



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

June 6, 2014

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

FROM: Dana Fenton, Intergovernmental Relations Manager

SUBJECT: Week 4 State Legislative Report

The City of Charlotte was well represented at Town Hall Day on June 4. Councilmembers Ed Driggs, John Autry, Greg Phipps and Kenny Smith, City Manager Ron Carlee, City Attorney Bob Hagemann, City Manager's Office Business Manager Wilson Hooper, and Intergovernmental Relations Manager Dana Fenton attended Town Hall Day activities. They met with various members of the Delegation to discuss issues of importance to the City and attended a dinner for the Delegation hosted by the Mecklenburg towns and City of Charlotte. The Senate has agreed upon a proposal to reform the film production credit program, which was incorporated into that chamber's version of legislation to restructure the State's economic development function from a State agency to a public-private partnership. The House began its work on the State Budget this week with appropriations subcommittees receiving briefings on the proposals put forth by the Governor and the Senate. Next week, the House is expected to release its budget recommendations and pass its budget bill by Friday, June 13. The Senate would then have to agree with the House prior to a budget proposal being sent to the Governor. At this time next week, we should have a clearer idea of whether the two chambers can agree upon a budget quickly and when the session might potentially adjourn.

High priority issues the City is following include:

Film Production Credit: There are now three proposals on the table to reform the film production credit program: HB 1142 (Hamilton) repeals the sunset date of the film refundable tax credit program and raises the minimum threshold for qualifying expenses from \$250,000 to \$300,000 before a production is eligible for the credit; the Governor's plan to establish the Motion Picture Production Tax Credit and Motion Picture Production/Postproduction Facility Tax Credit programs; and SB 743 (Brown) that establishes the Film and Entertainment Grant Fund, which will be voted upon by the Senate on June 9. SB 743 has already received a

lukewarm reception from the film production industry as it widely viewed as not providing the framework to maintain North Carolina's standing as one of the top tier States for film production. Among the criticisms is that the General Assembly would have to make annual appropriations, which takes away the certainty needed by production companies that the credit will be available, and that the maximum payouts would be set at \$5 million for film and TV productions while the current maximum payout is \$20 million per production. The City supports the continuation of the film refundable tax credit program.

Transit: The Senate budget (SB 744) that is being considered by the House proposes a 4% reduction for the Public Transportation Division of the NC Department of Transportation. The Division allocates funds to transit agencies through the State Maintenance Assistance Program to underwrite a portion of operating expenses, for which Charlotte Area Transit System receives approximately \$11.7 million per year. The Division also funds the State share of construction of the LYNX Blue Line Extension. At the House Appropriations Subcommittee for Transportation meeting this week, staff stated that the intent of the amendment was not to target the LYNX Blue Line Extension. Recognizing that the State has entered into a commitment to pay its share of the construction of the LYNX Blue Line Extension, the Senate intended for NCDOT to determine where to allocate the proposed 4% reduction while meeting this commitment. The General Assembly agreed in 2012 to appropriate \$25 million annually for the project until its commitment to fund 25% of the project costs have been met. This commitment requires annual appropriations from the State to the project through FY 2023.

Other issues the City is following include:

Tree Removal, Replacement and Preservation: HB 1191 (Dixon) is Agriculture and Forestry Awareness Commission requested legislation that would, among other things prohibit local governments from regulating the "removal, replacement, and preservation of trees on private property within its jurisdiction". Considerable opposition to this proposal has been generated from all over the State. It is expected that the tree related provisions will be removed if and when the bill is heard in the House Agriculture Committee. The City supports removal of this provision from HB 1191. North Carolina local elected officials from towns and cities received assurances on Town Hall Day, June 4, that this section would be removed from the bill.

Energy Modernization Act: SB 786 (Rucho) is the Joint Legislative Commission on Energy Policy bill that addresses a broad range of energy issues. SB 786 was signed into law by the Governor. The signed version includes the provision for a study of local government property tax revenues for presentation to the 2015 General Assembly.

Regulatory Reform: SB 734 passed the Senate on May 29 and has been referred to the House Regulatory Reform Committee. SB 734 was introduced as the Environmental Review Commission legislation to repeal the unanimous vote requirement for certain local environmental ordinances. It has since been transformed by the Senate from a one page bill covering just the Environmental Review Commission recommendation into an omnibus style regulatory reform bill of more than 60 pages.

Coal Ash: SB 729 (Apodaca) / HB 1229 (Samuelson) are identical versions of the Governor's Coal Ash Action Plan. SB 729 was heard in Senate Agriculture / Environment / Natural Resources on June 5 but no action was taken. SB 856 (Woodard) / HB 1226 (Harrison) requires all coal ash ponds to be closed at a date certain time, coal ash must be stored onsite in lined landfills, and disallows passing on closure costs to ratepayers.

Zoning / Design and Aesthetics Controls: HB 150 (Dollar) is the design and aesthetics control legislation passed by the House in 2013. HB 150 would prohibit local governments from requiring certain building design elements (i.e. design standards) for one- and two-family dwellings. If HB 150 is enacted, Council would no longer be able to consider design standards when evaluating conditional zoning petitions. Oftentimes, incorporation of design standards into conditional zoning petitions enable neighboring property owners to support such petitions. HB 150 is currently in the Senate Rules Committee. The City opposes HB 150.