CHARLOTTE

CITY MANAGER'S OFFICE
M E M O R A N D U M

February 18, 2011

TO: Curt Walton, City Manager
Ron Kimble, Deputy City Manager

FROM: Dana Fenton, Intergovernmental Relations Manager

SUBJECT: **State Legislative Update**

HOT TOPIC

State Budget

Governor Perdue released her recommended FY 2012 and FY 2013 budgets on Thursday; facing a $2.4 billion deficit for FY 2012 and $2.0 billion for FY 2013, the budget closes the gap by reducing spending by $3.2 billion and netting an additional $1.4 billion in "revenue changes"; among the netted "revenue changes" is continuation of 0.75% of the 1% temporary state sales tax implemented in 2009 and reduction of the corporate income tax rate from 6.9% to 4.9%; included in the spending reductions is elimination of 10,000 state positions through a combination of attrition, layoffs, and early retirements.

DEVELOPING ISSUES

Balanced Budget Act of 2011 (SB 13 – Stevens)

Directs Director of the Budget to reduce current year General Fund expenditures in an unspecified manner to reach a goal of $400 million for use in the following fiscal year, and sweeps another $142 million from state accounts including nearly $80 million in non-recurring economic development funds; concern raised by Governor and economic development groups is that other states are investing more funds in economic development and that North Carolina projects not yet committed will be at a severe disadvantage; bill was subject of spirited debate in both the House and Senate; bill has passed both House and Senate and is heading to Governor's desk; **Charlotte Chamber of Commerce dropped its opposition to the bill after Speaker Tillis assured Chamber leaders that he is committed to keeping State competitive and that he will work proactively with other leaders in the legislature and state government to aggressively recruit jobs and investment to North Carolina; Governor is considering whether or not to veto the bill.**

Increasing Costs Prohibition (SB 22 – Brown)
Bills prohibits state agencies subject to the Administrative Procedures Act from promulgating rules and regulations that result in higher costs unless adoption of the rule is required to respond to one of the following: (a.) a serious and unforeseen threat to the public health, safety, or welfare; (b.) an act of the General Assembly or United States Congress that expressly requires the agency to adopt rules; (c.) a change in federal or State budgetary policy; (d.) a federal regulation; or (e.) a court order; expires January 1, 2013; passed Senate.

Partisan Elections for Supreme Court, Court of Appeals, Superior and District Courts (HB 64 – Sager / SB 47 – Tillman)
Bill would restore partisan elections for these judicial positions.

Eminent Domain/Economic Development (HB 8 – Stam / SB 37 – Jackson)
Proposed constitutional amendment would ban the use of eminent domain for any and all economic development purposes, even those that are incidental to the project; referred to Judiciary committees.

Increase Property Tax Appeals Efficiency (HB 43 – Carney / SB 55 - Clodfelter)
Legislation requested by Mecklenburg County to increase the size of the Board of Equalization in anticipation of the high number of property valuation appeals expected in 2011; General Assembly is aiming to get this bill through for the Governor's signature by early March so the County Commission may implement the necessary changes; **SB 55 passed Senate and sent to House.**

State Law to Provide for Acceptable ID's (HB 33 – Cleveland)
Specifies forms of identification that all governmental entities, including local governments are authorized to use to determine actual identity.

Public Contracts / Illegal Immigrants (HB 36 – Cleveland)
Legislation would prohibit state and local government contracts with those companies that employ illegal immigrants and require such contractors to use the federal E-Verify Program to ensure that illegal immigrants are not hired; contractors are starting to lobby the General Assembly regarding the additional costs and liabilities this legislation would impose upon businesses.

Municipal Broadband - Level Playing Field/Local Government Competition (HB 129 – Avila)
Bill takes up where 2010 SB 1209 (Hoyle) left off by imposing additional requirements for municipalities to follow when establishing broadband systems for use by the general public; there is a section that appears to exempt activities similar to what the City of Charlotte is envisioning with the public safety broadband system

Land Transfer Tax (HB 92 – Howard)
Bill would repeal the local option land transfer tax enacted in 2007.

LEGISLATIVE AGENDA

Design-Build (SB 56 – Clodfelter)
Legislation requested by the City introduced.

Right of Way Withdrawal
Nothing to report at this time.

Nuisance Abatement
Nothing to report at this time.

E-Mail Subscribers
Nothing to report at this time.

Energy
Nothing to report at this time.

Business Privilege License Tax
Nothing to report at this time.

Annexation (HB 9 – Dollar / SB 27 – Brock)
Similar bills would impose moratorium on all involuntary annexations currently in process until July 1, 2012; City's proposed annexations effective June 30, 2011 would be impacted; purpose of moratorium is to get all parties to the table to arrive at mutually satisfactory bill to run in 2012 General Assembly; concern expressed by localities is that moratorium will merely be extended annually like what has occurred in Virginia; **SB 27 reported out of Senate State and Local Government and re-referred to Senate Finance**

In an unprecedented move, three bills have been filed to repeal involuntary annexations previously authorized by Rocky Mount, Lexington and Kinston City Councils in 2008, 2009 and 2010; bills have retroactive effective dates of June 1, 2009 (HB 5), July 21, 2008 (HB 37) and July 21, 2008 (HB 37).

Courts Funding
Nothing to report at this time.

Mobility Fund
Governor's proposed budget provides $31 million in FY 2012 and $45 million in FY 2013, the amounts envisioned for FY 2012 and FY 2013 when the fund was established in 2010.

Local Revenue Sources for Roads and Transit
Nothing to report at this time.

Bill Filing Deadlines:

	Local	Public
Senate	To Bill Drafting by **March 1** Introduced by **March 9**	To Bill Drafting by **March 11** Introduced by **March 23**
House	To Bill Drafting by **March 16** Introduced by **March 30**	To Bill Drafting by **March 24** Introduced by **April 6** **Ten Bill Limit per Member**