



Memorandum

North Carolina Association of County Commissioners

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LEGISLATIVE SUMMARY

2003 Regular Session

North Carolina General Assembly

INTRODUCTION

The 2003 Session of the North Carolina General Assembly will be remembered more for what did not happen than what did, and because of this must be considered a success, particularly from the perspective of counties and other local governments.

Legislators arrived in Raleigh Wednesday, January 29 under a multi-layered cloud of uncertainty.

The Senate was more evenly divided than in recent sessions and the House was characterized by a 60-60 partisan split. Both bodies included a number of new members and had lost a number of senior leaders.

Most ominously, recurring budget problems were intensifying in a stagnant economy, with steadily increasing estimates of a shortfall for the 2003-04 fiscal year budget.

The situation appeared to grow even darker when the House deadlocked on the choice of speaker until February 5, when a co-speaker arrangement was approved.

Rep. Richard Morgan (Moore) and Rep. Jim Black (Mecklenburg) were elected to preside over the House, an arrangement many observers believed would eventually come apart.

Everyone settled in for what promised to be an endless session characterized by acrimony and gridlock.

For counties, fears were intensified by the threat to local revenues created when Governor Mike Easley's budget proposed elimination of funds for school construction (while also proposing added services to pre-schoolers and reduced class sizes in lower elementary grades) and the elimination of "Hold Harmless" funds.

These funds were designed to compensate counties and cities for whom revenues from the local option sales tax authorized in 2002 was insufficient to equal reimbursements for previously repealed local revenues.

It did not happen.

A grassroots effort involving county officials and others from across the state and coordinated by the North Carolina Association of County Commissioners and the North Carolina League of Municipalities persuaded legislators to look elsewhere for revenue savings to balance the state budget.

"ADM funds" for school construction and "Hold Harmless funds" were appropriated for both years of the biennium that began July 1, 2003.

BUDGET AGREEMENT

Moreover, the anticipated gridlock was avoided through an unprecedented degree of cooperation. New appropriations leaders on both sides were able to agree on a budget signed by the Governor June 30.

The action avoided possible "sunset" of a state ½ cent sales tax enacted in 2001 as well as income taxes levied on higher income taxpayers: revenue needed to balance the state budget.

Yet another problem was solved when a cut-off of local E-911 “Wireless” funds was avoided by adoption of language to enable the Wireless Board to use funds already in the Wireless Fund to replace revenues diverted in the budget.

The budget enacted by the General Assembly reflected the reductions necessary to meet the constitutional requirement that it be balanced.

In addition to appropriating “Hold Harmless” funds and “ADM” (school construction) funds, the Legislature worked hard to make cuts that had the least possible effect on direct services, particularly in the education and human services areas.

With the budget adopted before the start of the fiscal year, legislators turned their attention to resolving or displacing remaining issues so as to avoid the struggles that kept the General Assembly in session into October 2002 and December 2001.

In the end, disagreements about major projects resulted in adjournment without enactment of the traditional technical corrections legislation and without action on a proposed compendium of studies to be undertaken in the interim period between sessions: Two more things that did not happen.

Another proposal to add to the “did not happen” list is the lottery, despite strong lobbying by the Governor.

For county officials, the Association’s top legislative priority also did not happen. The General Assembly took no action to relieve counties of their share of the Medicaid burden during the 2003-2005 biennium.

Considering the state’s budget problems, it was clear early in the session that immediate Medicaid relief was unlikely.

Association representatives and county officials took pains to assure that the Medicaid issue remained in the forefront and that legislators better understood the importance of this issue and how much Medicaid obligations disrupt county budgets.

A legislative study of these issues in expected to be conducted between now and the 2004 session.

The “budget crunch” had similar effects on a number of spending-related goals and issues of importance to counties.

The General Assembly did authorize a 2004 referendum on economic development financing, a system permitting bonds to finance economic development in a given geographic area, with the bonds paid off with tax revenues generated by the project.

