CHARLOTTE

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

February 25, 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 February 18; 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; **House and Senate Appropriations subcommittees have been hearing presentations from state staff on proposed budgets and will be considering ways to shift monies to address specific issues; Transportation subcommittees are examining how to fill $300 million maintenance funding shortfall including considering cancellation of two turnpike authority projects (Garden Parkway and Mid-Currituck Bridge) and shifting gap funding to maintenance accounts; other projects may be at risk.**

DEVELOPING ISSUES

Balanced Budget Act of 2011 (SB 13 – Stevens) / Spending Cuts for the Current Fiscal Year (SB 109 - Stevens)
SB 13 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 the 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 vetoed the bill; since House does not have votes to overturn veto, SB 109 has been introduced calling for spending reductions of $537 million in the current year for funding of the FY 2012 budget; SB 109 does not spell out from where the funds are to be secured.**

Increasing Costs Prohibition (SB 22 – Brown)
Bill prohibits state environmental 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; **referred to House Environment.**

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 House and has been ratified (2011-1).**

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; **section of bill exempts internal government broadband systems that work within the jurisdictional boundary; sponsor has agreed to Charlotte's request to broaden exemption to regional systems so as to accommodate the public safety broadband system funded by the stimulus grant to serve regional public safety assets which will be operated by the City; Representative Carney was instrumental in convincing sponsor to accept City amendment.**

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
City staff has been working with Police Chiefs Association, League and Metro Mayors to line up sponsors of legislation.

E-Mail Subscribers
City and League staffs have been working with Representative Samuelson on legislation.

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; **Senator Clodfelter was able to get amendment in Senate Finance exempting Charlotte 2011 annexations from moratorium; however Senate Republican leadership received many complaints about "special treatment" for City from other cities and Senators and has sent bill back to Senate Finance to strip out Charlotte amendment; bill is expected to be heard in coming week.**

In an unprecedented move, several bills have been filed to repeal involuntary annexations previously authorized and implemented by Rocky Mount, Lexington, Kinston and other cities prior to 2010; **basis for exercising this power is Section 1 of Article VII of State Constitution giving the General Assembly the power to fix jurisdictional boundaries.**

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**