CHARLOTTE

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

March 11, 2011

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

FROM: Dana Fenton, Intergovernmental Relations Manager

SUBJECT: **State Legislative Update**

Changes from the last report are shown in **bold face** type.

HOT TOPIC

State Budget

Governor Perdue released 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, budget closes the gap by reducing spending $3.2 billion and netting additional $1.4 billion in "revenue changes"; among 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; **the North Carolina Department of Transportation Public Transportation Division presented its budgetary needs to the joint subcommittees on Wednesday, March 9 including information with respect to the Blue Line Extension**; **General Assembly will also be considering proposals to limit or eliminate the motor fuels excise tax based upon the perception that the tax is too high; any proposal has the potential to seriously impair the successful completion of transportation projects, and would potentially impact funding for local governments provided through the Powell Bill**

DEVELOPING ISSUES

Spending Cuts for the Current Fiscal Year (SB 109 - Stevens)
SB 109 calls 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 unlike the vetoed SB 13**;** SB 109 passed Senate; **reported favorably out of House Appropriations and is scheduled to be debated in House on March 15**.

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, 2012; passed Senate; **reported favorably out of House Environment and passed House.**

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.

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; reported favorably out of House Government and re-referred to House Judiciary.

Public Contracts / E-Verify (HB 36 – Cleveland)
Legislation prohibits state and local government contracts with those companies that employ illegal immigrants and requires 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.

Public Employees / Public Contracts / E-Verify (SB 204 – Allran)
Legislation requires counties and cities to use the federal E-Verify program to verify the work authorization of new employees; also requires that private entities contracting with counties and cities use the E-Verify program to verify the work authorization of its employees

Municipal Broadband - Level Playing Field/Local Government Competition (HB 129 – Avila / SB 87 - Apodaca)
Bill imposes 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 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 securing agreement on City amendment; **bill is expected to be amended and reported out of House Finance Committee week of March 15**

Land Transfer Tax (HB 92 – Howard / SB 226 - Tucker)
Bills would repeal the local option land transfer tax enacted in 2007; **HB 92 reported favorably out of House Finance and passed House.**

Billboards / Trees and Vegetation Removal (SB 183 – Brown / HB 309 LaRoque)
Billboard industry sponsored legislation that implements a set of statewide standards to maintain trees and other vegetation near billboards instead of the current practice of NCDOT enforcing local ordinances including the City's tree ordinance and zoning ordinance; proposed statewide standards enable the removal of trees and vegetation in state rights-of-way near billboards even though local ordinances may prohibit removal of such trees and vegetation; bill would also allow placement of billboards within one-hundred feet of other billboards whereas the current standard in the zoning ordinance is one-thousand feet; bill also allows current billboards to be replaced by digital billboards without regard to proximity to residential neighborhoods; bills referred to Transportation committees

Firearms in Locked Vehicles (HB 63 – Shepard)
Handgun Permit Valid in Parks and Restaurants (HB 111 – Hilton)
HB 63 takes away privilege of most employers to regulate whether employees can store firearms in personal vehicles on employer owned premises; HB 111 extends right of concealed weapons holder to carry concealed weapons into parks and restaurants; **HB 111 amended to authorize owners of restaurants to ban carrying of concealed weapons on their premises**; both bills referred to House Judiciary

Filling Vacancies in Local Offices (SB 266 – Clodfelter)
Legislation would standardize how vacancies in offices of mayor and city council, board of commissioners, coroners, register of deeds would be filled; for city councils with partisan elections, council would be required to consult the county executive committee of that political party and seek recommendations, and appoint one of those recommended if they are one of three or more unranked nominations; if there are fewer than three nominations, then council could make selection as it is currently done; referred to Senate Judiciary I

Extraterritorial Jurisdiction Restrictions (HB 281 – LaRoque)
Bill appears to allow residents of ETJ areas to vote in municipal elections; this would require redrawing of council districts to include the ETJ; referred to House Government

Sunshine Amendment (HB 87 – LaRoque)
Bill would approve vote of the people to amend the North Carolina Constitution to make it more difficult for the General Assembly to amend public records and open meetings laws by requiring three-fifths vote for passage instead of majority vote; essentially this would make it much more difficult for local governments to successfully seek amendments to the public records and open meetings laws; referred to House Rules

LEGISLATIVE AGENDA

Design-Build (SB 56 – Clodfelter)
SB 56 referred to Senate Finance

Right of Way Withdrawal
Nothing to report at this time.

Nuisance Abatement (SB 170 – Hartsell)
SB 170 referred to Senate Judiciary II

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 even though the City has already expended $5 million in support of annexation; 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 repeatedly 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 sent bill back to Senate Finance to strip out Charlotte amendment; bill amended to remove Charlotte exemption and **passed Senate on Monday, March 7**

Several bills have been filed to repeal involuntary annexations previously authorized and implemented by Rocky Mount, Lexington, Kinston, Wilmington, Goldsboro, Biltmore Lake, Roanoke Rapids and other cities; 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; Mobility Fund will be reviewed by joint subcommittees on Transportation on Wednesday, March 9

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**