Several other Association initiatives await action in 2004, including proposals to ban video poker, to improve the system for settling budget disputes between school boards and county commissioners, to compensate counties where land in condemned by other state or local governments and to increase fees for service of process.

FALL SESSION

One other “did not happen:” Redistricting. A North Carolina Supreme Court decision announced at the end of the legislative session means that legislators will gather again to redraw House and Senate maps.

The decision was expected and has been since the Court heard the case and allowed the maps used for the 2002 election to stand. The redistricting session is expected to convene some time this fall.

In the final analysis the positive aspects of what did not happen during the 2003 session outweighed the negative. County officials can take pride in making sure that efforts to retain and divert local revenues did not happen. In addition, we can all be grateful that the gridlock anticipated in January did not happen.

BUDGET HIGHLIGHTS

Public Schools

Adjustments (\$71.2M)
Savings realized by revised estimates of need or growth.

ABC Bonuses \$96.0M
Provide funding for ABC bonuses for schools that in FY 2003-03 meet or exceed expected growth.

Second Grade Class Size \$25.3M
Provide funds to support reduction of the teacher to student allotment ratio for second grade from 1:20 to 1:18 (571 positions).

Low Wealth Supplemental Funding \$5.0M
Increase categorical allotment for Low Wealth Supplemental Funding.

Small County Supplemental Funding \$1.0M
Increase categorical allotment for Small County Supplemental Funding.

Central Office Administration (\$1.9M)
Reduce allotment to LEAs for Central Office Administration by 2% (26 positions).

Classroom Materials, Supplies, & Equipment (\$2.5M)
Reduce dollar allotment for Materials, Supplies & Equipment to reflect funding of FY 2003-04 ADM at dollars-per-ADM ratio budgeted in FY 2002-03. Eliminate inflationary increase in dollars-per-ADM ratio reflected in FY 2003-04 continuation budget.

Textbooks (\$4.0M)
Reduce dollar allotment for Textbooks to reflect funding of FY 2003-04 ADM at dollars-per-ADM ratio budgeted in FY 2002-03. Eliminate inflationary increase in dollars-per-ADM ratio reflected in FY 2003-04 continuation budget.

Non-Instructional Support (\$13.0M)
Reduce the allotment to LEAs for clerical and custodial support by \$13.0M. Continue funding for substitute teachers at FY 2002-03 level (533 positions).

Technology Fund (\$2.5M)
Reduce appropriation for State School Technology Fund.

School Bus Replacement (\$11.0M)
Revise school bus replacement schedule for FY 2003-04 to reflect replacement of 692 buses with a three-year lease purchase contract.

Transportation (\$5.0M)
Reduce allotment to LEAs for mechanics, garage operations, fuel costs, parts, bus drivers' salaries and benefits, and other operational costs for school bus operations.

Local Education Agency Discretionary Reduction	(\$44.3M)
Reduce funds allotted by the State Board of Education to local education agencies (LEAs), who will have discretion in determining what budget items are reduced. The State Board shall distribute the reduction based upon average daily membership (ADM) and shall require allotment reductions in this amount within 30 days of budget passage for FY 2003-04 and by September 1, 2004 for FY 2004-05. By August 15, 2004, for FY 2005-06 and subsequent fiscal years, the State Board shall determine changes to the allotment categories that will make the \$42.0M reduction permanent. These changes will be subject to the approval of the General Assembly.	
Teacher Assistants	(\$8.0M)
Reduce dollar allotment to LEAs for Teacher Assistants.	
Vocational Education	(\$8.0M)
Reduce categorical allotment to LEAs for Vocational Education (173 positions).	
Health and Human Services	
Maximize Federal Receipts for State/County SA	(\$5.6M)
Reduces state funds historically used to fund State/County Special Assistance rates, that are allowable expenditures covered by Medicaid. Existing state funds will be transferred from the Division of Social Services to the Division of Medical Assistance to match federal funds to increase the Adult Care Home Personal Care Service Rate. This reduction will allow for an equal savings for State/County Special Assistance for counties.	
Welfare Automaton Fund	(\$5.4M)
Reduces funds for automation initiatives.	
State/County Special Assistance Rate Adjustment	\$3.0M
Provides state funds for a rate increase for State/County Special Assistance recipients. Total funds required for the increase are \$6.0M, with the state funding 50% and counties funding the remaining 50%.	
Personal Needs Allowance for SA Program	\$1.1M
Increases the personal needs allowance for recipients of State/County Special Assistance by \$10 per month increasing the allowance from \$36 to \$46 per month.	
Foster Care/Adoption Assistance Rate Adjustment	\$3.0M
Provides funds to increase rates \$50/month per category for Foster Care and Adoption Assistance payments.	
Food Banks	\$1.0M
Provides funding to be equally distributed to the regional network of food banks in North Carolina.	
Smart Start Local Partnership Funds	(\$7.7M)
Reduces funding for local partnerships' activities.	
Home Health	(\$3.0M)
Eliminates state funds for the purchase of home health services.	

