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ORANGE COUNTY BOARD OF COMMISSIONERS
POST OFFICE BOX 8181
200 SOUTH CAMERON STREET
HILLSBOROUGH, NORTH CAROLINA 27278



April 13, 2016

Senator Valerie Foushee
Representative Verla Insko
Representative Graig Meyer

Dear Senator Foushee and Representatives Insko and Meyer:

I write on behalf of the Board of Commissioners first to express Orange County's gratitude for your support and assistance with legislative initiatives of importance to the Orange County Board of Commissioners. We appreciate the effort and time you invest on our behalf and trust that the 2016 legislative session will afford opportunities for further collaboration.

Please find enclosed materials outlining Orange County's legislative agenda package for the 2016 General Assembly session. These documents, which were approved following the Board's April 5, 2016 public hearing on legislative issues, address the Board's positions on issues of importance to the Board and County residents. The package includes:

- 1) A "Topics for Priority Discussion" document for our April 18, 2016 Legislative Breakfast;
- 2) One Resolution with Exhibits addressing Statewide Issues;
- 3) One Resolution with an Exhibit addressing Orange County's Detention Center Property; and
- 4) For reference purposes, the North Carolina Association of County Commissioners (NCACC) 2015-2016 Legislative Goals document.

We appreciate the opportunity to share this package with you and look forward to your support of these items. Please contact me or other Board members directly for any additional information. We can also be reached through Donna Baker, the Clerk to the Board, at her office in Hillsborough at (919) 245-2130.

Best,

Earl McKee, Chair
Orange County Board of Commissioners

Enclosures

www.co.orange.nc.us

Protecting and preserving – People, Resources, Quality of Life
Orange County, North Carolina – You Count!
(919) 245-2130 • FAX (919) 644-0246

**ORANGE COUNTY BOARD OF COMMISSIONERS
AND ORANGE COUNTY'S LEGISLATIVE DELEGATION
LEGISLATIVE BREAKFAST
April 18, 2016 – 8:30 am
Orange County Solid Waste Administrative Offices
1207 Eubanks Road, Chapel Hill, North Carolina**

TOPICS FOR PRIORITY DISCUSSION

<u>PRIORITY DISCUSSION TOPICS</u>	<u>Format in Legislative Package</u>	<u>Page Number and Item Number</u>
• Broadband	Board of Commissioners' Statewide Issues Resolution	Page #9 / Item #22
	AND	
	North Carolina Association of County Commissioners 2015-16 Legislative Goals	Page #33 / Item #GG-2
• Priority School Issues	Board of Commissioners' Statewide Issues Resolution	Page #8 / Item #19
	AND	
	North Carolina Association of County Commissioners 2015-16 Legislative Goals	Page #47 / Items #PE-5 and #PE-6
• Raise Age for Juvenile Jurisdiction in Criminal Court	Board of Commissioners' Statewide Issues Resolution	Page #4 / Item #6
• Repeal of House Bill 2 and Expansion of Protected Classes	Board of Commissioners' Statewide Issues Resolution	Page #9 / Item #23
• Bona Fide Farms	Board of Commissioners' Statewide Issues Resolution	Page #10 / Item #26

NORTH CAROLINA
ORANGE COUNTY

RESOLUTION REGARDING
LEGISLATIVE MATTERS

BE IT RESOLVED by the Board of County Commissioners of Orange County that the Board hereby requests the Senator and Representatives representing Orange County take the following positions on legislation regarding the following Statewide matters:

- 1) Smart Start and NC Pre-K - Support legislation to increase and ensure secure and stable funding, enhanced quality early care and education, and family access and benefits in settings public and private. The County advocates sustaining teacher quality, evidence-based learning objectives, healthy life styles, and community engagement. Quality early childhood education has proven to help alleviate the achievement gap, curb the need for costly services (including special education), and reduce societal cost by increasing graduation rates. Recent studies have shown a significant return on investment for dollars supporting early childhood programs and services. Orange County Schools and Chapel Hill-Carrboro City Schools are ardent allies in ensuring that actions at the state level support local

An item denoted with a "*" generally coincides with a similar North Carolina Association of County Commissioners (NCACC) 2015-16 Legislative Goal.

implementation. Orange County remains strongly supportive of the Orange County Partnership for Young Children in the effective administration and evaluation of services reaching all children throughout the County;

- 2) *** Child Care** - Seek legislation to reverse changes made to the childcare subsidy program available to working families, including establishing eligibility for all children at 200% of the federal poverty level, to help many working parents who are trying to become more financial self-sufficient, and amend the provision change that requires nonparent relatives living with the child to have their income counted for child care eligibility;

- 3) **Expansion of Medicaid Program** - Support legislation to increase access to the Medicaid program to make health insurance available to approximately 500,000 more North Carolina residents;

- 4) *** Mental Health** - Seek legislation to ensure that adequate State-funded mental health, developmental disability, and substance abuse services and facilities are available at the local level, accessible and affordable to all residents and that sufficient state

resources fund service provision costs inclusive of sufficient crisis intervention and treatment, and to structure appropriate county participation in governance;

- 5) **People with Mental Health Issues in County Jails** - Support legislation to develop and fund a plan to reduce the number of people with mental health issues in county jails (See EXHIBIT A Regarding the National Association of Counties (NACo) Stepping Up Initiative);

- 6) **Raise Age for Juvenile Jurisdiction in Criminal Court** - Support legislation to raise the age for juveniles being treated as adults in criminal court from 16 to 18;

- 7) **County Jail System/Housing State Inmates Reimbursement** - Support legislation to protect the fiscal viability of the county jail system by reinstating reimbursement for state inmates housed in county jails sentenced to 90 days or less and increase the reimbursement rate for state inmates awaiting post-trial prison transfer;

- 8) **Minimum Wage Increase** - Support legislation to raise the minimum wage to enhance people's economic security, improve access to housing, boost the economy with

increased spending, decrease dependence on the Supplemental Nutrition Assistance Program (SNAP), and improve the lives of families and specifically children;

- 9) **Machinery Act** - Support local governments' need for more flexibility to remedy measurement and/or condition property appraisal errors related to local property tax functions. North Carolina property tax law substantially limits the ability of local governments to address property tax discrepancies, such as prohibiting the refund of prior years' taxes paid after a measurement and/or condition property appraisal error is discovered. Just as local governments can recoup prior years' property taxes from owners for "discoveries", local governments should likewise be authorized to refund prior years' taxes paid when situations such as measurement and/or condition property appraisal errors are discovered;
- 10) **Homestead Exemption** - Support revisions to the Homestead Exemption provisions of the Machinery Act to:
- a) provide greater opportunities for low-income seniors to remain in their homes and not be displaced due to property tax burdens by approving a one-time ten percent (10%) increase

in the income qualification standard; and maintaining the current provisions which increase the income qualification standard each year based on any cost-of-living adjustment made to the benefits under Titles II and XVI of the Social Security Act for the preceding calendar year; and

b) diminish the discriminatory features of the current exemption provisions relating to married couples by establishing graduated income qualification standards for single individuals versus married couples;

