

**MARCH 17, 2023**

### Notable Activity

Budget season at the General Assembly continues to heat up as Governor Cooper released his proposed [two-year spending plan](#) this week. The base budget is roughly \$27.5 billion for the next two years. Governor Cooper's plan raises spending to just under \$33 billion in 2023-24 and just over \$34 billion in 2024-25. The governor's budget priorities assume Medicaid expansion occurs this year and includes increased salaries for teachers, school administrators, and state employees, as well as investments in workforce development, economic development, physical and mental health, and enhancing public safety and violent crime prevention.

Other highlights of the governor's proposal include:

- Average teacher raises of 18% over two years and various other retention and recruitment efforts for teachers, as well as salary increases for other school employees.
- 8% cost-of-living increases over two years for all state employees, as well as various other bonuses and other retention and recruitment efforts.
- \$1 billion for construction and renovation of public school facilities via the State Capital and Infrastructure Fund, in addition to lottery funding directed for school capital.
- \$200 million for community college repairs and renovations and an additional \$100 million for capital and equipment.
- \$4.5 billion dollars in public education spending to fully fund the Comprehensive Remedial Plan (also known as the *Leandro* Plan).
- \$50 million for school safety grants.
- \$554 million to meet workforce needs through various workforce development and training programs.
- \$1.4 billion for mental health services throughout the state.
- \$325 million for various projects and programs to spur economic growth.
- \$160 million for affordable housing programs.
- \$99 million for hurricanes and natural disasters recovery.
- Leaves nearly \$7 billion in state reserves and does not raise taxes.



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## Legislative Brief

Governor Cooper's full spending plan, highlights, and other data can be found [here](#). House and Senate leaders have agreed on the amount the General Assembly plans to spend over the next two years, announcing a 6.5% budget increase to \$29.7 billion this year and then another 3.75% increase to \$30.8 billion next year. General Assembly leadership has indicated it is their hope that the House passes its budget in early April, with the Senate approving its own budget in May before a compromise budget is approved and sent to Governor Cooper sometime in June ahead of the start of the new fiscal year July 1, 2023.

Medicaid expansion continues to inch closer to the finish line of becoming law. This week, [House Bill 76 Access to Health Care Options](#) passed the Senate and now returns to the House for a concurrence vote with Senate changes. The bill includes appropriations to aid counties in preparing for and implementing expansion including:

- \$4 million to counties to prepare to implement Medicaid expansion
- \$1.667 million per month for each month that Medicaid expansion is effective for fiscal years 2022-2024
- \$29.6 million for fiscal year 2024-2025
- \$31.2 million for fiscal year 2025-2026

A \$50 million appropriation for eligibility determinations and inmate medical care that was included in the version of the bill that passed the House was not included in the version passed by the Senate, but additional funds are likely to be a part of continued negotiations. The legislation also contains provisions aimed at reducing the administrative burden of county departments of social services through increased automation for re-determinations and new applications in NC FAST as well as in the federally facilitated marketplace.

## Action Items

[Senate Bill 317 Addressing the Workforce Housing Crisis](#) - Creates workforce housing developments and, except as provided in the legislation, prohibits a local government from implementing or enforcing a zoning regulation, including development standards regulating lot widths, setbacks, density, or building design elements, for workforce housing developments.

To qualify as a workforce housing development, a development must meet the following criteria:

- Be at least 10 acres.
- No fewer than 20% of the lots will be one- and two- family dwellings and conveyed as workforce housing improved lots.
- At least 50% of the workforce housing improved lots in the development will be conveyed to owner-occupants that qualify for lender financing based upon an income



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amount that does not exceed 80% of the most recently published area median income (AMI), as provided by the federal Department of Housing and Urban Development. The remaining workforce housing improved lots may be conveyed to owner-occupants that qualify for lender financing based upon an income amount that does not exceed 100% of the most recently published AMI.

- Workforce housing improved lots will be conveyed subject to the following:
  - The owner-occupant moves into the dwelling within 60 days.
  - The owner-occupant will maintain the dwelling as the principal residence for at least a majority of a calendar year after moving into the dwelling.
  - The lot will be used solely for single family residential purposes, as defined in the legislation.

The bill provides that, unless geographically impossible, a local government may require that a workforce housing development provide and maintain a vegetative buffer zone not exceeding 20 feet in width, including existing trees and shrubs, along the perimeter of the development between development and any adjoining properties. However, a local government may not impose any type of vegetation requirement, including the removal, preservation, or use of trees and shrubs, in any area of the workforce housing development beyond the vegetative buffer described above.

The bill also allows a local government to restrict the issuance of certificates of occupancy for the development to ensure that the workforce housing improved lots are constructed in a ratio roughly proportional to the other lots in the development.