Regional Offices	(\$0.23M)
Reduces funding for regional division offices and replaces funding with federal and other receipts.	
Revised Medicaid Forecast	(\$219.0M)
Reduces state appropriations for the Medicaid Program based on the revised Forecast for SFYs 2003-04 and 2004-05. The county share was reduced proportionately.	
Inflationary Increases for Rate Based Services	(\$16.1M)
Eliminates inflationary increases for the following fee-based services: hospitals, nursing facilities, physicians, other health care providers, dental, home health, ambulance, personal care, chiropractic, podiatry, optical, high risk intervention, durable medical equipment, home infusion therapy, adult care home personal care services, and ambulatory surgical centers.	
Inflationary Increases for Public Providers	(\$6.3M)
Eliminates inflationary increases for the following public providers: health departments, area mental health programs, and county transportation services.	
Drug Utilization Management	(\$26.2M)
Expands implementation of the various drug implementation measures to contain the cost of prescription drugs.	
Federal Fiscal Relief	(\$191.6M)
Reduces state appropriations for the Medicaid Program based on the receipt of increased federal reimbursement under federal fiscal relief. The county share was reduced proportionately.	
Home Care Personal Care Services	\$3.0M
Provides funds to maximize federal Medicaid matching funds for Home Care Personal Care Services.	
NC Health Choice	\$12.2M
Provides increased funding for NC Health Choice Program.	
Division of Information Resource Management	(\$23.0M)
Eliminates operating budget adjustments for the Division of Information Resource Management. Affects the following line items: data processing services, computer software, data processing supplies, maintenance agreements for data processing equipment and software, telecommunication data charges, and information technology services.	
More At Four	\$7.4M
Expands the More At Four program by adding 2,400 slots to the program, bringing the total number of available slots to 10,000. The nonrecurring funding of \$1.2M will provide \$500 per slot for start-up expenses.	
	\$1.2M

Miscellaneous

Clean Water Management Trust Fund **(\$38.0M)**

Reduce appropriation to the Clean Water Management Trust Fund by 38% in each fiscal year (\$62.0M was appropriated).

CJPP Funding **\$1.1M**

Funding for the Criminal Justice Partnership Program grants to counties is increased to maintain funding at FY 2002-03 level or higher.

Aid to County Libraries **\$1.2M**

Provide funds to maintain current level of support for county libraries.

State Maintenance of Effort for Help America Vote Act in Reserve Fund **\$3.5M**

Federal law, Help America Vote Act, requires that the State not spend any less state money for required qualified Help America Vote Act activities than what it expended on such during 1999-00. This Maintenance of Effort requirement is in addition to the match funds requirement for the State to meet to be eligible to receive federal requirement payments.

In state fiscal year 1999-00, the State Board of Elections expended \$3.5M on its computerized voter registration system (SEIMS). Help America Vote Act Title III required activities, for which the federal requirements payments can be used and for which the Board expended funds upon in 1999-00, includes the SEIMS project. In 2002-03, the Board was authorized to expend only \$1.7M on the SEIMS project.