- 11) **Sales Tax Distribution Formula** - Support legislation directing that all sales tax be distributed on a per capita basis;

- 12) **Classification of Flavored Alcoholic Beverages (Alcopops)** - Support legislation to properly classify flavored alcoholic beverages (alcopops) as distilled spirits rather than malt beverages;

- 13) **Restore Local Control Over Tobacco Policies By Rescinding Preemption** - Support legislation rescinding preemption and restoring local control over tobacco policies, thereby granting county governments the legal authority to protect residents from known public health

threats by enacting innovative, evidence-based policies
(See EXHIBIT B);

- 14) **Maintain Local Government Authority over Solid Waste Management** - Oppose any shift of solid waste management and recycling services away from local governments;
- 15) **Electronics Recycling** - Support legislation to provide additional funding to local governments for electronics recycling to cover significant increased costs for recycling these materials and to oppose the lifting of restrictions on disposal of electronics in landfills;
- 16) **Re-instatement of Earned Income Tax Credit** - Support legislation to re-instate the State Earned Income Tax Credit which greatly benefitted low wage earners until its elimination after the 2013 tax year;
- 17) **Voter Registration and Voting** - Support legislation to restore and maintain same day voter registration, previous early voting and Sunday early voting provisions, straight ticket voting, the validity of out of precinct provisional ballots, the pre-registration of 16 and 17 year olds in preparation for voting, the public financing of judicial elections, and eliminate all photo identification requirements;

- 18) **Abolish State Death Penalty** - Support legislation to abolish the State of North Carolina's death penalty;
- 19) **Priority School Issues** - Support legislation to address the following three issues related to schools:
- a) * Provide local school systems with calendar flexibility;
 - b) * Provide full funding for State allotments including Average Daily Membership (ADM) growth;
 - c) Provide full funding for Driver Education.
- 20) **Fulfillment of Constitutional Duties** - Oppose any legislation, that seeks to exempt any government employee or agent from fulfilling their constitutional duties, including but not limited to guaranteeing the right to marry for same-sex residents of North Carolina (See EXHIBIT C);
- 21) * **Oppose any shift of state transportation responsibilities to counties** - Oppose legislation to shift the state's responsibility for funding transportation construction and maintenance projects to counties. Counties cannot afford to assume costs for maintaining secondary roads and/or funding expansion projects. Unlike counties in other states, whose

traditional funding responsibilities are secondary roads, North Carolina counties are responsible for the administration of local human services programs, and fund educational operating and capital expenses;

- 22) *** Broadband** - Support legislation, funding, and other efforts to expand broadband capability to the un-served and under-served areas of the State to enhance quality of life as well as expand opportunities for jobs creation, small business development, and growth in farm enterprises. Orange County opposes legislation limiting local governments' efforts to provide broadband and supports legislation and regulations that would preserve local option and authority where needed to deploy community broadband systems and ensure community access to critical broadband services and to establish a minimum level of service;

- 23) **Repeal of House Bill 2 and Expansion of Protected Classes** - Seek statewide legislative action to repeal House Bill 2 and provide all North Carolina local governments with the authority to include sexual orientation and gender identity as protected classes in order to protect these classes from discrimination and discriminatory practices;

- 24) **Eminent Domain** - Oppose adding language to a constitutional amendment on eminent domain that extends any further preemption of county authority to regulate the placement of telecommunication towers;
- 25) **Fees-In-Lieu - NCDOT as Additional Recipient** - Support legislation amending North Carolina General Statute 153A-331 to add a provision allowing counties to transfer fees collected as part of subdivision development, and in lieu of required street construction, to be transferred to and held by the North Carolina Department of Transportation (NCDOT) for the future construction of roads intended to be added to the State Maintained system;
- 26) **Bona Fide Farm Use** - Support legislation clarifying the farm use and agriculture exemption of 153A-340 that restricts local zoning authority applies only to property on which the production of crops or livestock is the primary use. Clarify that marketing and agri-tourism activities must be secondary uses of the property and do not qualify for the exemption in the absence of the production of crops or livestock. Local governments are seeing an increasing number of properties that, although they meet one or more criteria for exemption, such as having a federal farm

identification number, are not used for the production of crops or livestock;

- 27) *** Revenue Options for Local Government** - Support legislation that authorizes any local government to enact any revenue source that is presently available to one or more local governments in the state. Local governments have experienced significant budget cuts in recent years. Providing flexibility regarding revenue options to fund local government services will allow local governments to tailor their respective funding plans based on individual needs and goals;
- 28) *** E-911 Funds** - Support permanently extending the authorization to use E911 funds for all public safety disciplines. Orange County has appreciated past efforts and supports future initiatives to expand the uses for these funds within the public safety disciplines related to emergency communications and Emergency Medical Services;
- 29) **Agriculture/Solar Energy** - Support renewable energy initiatives to create a market for agricultural-sourced energy credits. Both provide incentives for farmers to produce renewable energy, which will become increasingly important to preserving and strengthening

the agricultural economy and rural infrastructure as well as maintaining Orange County's rural heritage and culture;

- 30) **Land, Water and Agricultural Preservation Funding** - Support Park, Agricultural Preservation, Clean Water and other existing trust funds established for the protection of the State's land, water, biological resources, agriculture, and special places before they are irreversibly lost, and requests that these funds receive additional funding;
- 31) **Agriculture - Support Conservation of Working Lands and Farmland Preservation** - Support a revision to the revenue and acreage requirements of the Use Value Program to reduce acreage requirements and increase the income threshold;
- 32) *** Aquatic Weed Control Authority** - Restore the ability of the North Carolina Division of Water Quality, Aquatic Weed Control Division (NCDWR), to include projects in flowing waters, not just lakes and reservoirs. NCDWR was previously authorized to address needs in flowing waters; however, its enabling legislation was altered two years ago. This required

NCDWR to withdraw from Year 2 of the Eno River hydrilla study.

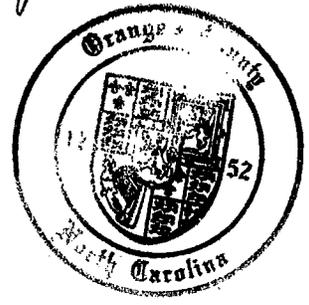
- 33) **Concealed Weapons in Parks** - Seek legislation re-authorizing counties to fully regulate the carrying of concealed weapons on county-owned playgrounds and in county-owned parklands;

Upon motion of Commissioner Rich, seconded by Commissioner Belusier, the foregoing resolution was adopted by a vote of 7-0 this the 5th day of April, 2016.

