



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

August 8, 2014

TO: Ron Carlee, City Manager
Ron Kimble, Deputy City Manager

FROM: Dana Fenton, Intergovernmental Relations Manager

SUBJECT: Week 13 State Legislative Report

Since the House and Senate finished up their work on August 2, the two chambers have been unable to agree on an adjournment resolution that schedules any extra sessions and the types of issues the General Assembly can take up. This leaves the resolution of issues such as Medicaid reform, coal ash management, revenue and economic development, and regulatory reform, left hanging. Accordingly, the regular session is still ongoing and both chambers must meet at least every fourth day to meet constitutional requirements. August 14th and 15th have been tentatively set aside to consider any vetoes from the Governor, but there isn't any indication that any vetoes are forthcoming.

State Budget: On August 7, the Appropriations Act of 2014 was signed into law (SB 744). Among the outcomes of SB 744 are:

- **Public Transportation** funding was maintained at levels agreed upon in 2013, which includes the State share for construction of the LYNX Blue Line Extension (\$25 million) and the State Maintenance Assistance Program that directs funding annually to Charlotte Area Transit System for bus and rail operations (approximately \$11 - \$12 million).
- **Film & Entertainment Grant Fund** is appropriated \$10 million for the period from January 1, 2015 through June 30, 2015. Intended as a replacement for the Film Production Credit, which expires January 1, 2015, the new grant fund is widely considered to be a diminution of the State's commitment to the industry. The film production industry is still trying to extend a modified film production credit program (see SB 763 below), which was enacted in 2010 and is credited with catapulting North Carolina into the top tier of film producing States.

Coal Ash Management Act of 2014: SB 729 is still in conference committee.

Regulatory Reform: The measures the City is monitoring are:

- **2014 Amend Environmental Laws (SB 38)** was passed by the House in late June and was sent back to the Senate for concurrence, but the Senate instead is holding it in the Clerk's Office. SB 38 contains provisions related to repeal of the unanimous vote requirement for certain local environmental ordinances, agency review of engineering work, wetlands, and gravel.
- **Health and Safety Regulatory Reform (SB 493)** passed the House in late June and was referred by the Senate to the Senate Ways and Means Committee where it has not been acted upon. SB 493 contains provisions related to pharmacy and autism health insurance coverage benefits and animal euthanasia requirements.
- **Regulatory Reform Act of 2014 (SB 734)** passed the House in late June and conferees were appointed in late July. The sections the City is monitoring include "quick take" condemnation changes, design and aesthetic controls, and protest petitions.
- A second **Regulatory Reform Act of 2014 (HB 761)** was amended by the Senate to include provisions from the House passed versions of SB 38, SB 493 and SB 734 and was headed to a floor vote but then was re-referred to the Senate Rules Committee on July 30. HB 761 does not include the sections of SB 734 being monitored by the City.

Revenue and Economic Development: The measures the City is monitoring are:

- **Local Sales Tax Options / Economic Development Changes (HB 1224)** caps the local sales tax rates of Wake, Guilford, Forsyth and Mecklenburg Counties at 2.75%, but only if voters in those counties approve a 0.25% sales tax in a November 2014 referendum. If not approved, those counties maximum local sales tax rate is capped at 2.5%. HB 1224 also includes several economic development measures the Administration is seeking including a new closing fund, which is needed to attract a major corporation to southeast North Carolina. The conference committee met to resolve differences between the House and Senate versions of HB 1224, which the Senate agreed upon but the House re-referred the conference report to House Rules.
- **Revenue Laws Technical and Other Changes (SB 763)** is typical session-ending legislation making technical changes to revenue laws of the State. Due to the differences over HB 1224, the House amended some of the economic development measures from HB 1224 and extensions of the film production and historic rehabilitation tax credits into SB 763. The Senate then referred SB 763 to the Senate Rules Committee.