To meet its Help America Vote Act Maintenance of Effort requirement, the State has to appropriate an additional \$1.8M to the State Board of Elections in 2003-04, 2004-05 and on a recurring basis for as long as the Help America Vote Act Maintenance of Effort condition is required. This amount, in addition to the currently authorized budgeted amount for SEIMS is to be transferred to the Board's Reserve Fund.

Mental Health Trust Fund **\$12.5M**

Provides funding to continue mental health system reform.

ENACTED BILLS*

I. CORRECTIONS, LAW ENFORCEMENT AND TERRORISM RESPONSE

A. Terrorism Response

H273 “An act to ensure that employees who receive vaccination against smallpox incident to the administration of smallpox countermeasures by health professionals under Section 304 of the Federal Homeland Security Act of 2002 and any household members living in the homes of these vaccinated employees will be covered for adverse medical reactions due to the vaccination.” SL 2003-169.

S940 “An act to provide job protection for volunteer firefighters, rescue squad workers, and emergency medical services personnel called into the service of the state in response to a proclamation of a state of disaster by the Governor or the General Assembly, or in response to an emergency situation resulting in the activation of the State Emergency Response Team.” SL 2003-103.

S661 “An act to provide that when a local confinement facility transfers a prisoner to another local confinement facility the transferring facility provides to the receiving facility health information about the transferred prisoner; and to make changes to the Emergency Medical Services Act, to increase the criminal penalty for damaging a public building with an explosive or incendiary device or material, and to create the offense of arson or other unlawful burnings that result in serious injury to a firefighter or emergency medical technician.” SL 2003-392.

S692 “An act to provide that certain information concerning plans to respond to terrorist activity are not subject to the Public Records or Open Meetings Laws.” SL 2003-180.

H916 “An act to establish a vaccination program for first responders to terrorist incidents, catastrophic or natural disasters, or emergencies.” SL 2003-227.

B. Juvenile Law

H950 “An act to require the Department of Juvenile Justice and Delinquency Prevention to obtain the approval of the court before placing a juvenile committed to the department in a program not located in a youth development center or detention facility.” SL 2003-53.

H925 “An act to allow county appeal in juvenile ‘pay order’ cases.” SL 2003-171.
ENACTMENT OF THIS LEGISLATION ACCOMPLISHES AN ASSOCIATION
LEGISLATIVE GOAL.

H1037 “An act to establish criminal penalties for allowing juveniles to escape and to allow juvenile detention facilities to photograph juveniles and to release the photographs when the juvenile escapes.” SL 2003-297.

C. Records Checks

S708 “An act to allow criminal background checks on prospective members of fire departments.” SL 2003-182.

H1024 “An act adopting the National Crime Prevention and Privacy Compact for North Carolina.” SL 2003-214.

II. ENVIRONMENT

S593 “An act to extend the moratoria on construction or expansion of swine farms.” SL 2003-266. The moratorium, originally scheduled to expire this year, was extended to September 1, 2007.

III. TAXATION AND FINANCE

S725 “An act to amend the North Carolina Constitution to permit cities and counties to incur obligations to finance the public portion of certain economic development projects.” SL 2003-403. **ENACTMENT OF THIS LEGISLATION ACCOMPLISHES AN ASSOCIATION LEGISLATIVE GOAL.** This act provides for a referendum, to be held in November 2004, to permit Project Development Financing through which bonds would be issued and retired using incremental tax revenues generated by the project financed with the bonds.

H393 “An act to modify the authority of the Board of County Commissioners in certain counties to require the Register of Deeds in the county not to accept any deed transferring real property for registration unless the county tax collector certifies that no delinquent taxes are due on that property.” SL 2003-72. This act provides for acceptance of a deed submitted under the supervision of a closing attorney and containing a specific statement to that effect. The law, G.S. 161-31, applies to 46 counties, with Hyde County added by this bill.

S450 “An act to provide for the release or refund of certain property taxes.” SL 2003-250. This act deals with taxes paid based on an erroneous inclusion of a septic or well system in the valuation of property.