I, Donna Baker, Clerk to the Board of Commissioners for the County of Orange, North Carolina, DO HEREBY CERTIFY that the foregoing is a true copy of so much of the proceedings of said Board at a meeting held on April 5, 2016 as relates in any way to the adoption of the foregoing and that said proceedings are recorded in Minute Book No. of the minutes of said Board.

WITNESS my hand and the seal of said County, this 13 day of April, 2016.

Donna Baker
Clerk to the Board of Commissioners



ORANGE COUNTY BOARD OF COMMISSIONERS
Resolution Supporting "Stepping Up Initiative to
Reduce the Number of People with Mental Illnesses in Jails"

WHEREAS, counties routinely provide treatment services to the estimated 2 million people with serious mental illnesses booked into jails each year; and

WHEREAS, prevalence rates of serious mental illnesses in confinement facilities are three to six times higher than for the general population, with statistics showing that almost 13% of North Carolina's prison population requires some type of intervention due to mental health issues; and

WHEREAS, almost three-quarters of adults with serious mental illnesses in jails have co-occurring substance use disorders; and

WHEREAS, adults with mental illnesses tend to stay longer in jail and upon release are at a higher risk of recidivism than people without these disorders; and

WHEREAS, county jails spend two to three times more on adults with mental illnesses that require interventions compared to those without these treatment needs; and

WHEREAS, without the appropriate treatment and services, people with mental illnesses can continue to cycle through the criminal justice system, often resulting in tragic outcomes for these individuals, their families, and their communities; and

WHEREAS, county jails are generally an unsafe environment for those with mental health treatment needs; and

WHEREAS, the North Carolina Association of County Commissioners has undertaken a serious effort to address the local service needs of those with mental illnesses through the appointment of a special Task Force; and

WHEREAS, Orange County, like all counties, takes pride in our responsibility to protect and enhance the health, welfare and safety of our residents in efficient, safe, and socially just ways; and

WHEREAS, through the Stepping Up Initiative, the National Association of Counties, the Council of State Governments Justice Center and the American Psychiatric Foundation are encouraging counties to reduce the number of people with mental illnesses in county jails;

NOW THEREFORE, be it resolved by the Orange County Board of Commissioners:

1. That the Board of Commissioners does hereby sign on to the Call to Action to reduce the number of people with mental illnesses in our county jail and commits to sharing lessons learned with other counties in North Carolina and across the country to support the Stepping Up Initiative; and
2. That the Board of Commissioners will utilize resources available through the Stepping Up Initiative and other resources provided by the Council of State Governments Justice Center to convene a diverse team of leaders and decision makers from multiple agencies who are committed to safely reducing the number of people with mental illnesses in jails, and
3. That this team will utilize the comprehensive resources available through the Stepping Up Initiative to develop a plan to reduce the number of people with mental illness in the county jail for 2016-2020, consistent with the Council of State Governments Justice Center report and recommendations, to be presented to the Board of Commissioners at its first meeting in December 2015.

This the 1st day of September, 2015.

Earl McKee

Earl McKee, Chair
Orange County Board of Commissioners

ORANGE COUNTY BOARD OF COMMISSIONERS**RESOLUTION REQUESTING THAT THE NORTH CAROLINA GENERAL ASSEMBLY RESCIND
PREEMPTION OF TOBACCO REGULATION, INCLUDING ELECTRONIC CIGARETTES, AND
THEREFORE RESTORE LOCAL CONTROL OVER TOBACCO POLICIES**

WHEREAS, the health consequences of smoking are staggering, and there is irrefutable evidence that tobacco use causes cancer, respiratory and cardiac diseases, infertility, negative birth outcomes, irritations to the eyes, nose and throat (U.S. Department of Health and Human Services, 2014); and

WHEREAS, the economic losses in health care expenditures are equally important and the use of tobacco products cost the U.S. as much as \$170 billion in health care expenditures each year (Xu, Bishop, Kennedy, Simpson, & Pechacek, 2014); and

WHEREAS, nearly 90% of all smokers begin smoking before the age of eighteen (Centers for Disease Control and Prevention, 2014); and

WHEREAS, in North Carolina, 1 in every 10 middle school students is a current tobacco user and 3 in every 10 high school students is a current tobacco user; and

WHEREAS, in North Carolina, 8,676 middle school students currently smoke cigarettes; and 55,688 high school students currently smoke cigarettes; (North Carolina Tobacco Prevention and Control Branch); and

WHEREAS, there is supportive evidence that increasing the minimum legal age of purchase to 21 will save more lives, reduce initiation among adolescents and young adults, and immediately improve the health of adolescents, young adults and young mothers who would be deterred from smoking, as well as their children (Institute of Medicine, 2015); and

WHEREAS, we believe in the need to educate and empower youth about the harmful effects of tobacco use and prohibit these incidences of purchase until the conscious age of 21 years; and

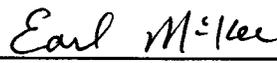
WHEREAS, penalties included in G.S 14-313 Youth access to tobacco products, tobacco-derived products, vapor products, and cigarette wrapping papers would remain the same; and

WHEREAS, in recognition of the damaging effects of preemption and the importance of community tobacco control policies, both the Healthy People 2010 and the Healthy People 2020 objectives, which are developed by the Department of Health and Human Services to set the national public health agenda for each decade, include an objective calling for the elimination of all state laws that preempt local tobacco control policies (U.S. Department of Health and Human Services, 2013).

NOW THEREFORE BE IT RESOLVED THAT the Orange County Board of Commissioners joins with the Orange County Board of Health to request that the North Carolina General Assembly restore local control over tobacco policies by rescinding preemption; therefore, granting Orange County the legal authority to protect residents from known public health threats by enacting innovative, evidence-based policies such as an increase in the minimum sale age of tobacco products from 18 to 21. The lifting of preemption reinstates local capacity to develop public policy and revitalizes community debate, education and empowerment.

BE IT FURTHER RESOLVED that we also call on other Boards of Commissioners to request the restoration of local control over tobacco policies so as to better help prevent youth initiation.

This the 16th Day of June 2015.



Earl McKee, Chair
Orange County Board of Commissioners

References

- Centers for Disease Control and Prevention. (2014, February 14). *Smoking and Tobacco Use* . Retrieved January 8, 2015, from Youth and Tobacco Use : http://www.cdc.gov/tobacco/data_statistics/fact_sheets/youth_data/tobacco_use/
- Institute of Medicine. (2015). *Public Health Implications of Raising the Minimum Age of Legal Access to Tobacco Products*. Washington, DC: The National Academies Press.
- North Carolina Tobacco Prevention and Control Branch. (n.d.). *North Carolina Youth Tobacco Survey: Middle and High School Fact Sheet*.
- U.S. Department of Health and Human Services. (2013, April 5). *State Preemption of Local Authority to Engage in Evidence-Based Tobacco Control Policies*. Retrieved March 17, 2015, from NC Alliance for Health: <http://www.ncallianceforhealth.org/Media/Tobacco/North%20Carolina%20preemption%20LOE%204%2015%202013.pdf>
- U.S. Department of Health and Human Services. (2014). *The Health Consequences of Smoking-- 50 years of Progress: A Report by the Surgeon General*. Rockville: U.S. Department of Health and Human Services.
- Xu, X., Bishop, E. E., Kennedy, S. M., Simpson, S. A., & Pechacek, T. F. (2014). Annual Healthcare Spending Attributable to Cigarette Smoking. *American Journal of Preventative Medicine*, 48(3):326–33.