The draft legislation also requires that a local government receiving a permit application submitted pursuant to this legislation be approved or denied the application within 45 days of receipt. During the initial 45-day period, the local government must communicate with the applicant to resolve questions and issues with the application. If the local government requests additional information or requires that the application be resubmitted with changes, the local government shall review the requested information or resubmitted application and issue an approval or denial within 15 days from the receipt of the requested information or resubmitted application. If the local government does not issue a written approval or denial within 60 days of the initial application submission, the application shall be deemed approved.

The bill also prohibits local governments from imposing impact fees or water or wastewater system development fees on workforce housing improved lots (the at least 20% as referenced above).



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**[House Bill 409 Regulation of Accessory Dwelling Units](#)** - Requires local governments to allow the development of at least one accessory dwelling unit for each single-family dwelling in areas zoned for residential use that allows for development of detached single-family dwellings.

*Please forward these pieces of legislation to your county manager and planning department for review. Thoughts, concerns, and suggestions for improvement can be sent to NCACC Legislative Counsel, Adam Pridemore, at [adam.pridemore@ncacc.org](mailto:adam.pridemore@ncacc.org).*

### Other Bills of Note

#### **Legislation of interest to counties:**

**[House Bill 130 Preserving Choices for Consumers](#)** - Prohibits local governments from adopting any ordinance that prohibits any energy service based on the type or source of energy to be delivered to the end-user of the energy service. The bill passed the House this week and now heads to the Senate.

**[House Bill 190 Dept. Of Health and Human Services Revisions](#)** — Aligns a state-county special assistance program with federal regulations by removing a person's primary residence from the property tax base when that owner has insufficient resources to provide "a reasonable subsistence compatible with decency and health." Expands the type of qualified professionals eligible to serve as county medical examiners. Amends NCGS §90A-53 to shorten the work experience in the field of environmental health practice necessary to receive a certificate as a Registered Environmental Health Specialist from two years to one year. The bill passed the House Committee on Health this week and could be considered on the House floor as early as next week.

**[House Bill 378 Firefighters Criminal History Record Checks](#)** – Provides that, for firefighters who have been North Carolina residents for five or more years, criminal background checks may be conducted through the clerk of superior court or a third-party vendor. The bill was filed this week.

**[House Bill 385 Regulation of Battery-Charged Security Fences](#)** – Prohibits local governments from adopting certain ordinances, rules, and regulations related to battery-charged security fences and establishes requirements for battery-charged security fences. The bill was filed this week.

**[House 395 Counties/Semiannual Assessments](#)** - Authorizes counties to allow repayment of special assessments in semiannual installments as a collection option and extend the repayment window to 20 years. The bill was filed this week.

**[House 398 Child Care Act](#)** – Among other things, expands NC Pre-K, reenacts the child care tax credit, and funds child care provided by community colleges. The bill was filed this week.



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**[Senate Bill 41 Guarantee 2<sup>nd</sup> Amendment Freedom and Protections](#)** - Among other things, authorizes, under certain conditions, the carrying of a handgun at a place of religious worship that is also educational property. Exempts public schools by providing that property owned by a local board of education or county commissioners may not be construed as a religious place of worship. The legislation also repeals the requirement to obtain a pistol purchase permit from a sheriff prior to the purchase or transfer of a pistol. The bill also launches a statewide firearm safe storage awareness initiative and facilitates the distribution of gun locks. The bill passed the House this week and now heads to the Governor for his consideration.

**[Senate Bill 193 Career Development Plans](#)** - Requires career development plans for all middle and high school students. The bill passed the Senate Education/Higher Education committee this week and could be considered on the Senate floor as early as next week.

**[Senate Bill 299 Reimburse Late Audit Costs with Sales Tax Rev.](#)** - Establishes a sales and use tax withholding penalty for local governments failing to submit a timely annual audit. The maximum amount withheld may be 150% of the cost of the required annual audit for the local government unit. Sets out procedure for the release of withheld funds after the annual audit has been received, or two years have passed since the commencement of fund withholding. Establishes warning notice requirements to local governments that do not submit an audit within nine months of the local government unit's end. This legislation was filed this week and mirrors provisions found in **[House Bill 122](#)** which has already passed the House and is currently awaiting a hearing in the Senate.

**[Senate Bill 314 Insufficient Fund Tax Payment Fee Mod](#)** - Provides for a \$35.00 penalty for tax payments that are returned for insufficient funds or nonexistence of an account. Currently law provides for a \$25.00 penalty or 10% of the amount of the check or electronic invoice, whichever is higher, with a \$1,000.00 max. The bill was filed this week.

**[Senate Bill 316 Regulate EV Charging Stations](#)** - Regulates electric vehicle charging stations and sets into place penalties for violation. Authorizes municipalities to, by ordinance, prohibit additional prohibited conduct related to charging stations and have higher penalties than those set out by the state. The bill was filed this week.

**[Senate Bill 325 Limit Online Marketplace Regulations](#)** - Prohibits local governments from regulating the operation of an online marketplace or require an online marketplace to provide personally identifiable information of users unless pursuant to subpoena or court order. The bill was filed this week.