S511 “An act to require local governments to publish the revenue-neutral tax rate in years when there is a general revaluation of real property.” SL 2003-264.

H972 “An act to allow an internet-based alternative to property tax certification procedures.” SL 2003-399. This act permits a county board of commissioners to adopt an ordinance to allow persons to rely on tax information available of the county’s web site.

S679 “An act to modify the public financing laws of the state.” SL 2003-388. This act makes a number of technical changes in laws governing local finance. These changes were proposed by a Public Finance Advisory Committee formed by the State Treasurer’s Office and including city and county finance officers. The bill makes changes in G.S. 160A-20 dealing with security interests and adds a new Article 13 in Chapter 159 (dealing with Local Government Finance) to authorize “Interest Rate Swap Agreements for Governmental Units.”

IV. HUMAN RESOURCES

H883 “An act to authorize the Secretary of Health and Human Services to temporarily waive certain requirements of the mental health commitment statutes to further mental health reform efforts.” SL 2003-178. This act deals with requests by “Phase-one Local Management Entities” to waive requirements relating to initial (first level) examinations.

S897 “An act to exempt from prior authorization requirements for prescription drugs under the Medicaid program antihemophilic drugs prescribed for the treatment of hemophilia and blood disorders.” SL 2003-179.

V. ELECTIONS

H842 “An act to provide for a system for all North Carolina elections that complies with the Help America Vote Act and to help prevent duplicate names on jury lists.” SL 2003-226. This act makes a number of changes designed to implement the federal law. Among the provisions are a number of steps that centralize functions at the state level rather than at the county level.

H549 “An act to establish the election fund required by the Help America Vote Act of 2002 (HAVA) as a condition for receiving federal funds under that Act.” SL 2003-12.

H869 “An act to advance the date for reporting mailed absentee and one-stop votes by precinct from 2006 to 2004 for those counties capable of doing so.” SL 2003-183.

H819 “An act to strengthen the requirement that the county boards of elections must provide beyond the buffer zone around the voting place a space where campaigning and other election-related activity can be conducted.” SL 2003-365. This act provides a mechanism for state approval of local arrangements with owners or managers of nonpublic buildings used as voting places.

VI. GENERAL GOVERNMENT

H1151 “An act to amend the Administrative Procedure Act To revise the procedure for adopting permanent and temporary rules, to create a procedure for the adoption of emergency rules, to clarify the role of the Rules Review Commission, and to exclude the State Medical Facilities Plan from the definition of a rule.” SL 2003-229. This act makes a number of changes in the Administrative Procedure Act. The bill clarifies and expedites the review of temporary rules by the Rules Review Commission and expands notice requirements on agencies that adopt temporary rules.

S19 “An act to amend the law regarding township ABC elections in certain townships.” SL 2003-218. This act permits ABC elections in any township in a county where the population of all cities in the county that have previously approved the sale of alcoholic beverages comprises more than 20% of the total county population.

H483 “An act providing for the abrogation of offensive place-names throughout the state.” SL 2003-211. This act sets up a procedure for the Secretary of State, in consultation with the North Carolina Geographic Information Coordinating Council, to adopt procedures through which a Board of County Commissioners could rename a geographical place or location determined to have an offensive or insulting name.

[S647](#) **“An act to make statewide an act currently applicable to Mecklenburg and Catawba Counties and Charlotte and Raleigh that deems the creation of a self-funded risk program as the purchase of insurance for the purpose of waiving governmental immunity. SL 2003-175.** This act provides that a county involved in self insurance rather than the traditional commercial insurance mechanism could adopt a resolution to deem the creation of a funded reserve the same as the purchase of insurance and thus waive governmental immunity to the extent specified in the resolution.