ORANGE COUNTY BOARD OF COMMISSIONERS

Whereas Orange County, North Carolina, is a community dedicated to the principles of equality, non-discrimination, and full inclusion and engagement by any resident in the civil rights, benefits and privileges of all residents; and

Whereas, legal rulings by the U.S. Supreme Court and the U.S. Court of Appeals have determined that the denial of equal rights for same-sex residents of North Carolina is unconstitutional, and that those residents have the right to marry; and

Whereas, in the wake of these rulings, the North Carolina Administrative Office of the Courts, has determined that the state's judicial magistrates, who are bound by their oath of office to "support the Constitution of the United States," cannot deny any same sex couple their constitutional rights to due process and equal protection by refusing such couples the right to marry; and

Whereas, members of the General Assembly have asserted that requiring magistrates to fulfill their statutory duties consistent with their oath to support the Constitution of the United States may conflict with an individual's personal beliefs; and

Whereas members of the General Assembly are considering legislation to exempt magistrates from fulfilling their statutory duties to comply with the U.S. Constitution, and to discriminate against same-sex couples seeking to marry; and

Whereas such legislation will violate the constitutional rights of our residents, and once again institutionalize discrimination and division through the laws of our state; and

Whereas, we respect the sincerely held religious beliefs of our residents, but are committed to the fundamental constitutional principle of the separation of Church and State, and insist, as James Madison wrote, that "The civil rights of none shall be abridged on account of religious belief."

NOW THEREFORE be it resolved:

That the Orange County Board of Commissioners is opposed to, and urges the General Assembly to reject any legislation, that seeks to exempt any government employee or agent from fulfilling their constitutional duties, including but not limited to guaranteeing the right to marry for same-sex residents of North Carolina; and

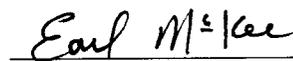
Be it further resolved:

That the Orange County Board of Commissioners deeply opposes discrimination, prejudice, and homophobia, and supports preserving and protecting the constitutional rights and equal treatment of all residents; and

Be it further resolved:

That, if this discriminatory legislation should pass, the Orange County Board of Commissioners directs the County Manager and County Attorney to collaborate with other governmental entities and community partners to directly participate in any litigation seeking to challenge such legislation.

This the 17th Day of March 2015.



Earl McKee, Chair

Orange County Board of Commissioners

NORTH CAROLINA
ORANGE COUNTY

RES-2016-024

RESOLUTION REGARDING
LEGISLATIVE MATTERS

BE IT RESOLVED by the Board of County Commissioners of Orange County that the Board hereby requests the Senator and Representatives representing Orange County to introduce and support the following legislative matter:

1. AN ACT TO FACILITATE ORANGE COUNTY JAIL CONSTRUCTION
(Exhibit A);

Upon motion of Commissioner Rosini seconded by Commissioner Jones, the foregoing resolution was adopted this the 5th day of April, 2016.

I, Donna Baker, Clerk to the Board of Commissioners for the County of Orange, North Carolina, DO HEREBY CERTIFY that the foregoing is a true copy of so much of the proceedings of said Board at a meeting held on April 5, 2016 2016 as relates in any way to the adoption of the foregoing and that said proceedings are recorded in Minute Book No. of the minutes of said Board.

WITNESS my hand and the seal of said County, this 13 day of April, 2016.



Donna Baker
Clerk to the Board of Commissioners

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

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BILL DRAFT 2015-MD-121 [v.5] (02/16)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)

Short Title: Facilitate Orange County Jail Construction. (Public)

Sponsors: Senator Foushee (Primary Sponsor).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW AMENDMENTS TO A LEASE OF REAL PROPERTY TO ORANGE
COUNTY TO FACILITATE JAIL CONSTRUCTION.

Whereas, Orange County plans to construct a new jail on property leased from the State; and

Whereas, restrictions in the lease create obstacles to the County's construction of a jail;

Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. Upon agreement by Orange County, the Department of Administration shall amend the land lease, recorded in book 6085 at page 494, Orange County Registry, to provide as follows:

- (1) That Orange County may grant a leasehold deed of trust, with a duration of up to 40 years from the original lease date, in the land and the buildings on the land.
- (2) That in the event of a default the mortgage holder may foreclose its security interest, evict the County from the premises, and put the property to an alternate use, including an alternate use that is unrelated to the operation of a jail.
- (3) That both the date for commencement of construction and the date for completion of construction and occupation shall be extended by 18 months from the dates set forth in the original lease.

SECTION 2. Notwithstanding Chapter 146 of the General Statutes or any other provision of law, the lease amendments described in Section 1 of this act shall not require Governor or Council of State Approval.

SECTION 3. Once the lease amendments described in Section 1 of this Act have been made, any term or provision of the lease that is contrary to the language of those amendments shall be deemed of no effect and the terms of the lease as amended shall control.

SECTION 4. The lease amendments required by this act shall be in such form as the Secretary of Administration, or the Secretary's designee, may approve.

SECTION 5. This act is effective when it becomes law.



100 Counties



One State

2015



Legislative Session

North Carolina Association
of County Commissioners

Guiding Principles and Legislative Goals

Government Relations Team



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Priority Goals

1 **HH-1:** Support continued state funding of Medicaid and support efforts by the state to provide healthcare access for all citizens.

2 **PE-1:** Seek legislation to restore the statutory requirement that 40% of the net lottery proceeds be allocated to counties for school capital needs and increase the annual appropriation of lottery funds until the 40% allocation is restored.

3 **PE-4:** Seek legislation to repeal the statutory authority under N.C. G.S. 115C-431(c) that allows local school boards to file suit against a county board of commissioners over county appropriations for education.

4 **GG-1:** Oppose any shift of state transportation responsibilities to counties.

5 **TF-1:** Oppose unfunded mandates and shifts of state responsibilities to counties.

Letter from the Executive Director

Dear County Official:

The goals that are included in this packet represent the culmination of a months-long process intentionally designed to engage all of our members in the creation of our goals.



EXECUTIVE DIRECTOR
KEVIN LEONARD

Almost every county participated by either submitting a proposal, having a representative on one of our seven steering committees that first reviewed the goals, or by sending a voting delegate to our Legislative Goals Conference. This year, we set records with more than 350 proposals submitted by 70 counties and affiliate groups, and 89 counties sent a representative to the conference.

