human Services
<a href="#"><u>S204</u></a>	Public Entities & Contractors Use E-Verify	Intergovernmental Relations
<a href="#"><u>S205</u></a>	No Benefits for Illegal Aliens	Intergovernmental Relations
<a href="#"><u>S207</u></a>	Increase Statutory Homestead Exemption	Tax and Finance
<a href="#"><u>S209</u></a>	Video Lottery Entertainment	Intergovernmental Relations
<a href="#"><u>S210</u></a>	Religious Orgs/Clarify Prop Tax Exemption	Tax and Finance
<a href="#"><u>S211</u></a>	Exempt Pallets for AG Use from Sales Tax	Tax and Finance
<a href="#"><u>S214</u></a>	Transportation Map Corridors/Condemnation	Intergovernmental Relations
<a href="#"><u>S216</u></a>	Increase Income Limit for Homestead Exclusion	Tax and Finance
<a href="#"><u>S217</u></a>	Promote Funding Availability	Justice and Public Safety
<a href="#"><u>S225</u></a>	Electoral Freedom Act of 2011	Intergovernmental Relations
<a href="#"><u>S226</u></a>	Repeal Land Transfer Tax	Tax and Finance
<a href="#"><u>S231</u></a>	Interconnection of Public Water Systems	Environment
<a href="#"><u>S233</u></a>	Expand Charitable Property Tax Exemption	Tax and Finance
<a href="#"><u>S243</u></a>	Public-Private Partnerships for Schools	Public Education
<a href="#"><u>S244</u></a>	Fire and Rescue/Survivor's Benefit	Tax and Finance
<a href="#"><u>S245</u></a>	Medicaid Billing by Local Health Departments	Health and Human Services
<a href="#"><u>S247</u></a>	Eliminate Means Test from 529 Deduction	Tax and Finance

**Bill:** [H307](#)

**Sponsors:** Dollar (R36); Jackson (D39); Murry (R41)

**Title:** LOCAL ELECTRONIC NOTICE

**Status:** 03/10/2011 – First reading in the House

**Position:** Support

**Category:** Local bill with statewide interest

**Comments:** This bill would authorize Wake County to publish "legal notice of public hearings" through electronic means "in lieu of publication in any newspaper." The notice may be published on the county's Internet site or by any other means. The bill adds Wake County to the original 2003 legislation that was for Cabarrus County. The bill also grants the same authority to several Wake County towns - Cary, Clayton, Wendell and Zebulon. The Association has a legislative goal to "Authorize electronic notice of public hearings and other legal notices – Seek legislation to provide counties with options for notice of public hearings, notice of delinquent taxpayers, and other legal notices, through electronic means."

**Bill:** [S8](#)

**Sponsor:** Stevens, R. (R17)

**Title:** NO CAP ON NUMBER OF CHARTER SCHOOLS

**Status:** 03/01/2011 – House Committee On Education

**Scheduled:** 03/15/2011 – House Committee On Education, 10 a.m., 643 LOB.

**Comments:** The bill opens up charter schools to receive capital funding from counties, including lottery funds, and authorizes counties to make direct appropriations to charter schools for capital needs. The bill authorizes the use of property tax revenues for charter school capital needs under G.S. 153A-149(c). Counties have not requested this authorization and are concerned that allowing charter schools to ask for capital funds would impact already dwindling revenues available for public school facilities. Counties have lost more than \$250 million in lottery and corporate income tax revenues for the current biennium, and among the ideas being discussed to balance the state budget for 2011-13 are eliminating permanently the corporate income tax set-aside for school construction and reducing the county share of lottery proceeds from its statutory 40 percent. The bill sits in the House Public Education Committee.

**Bill:** [S182](#)

**Sponsors:** Jenkins (D3); Pate (R5)

**Title:** GREENVILLE/EMAIL SUBSCRIPTION LISTS

**Status:** 03/03/2011 – Senate Committee On State and Local Government

**Scheduled:** 03/15/2011 – Senate Committee On State and Local Government, noon, 1124 LB.

**Position:** Support

**Category:** Local bill with statewide interest

**Comments:** This local bill adds the City of Greenville to the counties (Wake and Yadkin) and municipalities (all 12 in Wake County) included in a law passed in 2010 that states that copies of subscriber e-mail lists maintained by local governments are not required to be provided to someone requesting a copy. The lists are to be made available for public inspection, in either printed or electronic format. The NCACC has a goal to "seek legislation to protect the privacy of e-mail notification and distribution lists of citizens who have requested electronic communication with their local governments." The bill is scheduled to be heard March 15 in the Senate State and Local Government Committee.

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**Bill:** [S204](#)

**Sponsor:** Allran (R42)

**Title:** PUBLIC ENTITIES & CONTRACTORS/USE E-VERIFY

**Status:** 03/07/2011 – Senate Committee On Rules and Operations of the Senate

**Comments:** This bill would require all cities and counties to "register and participate in E-Verify to verify the work authorization of new employees." In addition, it would require all companies and firms that wish to contract with cities and counties to do the same.