[S774](#) **“An act to establish the duties of operators of skateboard parks, to establish the duties of persons who engage in certain hazardous recreational activities, and to limit the liability of governmental entities for damage or injuries that arise out of a person’s participation in certain hazardous recreational activities and that occur in an area designated for certain hazardous recreational activities.” SL 2003-334.**

VII. PERSONNEL

[H1170](#) **“An act to enhance the benefits of members of the Local Governmental Employees Retirement System.” SL 2003-319.** This act raises from 1.82 to 1.85 the “multiplier” used to calculate retirement benefits for local government retirees who retire on or after July 1, 2003. The bill also provides cost-of-living adjustments for other retirees, 1.5% in most cases and more for those for whom “catch up” was necessary.

VIII. PUBLIC EDUCATION

[S301](#) **“An act to extend to the remaining twelve counties the authority currently given to eighty-eight counties to acquire property for use by their local boards of education.” SL 2003-355.** This act amends G.S. 153A-158.1 to make it applicable statewide.

IX. PLANNING, DEVELOPMENT AND LAND USE

[H1301](#) **“An act to authorize local governments that are jointly undertaking a development project to enter into agreements to finance the project.” SL 2003-417.**

[H1062](#) **“An act to require community water systems that regularly serve one thousand or more service connections or three thousand or more individuals to prepare local water supply plans, to provide that the Department of Environment and Natural Resources shall establish a Drought Management Advisory Council, and to authorize the Council to issue drought advisories.” SL 2003-387.**

[H754](#) **“An act to place a moratorium until December 31, 2004, on the enactment of new or expanded ordinances amortizing off premises outdoor advertising by local governments, and to direct the Revenue Laws Study Committee to study the issue.” SL 2003-432 See H429 (Pending Legislation).**

*Where bills have been ratified and sent to the Governor, but not signed or attached a Chapter number, the annotation SL-??? appears; SL being the abbreviation for Session Law.

PENDING LEGISLATION

I. TAXATION AND FINANCE

A. Tax Exemptions

[S277](#) **“To exempt from property tax educational property held by a nonprofit entity or a public or private university or community college located in North Carolina.”** Sen. Tony Rand (Cumberland). The Senate approved this bill on second and third reading May 20. It has been referred to the House Finance Committee.”

[S663](#) **“To exempt certain boats from property tax.”** Sen. Patrick Ballentine (New Hanover). This bill would exempt from property tax a boat that is owned by a nonresident individual or an entity that has no principal office in North Carolina, has a tax situs normally outside the state, and is in the possession of a person, other than the owner, who is engaged in business as a seller or broker of boats and with whom the owner has contracted to sell the boat. It would also exempt boats owned by nonresidents and in North Carolina to be repaired. It was referred to the Senate Finance Committee.

[S664](#) **“To exempt from property tax construction of an addition to an existing building that is exempt.”** Sen. Patrick Ballentine (New Hanover). This bill would exempt from property tax church property “held for no more than three years as a future site for a building intended to be used for a religious purpose.” The taxes otherwise due would be a lien on the property payable after three years unless there is construction on the site. The bill was referred to the Senate Finance Committee.

[S671](#) **“To provide that property owned by a Homeowners Association may qualify for use value property taxation.”** Sen. Fletcher Hartsell (Cabarrus). This bill would amend present use value statutes as described in the title. It was referred to the Senate Finance Committee.

[S727](#) **“Relating to property tax valuation of low- and moderate - income housing.”** Sen. Dan Clodfelter (Mecklenburg). Each of these bills would create a special classification of property to be valued for property tax purposes at less than fair market value. The property would have to meet the following conditions: (1) It is subject to restrictions on the income eligibility of the tenants to whom it is leased or the rents that may be charged pursuant to a state or federal program; (2) tenants meet the applicable income restrictions and the rents charged meet any applicable rent restrictions; and (3) the owner of the property satisfies the safe harbor provisions of Revenue Procedure 96-32 issued by the Internal Revenue Service. Property meeting the condition would be valued taking into account the income and rent restrictions. The Federal tax procedures cited above refer to the tax advantages already enjoyed by investors who participate in enterprises providing the low-income housing. Both bills, **S727 and S862**, have been referred to the Senate Finance Committee.

[S791](#) **“To further promote farmland and forestland preservation.”** Sen. Joe Sam Queen (Haywood). This bill is a “blank bill” without substantive provisions at introduction. It has been referred to the Senate Committee on Agriculture, Environment and Natural Resources.