This level of engagement is what makes our Association unique and sets us apart from other advocacy groups – we are truly the only organization in the state that can say we represent all the citizens of North Carolina. This status has enabled us to foster a positive working relationship with the Legislature. This partnership helps both groups enhance and improve the lives of the residents that we all represent.

It is vitally important for county commissioners to become active and engaged in our legislative process. While your Government Relations Team advocates on behalf of counties every day at the General Assembly, we rely on county commissioners to educate members of your local delegation about these goals.

Our philosophy is that locally elected county commissioners are our most effective advocates. When legislators are in Raleigh, hundreds of lobbyists are vying for their attention. When they return to their home county, away from the hustle and bustle of the legislative environment, your contacts and efforts will receive

their undivided attention. Invite them to a Board meeting, ask them to participate in a ground-breaking ceremony for a new county facility, or schedule a meeting with them to review the legislative goals and any important local needs you may have. These relationships matter.

The contacts you make at home will set the stage for our success at the state capital.

As always, thank you for all you do for our counties, and please let us know if the NCACC can provide assistance to you in any way.

A handwritten signature in black ink that reads "Kevin Leonard". The signature is written in a cursive, flowing style.

Kevin Leonard, NCACC Executive Director

NCACC Executive Committee



PRESIDENT
RONNIE BEAL
MACON COUNTY



PRESIDENT ELECT
GLEN WEBB
PITT COUNTY



FIRST VICE PRESIDENT
FRED MCCLURE
DAVIDSON COUNTY



SECOND VICE PRESIDENT
BRENDA HOWERTON
DURHAM COUNTY



PAST PRESIDENT
RAY JEFFERS
PERSON COUNTY



EXECUTIVE DIRECTOR
KEVIN LEONARD

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Core Values

NCACC Core Values

The Association recognizes counties' critical partnership with the state of North Carolina and promotes strategies that enhance state and county collaboration, communication, and cooperation.

Counties are an integral part of a strong intergovernmental system, along with municipalities, school boards, the state and the federal government. Cooperation and communication between all levels of government are essential in order to provide the best and most efficient services to citizens. Counties are the level of government closest to the people. The Association promotes strengthening of local decision-making to respond to local needs. Counties should be free to organize as appropriate for the efficient and effective delivery of services. Flexibility of form, function and finance is critical. A proper balance of service responsibility and revenue-generating authority is imperative. Essential services should be financed through state or federal revenues to ensure statewide availability and consistency. State-mandated services should be funded from state revenue sources; federally mandated services should be financed from federal revenue sources. Policy changes affecting counties should be preceded by fair and equitable negotiations. New initiatives should allow adequate lead time for implementation within the county budget schedule. The state should consider the resource limitations of counties when implementing new state and federal programs.

The Association will provide the Legislature and the public with information necessary for the passage of sound legislation beneficial to the administration of county government affairs, and will oppose legislation injurious thereto.

Agriculture Goals & Guiding Principles

Guiding Principles

- The Association supports local control over land-use decision-making and its impact on the agricultural community.
- The Association supports state policies providing local options and tools for the preservation of farmland, if they serve the best interest of all counties.
- The Association supports research, education and outreach with various public and private partnerships that result in agricultural development opportunities, sustainable initiatives producing low-cost food and energy that will, in turn, create healthy local economies.
- Agricultural issues related to the environment transcend governmental boundaries and require close coordination of policy and action by federal, state and local governments.
- Powers delegated to the counties for the protection of the public health are important for protecting the land and water resources that are vital for agricultural endeavors.
- The General Assembly should provide funds for any increased county responsibility related to animal control operations and/or facilities.

Goals

AG-1: Support state funding and staffing for agricultural research, Cooperative Extension services and other agriculture-related efforts to support the largest economic driver in North Carolina.

AG-2: Support legislation to authorize farmers to grow industrial hemp as a cash crop.

- Demand has grown for hemp for a variety of uses, such as fibers for upholstery and clothing, paper-type products, twine, and oil for lip balm.
- Hemp products are not illegal in North Carolina, but growing hemp is.
- Allowing hemp to be grown in North Carolina provides an additional crop for farmers and supports agriculture in our state.

Environment Goals & Guiding Principles

Guiding Principles

- Public policy on environmental protection must recognize that all physical human activities have an impact on the environment, and provide recognition that there must be a balance between those activities and the environment.
- Enhancements to the environment laws of North Carolina should be justified by verifiable scientific evidence and based on a clear rationale and purpose for regulatory change.
- State agencies responsible for developing administrative rules to implement federal and state policies should involve local governments in the process at the earliest stages of development and should proceed only after thorough analyses of health, environmental and fiscal risks and impacts.
- State agencies issuing permits for activities that affect the environment should give local governments ample opportunity to comment on proposed permits for consistency with local plans and policies.
- If state law delegates responsibility to local governments for implementing, monitoring and enforcing environmental policy, the state should provide optimum flexibility and discretion in setting fees at the local level to carry out these responsibilities.

Goals

ENV-1: Seek legislation to study and fund a comprehensive statewide approach to control invasive aquatic noxious weeds in the state's waters.

- This rapidly growing aquatic weed has spread among many of the state's lakes, inhibiting tourist and recreational activities and clogging water treatment plants. Eradication is expensive and difficult.

Environment Goals & Guiding Principles

ENV-2: Seek legislation to establish a mechanism for local governments to recover costs associated with providing services or reversing negative effects on the community related to the natural gas and oil exploration industry and coal ash storage.

- The Energy Modernization Act from 2014 prohibits local governments from assessing any tax (aside from property tax) on an individual or business engaged in energy mineral activities, and it provides no mechanism for local governments to access revenue from state taxes on the industry.
- The costs to local governments are difficult to determine with such a new industry in North Carolina, but counties need a means to recover potential costs such as employee time for deed and tax assessment changes, employee training, and emergency management activities.

ENV-3: Seek legislation to clarify that counties have the authority to establish by ordinance a program for the collection of residential recyclable materials and to charge fees to recover the costs.

- While some counties are running residential recycling programs, a resident has challenged the program in one county, and statutory authority is unclear. A clarification to the statute would remove any doubt as to such authority.

General Government Goals & Guiding Principles

Guiding Principles

- The Association recognizes the importance of the state-county partnership and its unique role in providing services to all citizens.
- The state should seek input from counties while developing rules and regulations that impact counties, particularly concerning property rights.
- Local general purpose governments are the building blocks for solving regional problems; regional approaches should be based on the need to strengthen and support local governments.
- Intergovernmental agreements should be used where appropriate to attain efficient performance, as determined by local elected officials.
- Encourage public-private partnerships when in the best interest of the citizens.
- Reserve federal action for those areas where state and local governments are not adequate and where continuing national involvement is necessary, e.g. national defense, provided resources are made available by the national government.
- All local government institutions should be engaged in developing and coordinating services to meet the needs of citizens. Counties will strive to maintain and enhance these partnerships.

Goals

GG-1: Oppose any shift of state transportation responsibilities to counties.

General Government Goals & Guiding Principles

GG-2: Support legislation, regulations and funding that would preserve local option and authority where needed to deploy community broadband systems and ensure community access to critical broadband services.

- Telecommunications companies are not providing high-speed Internet in areas with sparse population, and rural areas of the state without access to this service are increasingly at an economic and educational disadvantage.
- The towns of Wilson and Salisbury are the only local governments authorized to provide broadband services to their residents.
- Counties should be able to participate in developing infrastructure and providing broadband services to underserved areas.

GG-3: Support new or expanded state funding streams that will provide sufficient revenues to adequately fund the state's transportation infrastructure needs also to include coastal infrastructure, i.e. coastal storm damage reduction and shallow draft inlet maintenance.

- Transportation and other infrastructure needs in our rapidly growing state are far outpacing available resources to pay for them.
- Regardless of how transportation projects are prioritized, increased revenue will be necessary to meet more of these needs.

General Government Goals & Guiding Principles

GG-4: Support legislation to grant all counties the option to provide notice of public hearings and other legal notices through electronic means in lieu of required publication in any newspaper.

- Newspaper subscriptions have greatly decreased with more people getting their information from electronic sources.
- All counties now have Web sites and the ability to share legally required notices electronically.

GG-5: Seek legislation to authorize special elections in any year in which there is an election.

- Legislation in 2014 required local governments to hold special elections only during elections where all precincts are open, effectively limiting them to even-numbered years.
- This prevents counties from holding elections for revenue referendums in a time frame when funds are needed for a specific project.

GG-6: Oppose collective bargaining programs for local government employees.

GG-7: Seek legislation to amend NCGS 132-1(b), “Public Records” by changing “the people” to “its citizens.”

- A proliferation of voluminous public records requests from research entities and special interest groups out of state has consumed inordinate amounts of county staff time.
- This change would only require public records be provided to in-state residents or business entities, but would not prohibit counties from providing them to those outside the state.

General Government Goals & Guiding Principles

GG-8: Support adequately funding the North Carolina Military Affairs Commission so it may continue to address the statewide priorities it has established.

- The NC Military Affairs Commission received funding in the last budget to support the military presence in the state, coordinate with military leaders, economic developers and support groups, and prepare the state for the next BRAC round; however it is not supported by any recurring appropriations.

GG-9: Seek legislation to increase state funding of local county Veterans Service offices.

- Counties used to receive a small supplement for veterans affairs offices. This was eliminated in the last budget.
- With an increase of veterans returning from foreign conflicts, an increase in resources would help support state and local veterans service offices throughout the state.

Health & Human Services Goals & Guiding Principles

Guiding Principles

- The Association supports county, regional and state collaboration to improve agency automation and simplify programs, to streamline administration and to improve client interaction.
- The Association opposes earmarking of block grant funds, and supports increased funding for mandated services, provided the increases do not require additional county expenditures.
- Counties must be actively engaged in setting health and human services policy and program requirements. Programs should be flexible and recognize the state's changing demographics.
- Health and human services programs should encourage responsible behavior and should be targeted to those citizens least able to care for themselves. They should encourage families to be responsible supporters of their children and help individuals find sustainable, long-term employment.
- The state should take the lead in financing, implementing, maintaining, and supporting statewide automated systems; automation efforts undertaken by the state should connect and integrate with county automation initiatives.
- Members of county human service agency boards should be appointed by the boards of county commissioners.

Goals

HH-1: Support continued state funding of Medicaid and support efforts by the state to provide healthcare access for all citizens.

- The state historically required counties to fund a portion of all Medicaid service costs and required counties to fund all Medicaid administrative costs not reimbursed by the federal government. County Medicaid costs were outpacing property tax base growth, and most counties were spending more on Medicaid than for school capital needs.

Health & Human Services Goals & Guiding Principles

- North Carolina was the last state requiring county financial participation in all Medicaid services and in 2007, the General Assembly phased out the county funding participation in exchange for assuming ½ cent county sales tax. Counties continue to pay for Medicaid eligibility process and local program administration.

HH-2: Support the current model of public mental health administration, ensure adequate state funding for services and facilities at the local level, and structure appropriate county participation in governance.

- The state is restructuring community mental health services, converting existing local management entities into managed care organizations charged with overseeing a capitated funding model. The state has maintained these new structures within the public arena administered and controlled by public agencies.
- State and federal policy changes have reduced statewide resources to support crisis services, mental health management, and psychiatric hospital capacity, and the state is considering several models of care and administration moving forward in its Medicaid reform efforts.
- Counties seek a continued constructive voice in mental health policy and administration as partial funders of the public mental health system and as community representatives of mental health clients and their families.

Health & Human Services Goals & Guiding Principles

HH-3: Support legislation to adequately fund Public Health Services at the Local Health Department level for programs and services considered mandated and/or essential to the Public's Health under N.C. GS 130A-1.1 and 10A NCAC 46.0201.

- Public health in North Carolina is largely supported by county appropriations and service fees totaling about \$550 million. Federal grants offset \$45 million and the state funds less than \$100 million.
- North Carolina ranks 44th nationally in public health funding, with the state spending on average \$14.16 per person, compared to \$30.16 nationally. Public health administrators estimate that an additional \$30 million in state funding is needed to fund the state-mandated essential health services and programs.

HH-4: Support legislation to ensure adequate Medicaid reimbursement levels from the state to cover cost of services and use federal guidelines for determination of medical necessities.

- North Carolina has sought to contain rising Medicaid service costs by lowering provider rates, leaving fewer providers willing to treat Medicaid clients. Federal rules permit Medicaid coverage for EMS trips by defining medical necessity at the point of dispatch – North Carolina limits this coverage by defining medical necessity to the time of transport.

Health & Human Services Goals & Guiding Principles

HH-5: Oppose shifting or cutting money from federal and state block grants, including TANF, SSBG, CCDBG, HCCBG and WCH for mandated services.

- Counties have experienced an annual loss of \$36 million in federal welfare reform funds, and the state has eliminated its \$5.4 million annual appropriation in state aid to counties for social services, although some state aid dollars remain for county health expenses.
- The state has backfilled state budget cuts in childcare and other human services programs with federal dollars once designated for direct county programs.

HH-6: Seek legislation to improve financing and regulatory issues for the purpose of ensuring the viability of rural hospitals.

- Loss of Medicaid funding, rising health costs, and ongoing hospital consolidation threaten the viability of rural hospitals. To address this, several states have initiated a study commission to identify issues facing rural hospitals, such as Georgia's Rural Hospitalization Stabilization task force.

HH-7: Support Medicaid reimbursement to EMS for mental health and substance abuse transport to crisis centers.

- While state Medicaid rules allow Medicaid payment for medically necessary transports to hospitals, it does not permit it for ambulance transports to mental health crisis centers.
- The 2014-15 state budget authorized a pilot study of Wake County's mental health transports to determine what legislative changes and funding sources could support diversion of mental health crisis patients from emergency rooms to locations offering more appropriate care.