[S884](#) **“To establish wildlife and other conservation land as a special class of property subject to present-use value and to make other changes regarding present-use value.”** Sen. Fletcher Hartsell (Cabarrus). This bill was referred to the Senate Finance Committee.

S950 “**To provide tax incentives to promote preservation of open spaces.**”

H887 Sen. Jeanne Lucas (Durham), Rep. Gordon Allen (Person). Each of these identical bills would revise the definition of a protected natural area now exempt from property tax under G.S. 105-275(12). It would exempt real or personal property owned by non-profit or charitable organization and operated as, or leased to a governmental entity or another non-profit or charitable organization for use as, a protected natural area. The bill would also provide for taxation at present use value of property in a flood plain in certain conditions. **S950** was referred to the Senate Finance Committee. **H887** was referred to the House Finance Committee.

B. Revenue and Finance

H664 “**To authorize additional revenue options for local governments.**” Rep. Verla Insko (Orange). This bill would provide for local option taxes: 1) an additional half-cent sales tax; 2) a Local Government Meals Tax; 3) a Local Government Occupancy Tax; and 4) a Local Government Excise Tax on Conveyances (or real estate transfer tax). In each case, the Board of Commissioners would direct the county Board of Elections to conduct a special election. In the cases of the Meals Tax, Occupancy Tax and Conveyance Tax, the bill would preserve those taxes authorized by local act. With respect to the sales tax, Mecklenburg County’s ½ cent sales tax earmarked for transit would be preserved, but the county would not have the new option. The bill was referred to the House Finance Committee.

H749 “**To authorize additional revenue options for local governments.**” Reps. Bill Owens (Pasquotank) and Carolyn Justice (Pender). This bill would provide for several local option revenues, each requiring a vote of the people. The options include: 1) a local option ½ cent sales tax for public transportation (now available to Mecklenburg County); 2) a local government meals tax; 3) a local government occupancy tax; 4) a local government excise tax on conveyances (or real estate transfer tax); and 5) local government impact fees. The bill has been referred to the House Finance Committee.

II. PLANNING, DEVELOPMENT AND LAND USE

H429 “**To require local governments to pay just compensation for removal of lawfully erected buildings, structures, outdoor advertising, or fixtures.**” Rep. Bill Culpepper (Chowan). This bill was approved by the House on third reading April 10. It has been referred to the Senate Judiciary Committee #1. (See H754, Enacted Bills).

H1299 “**To establish a county and municipality operated abandoned and junked motor vehicle abatement program funded with fees collected on the registration of private passenger vehicles.**” Rep. Bill Culpepper (Chowan). This bill would create the fund cited in the title by adding a three dollar vehicle registration fee. The Department of Transportation would distribute the proceeds annually to every participating county on a per capita basis. The county would distribute a portion of the fee proceeds to participating municipalities within the county. The bill was referred to the House Finance Committee.

H1304 “**To impose an advance disposal fee on new and used mobile homes, to require counties to develop plans that provide for the deconstruction of obsolete mobile homes and the removal of reusable or recyclable components, and to provide for the abatement of nuisance obsolete mobile homes.**” Rep. Phil Haire (Jackson). This bill is in the House Finance Committee.

H583 **S933** “To require state and local government agencies that acquire land for wetlands mitigation to reimburse the county in which the land is located for its lost taxes due to the acquisition.” Rep. William Wainwright (New Hanover), Sen. Cecil Hargett (Onslow). Each of these identical bills would provide that prior to a local government’s condemnation or other purchase of property for wetlands mitigation, the unit must agree in writing to pay the county where the land is located a sum equal to the amount of property tax that would have accrued to the county for the next 20 years had the land not been acquired. The amount would be calculated using the most recent tax rate set by the county in which the property is located. The requirement would not apply if the land is located within the city or other unit that acquired the property, and would only apply in enterprise Tier One or Tier Two counties. Each bill would create the same requirement for state acquisitions, including state acquisitions from a private mitigation banking company. The state provisions would not apply when the land purchased by the state and the wetlands permitted to be lost are in the same county. Each bill would provide for reimbursement by the county of payments made if property acquired by the state is later used to mitigate wetlands permitted to be lost in the same county. **H583** was referred to the House Committee on the Environment. **S933** was referred to the Senate Finance Committee.