Health & Human Services Goals & Guiding Principles

HH-8: Seek legislation to require the NC Dept. of Health & Human Services to adjust the current accounting, reporting and expenditure requirements to allow counties to realize the full benefits from consolidation efforts as outlined in HB438.

- In 2012, the Legislature gave all counties the option to consolidate boards of social services and health, and consolidate agencies to manage human service delivery. Twenty-two counties have initiated some form of consolidation.
- To realize the full efficiencies afforded under consolidation, the traditional state oversight and funding processes must be modified to accommodate local organization improvements.

HH-9: Advocate for implementation of statewide case management system(s) for both Child Welfare and Adult Protective Services.

- North Carolina is one of eight states with a county-administered, state-oversight system of social services. North Carolina is the only state where the county is responsible for the full, non-federal share of income maintenance administrative costs. Since the state has had no incentives to build efficiencies, productivity tools have been limited to county-built stand-alone systems or through cumbersome mainframe applications.
- NCFAST, the state's comprehensive new case management system for counties, is expected to build out case management capabilities for child welfare and adult services.

HH-10: Oppose legislation that would weaken county management of nonemergency Medicaid transport.

- North Carolina counties sponsor a coordinated human services transportation network, serving veterans, elderly citizens, children in daycare, and Medicaid recipients within the

Health & Human Services Goals & Guiding Principles

same routes and in the same transport vehicle. All clients and programs share in the costs, resulting in per trip costs far below states with stand-alone networks.

- A private Medicaid transportation broker has sought assignment of the non-emergency medical transport for Medicaid-eligible clients, thereby removing the Medicaid rider and Medicaid funding stream from the coordinated transportation network.

HH-11: Advocate for adequate state funding for services to vulnerable older adults and disabled adults needing protective and public guardianship services.

- Statewide implementation of the LME/MCO model required LMEs to transfer public guardianships under their oversight to the county DSS agency in keeping with federal Medicaid policy. To offset county costs of assuming these new wards, the state budget set aside roughly \$4 million in federal block grants.
- While these funds may be sufficient for the guardianships transferred initially, there was no guarantee that new wards would be supported. Adequate state funding for adult services can allow participants to remain safely in their own homes and avoid more costly institutional placement.

HH-12: Seek legislation to reverse changes made to the childcare subsidy program available to working families.

- The 2014-15 state budget tightened eligibility standards for childcare subsidies and increased co-payments for program participants. Since eligibility changes for children currently enrolled do not become effective until the next annual eligibility review, the number of children affected is uncertain.
- Around 85,000 children currently receive childcare subsidies, with 18,000 awaiting placement.
- The program is financed primarily through federal, not county funds. Counties are responsible for local administration and eligibility determination.

Justice & Public Safety Goals & Guiding Principles

Guiding Principles

- The statewide judicial system, including effective ancillary services and programs, should be adequately funded and staffed in order to provide an efficient environment for judicial process and to instill public confidence in the justice system.
- Adjudication should be swift, in order to minimize overcrowding in county jails.
- Bonds should be reasonable, and effective pre-trial screening and population management efforts should be encouraged.
- Criminals should be held accountable and required to pay a greater portion of the state and county costs resulting from their crimes through increased jail fees, service of process fees, and court facilities fees.
- Effective prevention programs, alternatives to incarcerations and other related services should be supported in an effort to help reduce recidivism rates and lower county jail costs.

Goals

JPS-1: Seek legislation for greater flexibility in county governments' use of 911 funds and protect current funding streams.

- State law restricts the use of 911 funds primarily to equipment and furnishings within the building where the primary PSAP is located and generally excludes personnel, equipment or expenses associated with the dispatch of emergency call information from the PSAP.
- Restrictions on the use of 911 funds prevent county governments from enhancing all public safety responsibilities connected to emergency communications and Emergency Medical Services, and prevent counties from using funds allocated from the 911 fee on phone bills.

Justice & Public Safety Goals & Guiding Principles

JPS-2: Seek legislation to reimburse counties for participating in the Statewide Misdemeanant Confinement Program at the rate of \$75 per day.

- Currently, counties are reimbursed at a rate of \$40 per day for those inmates who are housed in county jail facilities pursuant to the SMCP.
- The actual cost to counties for the care, supervision, transportation and other needs associated with housing these inmates is approximately \$75 per day.

JPS-3: Support state funding for gang prevention, adolescent substance abuse and domestic violence prevention, intervention and treatment.

Public Education Goals & Guiding Principles

Guiding Principles

- The Association supports efforts to clarify state and county responsibility through legislation that recognizes the following:
 - the impact of changing technologies on basic educational needs and the job market of the future;
 - the impact of any changes on the facility needs of local school systems;
 - the need for county commissioners to have the authority to make sure funds appropriated for school facility needs are used accordingly; and
 - the challenges faced by counties, especially those near metropolitan areas, in balancing growth in school populations with stagnant county revenues.
- Taxing authority for local public education should be vested exclusively with boards of county commissioners.
- The state should define and support an adequate sound basic education in all local school systems and should appropriate adequate operating revenue to fully fund its education initiatives.
- Effective, standardized classroom technologies and innovations and uniform availability provide greater choice and improve education, and should be available to all public schools and community colleges.
- North Carolina's community colleges are critical components of the state's integrated efforts to prepare youth and adults for constructive participation in a constantly changing economy.

Public Education Goals & Guiding Principles

Goals

PE-1: Seek legislation to restore the statutory requirement that 40% of the net lottery proceeds be allocated to counties for school capital needs and increase the annual appropriation of lottery funds until the 40% allocation is restored.

- When the N.C. Education Lottery was enacted, 40% of the annual net proceeds were directed to the Public School Building Capital Fund for county school construction needs.
- Since 2010, the General Assembly has set the county lottery appropriation below the statutory 40% of the net proceeds and has appropriated a flat \$100 million, which now represents about 20% of the expected net proceeds.
- Consequently, counties have lost more than half a billion dollars in school construction funds since the recession, and have been forced to delay construction projects, use their emergency fund balances to make up the debt service losses, or to reduce funding for other essential services.

PE-2: Oppose shifting of the state's responsibility for replacement of school buses.

- Counties are responsible for the purchase of new school buses, either to service new schools or new routes. The state is responsible for bus replacement after 250,000 miles or 20 years in service.
- In 2011, the governor's budget proposed shifting school bus replacement to counties, which would result in a cost of approximately \$57 million to counties. The proposal was not included in the final state budget act.

Public Education Goals & Guiding Principles

PE-3: Support legislation to fully fund state-mandated education programs from state revenue sources.

- State law stipulates that counties are responsible for building, equipping and maintaining public school facilities and the state is responsible for funding salaries and school operations from state revenues.
- Counties supplement state funding for school operating expenses, and that amount continues to grow. During FY 2011-12, counties spent more than \$2.5 billion to augment state school operating dollars, leaving only \$700 million for maintenance and construction.

PE-4: Seek legislation to repeal the statutory authority under NC G.S. 115C-431(c) that allows local school boards to file suit against a county board of commissioners over county appropriations for education.

- G.S. 115C-431(c) expressly authorizes school boards to sue counties over “sufficiency” of current expense or capital funding levels, leaving courts to determine sufficiency.
- School boards are not expressly permitted to sue the state or federal governments for lack of sufficient funding, and no other entity is specifically granted this power to sue a taxing authority over funding sufficiency.
- This statutory authorization creates an adversarial relationship between the school boards and the boards of county commissioners and has cost taxpayers hundreds of thousands of dollars in legal fees and litigation expenses.

Public Education Goals & Guiding Principles

PE-5: Support realistic ADM Growth projections as part of the continuation budget.

- Since 1933, the Legislature has built student enrollment (ADM growth) estimates into the continuation budget for public education. The Legislature has eliminated that practice and, beginning in the 2015-17 biennium, will begin with a base budget that represents actual education expenditures from the prior year with no adjustment for enrollment growth.
- Consequently, school districts will have to wait until the Legislature passes a budget to know what additional money they will have to hire new teachers or fund other enrollment growth needs.

PE-6: Seek legislation to provide flexibility to local school districts to align public school and community college calendars.

- Currently, community college classes start in early August while public schools begin in late August.
- Flexibility would allow for more effective use of continuing technical education resources, allow public school students to take community college courses during their normal school day, and improve efficiencies combining community college students, early college students, and high school students for instruction.

Tax & Finance Goals & Guiding Principles

Guiding Principles

- The county revenue base should be broad and balanced, with authority to raise revenues from various sources, rather than being overly reliant on any single revenue source or overly burdensome on any one group of taxpayers.
- The Association opposes the redistribution of existing revenues; distribution of new tax sources should assess local needs, local funding efforts, and local funding capability.
- Any restructuring of county responsibilities should include restructuring of local revenue sources to meet those responsibilities.
- Counties should have the authority to generate optional revenues to meet public service needs, while being responsive to economic change.
- If statewide policy objectives result in reductions in local tax bases, the Legislature should reimburse county and municipal losses from state sources.
- Existing local revenue base exemptions and exclusions should be evaluated to see whether they have achieved the intended tax policy objectives. New or extended exemptions and exclusions should include a “sunset” date in their authorizing legislation.

Goals

TF-1: Oppose unfunded mandates and shifts of state responsibilities to counties.

TF-2: Support legislation to grow North Carolina’s statewide economy through sound state investments, including public infrastructure funding, competitive incentives, and coordinated efforts with county economic development services.

- a) **Adopt new approaches to economic development incentives to include rural counties**

Tax & Finance Goals & Guiding Principles

b) Restore the film and historic preservation tax credits

c) Maintain grant funding for rural infrastructure projects

- The change to North Carolina's economic development model that established a public/private partnership to oversee business recruitment and retention did not define the specific county role in economic development or coordination needed for integrating local efforts within the new state model.
- State tax reform efforts have eliminated targeted tax incentives to specific industries and rural areas, and budget reform efforts have discontinued targeted revenue streams to support public infrastructure and have substituted lesser state appropriations to fund infrastructure grants.

TF-3: Oppose legislation that erodes the existing local revenue base.

- Counties rely heavily on property taxes to fund federal and state mandated services, with property taxes making up on average 50% of county revenues.
- There are legislative attempts each session to create or expand property tax exemptions or exclusions, such as expansion of the elderly homestead exemption by raising the income eligibility threshold.

TF-4: Seek legislation to authorize local option revenue sources already given to any other jurisdiction.

- Several counties and municipalities have been granted individual legislative authority to levy special taxes, e.g. prepared meals sales taxes, land transfer fees on real estate transactions, impact fees on new development, and occupancy sales taxes on room and lodging rentals.

Tax & Finance Goals & Guiding Principles

TF-5: Support legislation to restore state aid funding of public libraries to the pre-2011 level of \$15.7 million and eliminate special provisions that distribute state aid outside of the equitable formula developed by the State Library Commission.

- State budget reductions have targeted state discretionary programs such as the State Aid to Public Libraries, decreasing funding therein by \$2.5 million since 2010.

TF-6: Seek legislation to expand local option sales tax by allowing for Board of Commissioners resolution or public referendum.

- With the exception of the most recent ¼ cent sales tax, the General Assembly has permitted all earlier statewide local sales tax levies to be implemented by county resolution or public referendum.

TF-7: Seek administrative or legislative solution to ensure accurate reporting of sales tax by county.

- State law requires a sourcing designation known as point of delivery. For purchases received at the seller's location, the sale is sourced to that address. For purchases received at the buyer's location, the sale of the product is sourced at that address.
- Some retailers rely on the 5-digit zip code to source the product to the purchaser's address, but the zip code area may cross county lines. Inaccurate sourcing may cause the retailer to credit one county for the sale while the actual address is in the neighboring county.
- Inaccurate sourcing issues can be compounded if the purchaser is a large non-profit. The sales tax credit may go to one county, but the refund request may be debited against the county in which the actual address is located.

Tax & Finance Goals & Guiding Principles

TF-8: Seek a legislative study of the impact to local government finances of exempting previously taxable properties from the property tax base when acquired by nonprofits.

- A changing health insurance and payment environment has led to the purchase of medical practices by the state's leading non-profit hospitals.
- Generally, the non-profit's tax exemption status conveys to those entities merged with the parent company. Stand-alone private medical practices subject to county property and sales taxes prior to purchase by the non-profit entity would be tax-exempt after consolidation, eroding the county tax base without a commensurate decrease in needed county services.

TF-9: Seek legislation to renew the study of compensation to counties for property acquired by the state and removed from the ad valorem tax base.

- Legislation in 2013 authorized a State Payment in Lieu of Taxes Study Commission to examine the development of a state PILT program to reimburse counties for housing state-owned, tax-exempt properties.
- No Senate appointments were made to initiate the study commission, whose authority terminated upon the convening of the 2015 General Assembly.

TF-10: Seek legislation to prevent title transfers of vehicles on which property taxes are owed.

- Under the current tax-tag together program, it is possible to transfer the title of a vehicle on which property taxes are still owed to another owner. This change would prevent transfers until the original owner pays the vehicle property taxes owed to the county.

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North Carolina General Assembly
Raleigh, NC 27601-1096

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Notes

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5 Priority Goals for 2015

1. Support continued state funding of Medicaid and healthcare access for all citizens
2. Reinstate lottery funds for school construction
3. Repeal authority for school boards to sue county boards
4. Oppose shift of state transportation responsibilities to counties
5. Oppose unfunded mandates and shifts of state responsibilities to counties