S970 **H878** “To establish a recycling program for certain electronic devices and to impose a tax on those devices in order to fund the program and to provide local governments with funds to enable them to recycle electronic devices.” Sen. Ellie Kinnaird (Orange), Rep. Joe Hackney (Orange). Each of these identical bills would impose a \$10 tax on each sale of certain defined electronic devices. Proceeds would be credited to an Electronics Recycling Account. Payments from the account would be made to local governments that implement electronics recycling programs. Effective January 1, 2007, the bill would prohibit disposal of electronic devices in landfills and incinerators. **S970** was referred to the Senate Finance Committee. **H878** was referred to the House Finance Committee.

III. CORRECTIONS AND LAW ENFORCEMENT

H918 “To increase the fee for service of process in civil cases and to earmark the increase to ensure timely service of process.” Rep. Wayne Goodwin (Richmond). This bill has been approved by the House and sent to the Senate. It would raise the fee for service of process from \$5 to \$15. **Passage of this legislation would accomplish an Association Legislative Goal.**

S6 “To prohibit the possession or operation of video gaming machines except by a federally recognized Indian tribe as authorized by the Indian Gaming Regulatory Act and a valid tribal-state compact.” Sen. Charles Albertson (Duplin). The bill has been approved by the Senate. It has been referred to the House Rules Committee. **Passage of this legislation would accomplish an Association Legislative Goal.**

IV. EDUCATION

S796 “To amend the procedure for resolution of disputes between boards of education and boards of county commissioners. Sen. Richard Stevens (Wake). This bill was approved by the Senate April 28. The bill approved by the Senate would make the joint meeting between the board of commissioners and the board of education, now required by G.S. 115C-431, optional at the discretion of the chairs of the two boards, with no joint meeting required if “neither chair wants a joint meeting.” It has been referred to the House Education Committee.

V. HUMAN RESOURCES

S672 “To improve the quality and accountability of the public health system by strengthening the public health infrastructure, to improve public health outcomes and reduce health disparities by the development of a state and local comprehensive public health plans, and to improve the public health workforce by enhancing collaboration with public and private sector entities and imposing performance standards for public health practice.” Sen. Fletcher Hartsell (Cabarrus). This bill has been approved by the Senate and referred to the House Rules Committee. It is expected to receive in depth review prior to the 2004 Legislative Session.

VI. ELECTIONS

S760 “To clarify that grants from uniform programs for public campaign financing do not constitute ‘contribution’ and are not subject to restrictions on contributions; to clarify that governments in cities and counties of a certain size are authorized to conduct those programs; and to require a review of local public campaign financing programs.” Sen. Wib Gulley (Durham). This bill has been approved by the Senate and sent to the House. The bill would apply in a county with a population of 80,000 or more.

VII. GENERAL GOVERNMENT

S3 “To amend the North Carolina Constitution to limit the length of legislative sessions, and to provide for an earlier convening of the General Assembly for organization.” Sen. David Hoyle (Gaston). This bill was approved by the Senate February 19. It has been referred to the House Rules Committee.

S160 “To clarify existing delegations of authority to counties and cities to confirm flexibility in the execution of those delegated authorities.” Sen. Dan Clodfelter (Mecklenburg). As originally introduced, this bill would have greatly expanded “home rule” authority granted counties and cities and restored authority to boards of health that had been circumscribed by recent judicial action. As rewritten, the bill would clarify the provisions of G.S. 153A-4, providing for “broad construction” of powers granted to counties under Chapter 153A of the General Statutes. Similar clarifying language would be applicable to Chapter 160A dealing with municipalities. The bill remains in the Senate Finance Committee.