Intergovernmental Relations Committee
Monday, April 22, 2019 at 1:00 pm
Charlotte-Mecklenburg Government Center
Room 280

Committee Members: Tariq Bokhari, Co-Chair
Larken Egleston, Co-Chair
Dimple Ajmera
LaWana Mayfield
James Mitchell

Staff Resources: Jason Kay
Dana Fenton

AGENDA

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Co-Chair</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>Call to Order &amp; Introductions</td>
<td></td>
<td>2 minutes</td>
</tr>
<tr>
<td>II.</td>
<td>Federal Legislative Update</td>
<td></td>
<td>10 minutes</td>
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<tr>
<td>III.</td>
<td>State Legislative Update</td>
<td></td>
<td>40 minutes</td>
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<tr>
<td></td>
<td>• Presentation attached (revised)</td>
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<td>IV.</td>
<td>Committee Discussion</td>
<td></td>
<td>5 minutes</td>
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<td>V.</td>
<td>Upcoming Opportunities</td>
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<td>2 minutes</td>
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<td></td>
<td>• NCLM City Vision 2019: May 14 – 16, Hickory</td>
<td></td>
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<td>VI.</td>
<td>Upcoming Committee Meetings</td>
<td></td>
<td>1 minute</td>
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<tr>
<td></td>
<td>• Monday, May 20, 2:00 pm, Room 280</td>
<td></td>
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<tr>
<td></td>
<td>• Monday, June 17, 2:00 pm, Room 280</td>
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<table>
<thead>
<tr>
<th>Items</th>
<th>Intergovernmental Relations Committee</th>
<th>City Council</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Discussion / Information</td>
<td>Adoption / Recommendation</td>
</tr>
<tr>
<td>State Legislative Update</td>
<td>May 20</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>June 17</td>
<td></td>
</tr>
<tr>
<td>Federal Legislative Update</td>
<td>May 20</td>
<td>--</td>
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<tr>
<td></td>
<td>June 17</td>
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State Legislative Update
Intergovernmental Relations Committee
April 22, 2019

OVERVIEW

Developing Issues

2019 State Legislative Agenda

Next Steps
STATE BUDGET

- Expecting the House of Representatives to release its proposed State biennial budget for State FY 2019-2020 and State FY 2020-2021 by the end of April
  - About two weeks earlier than “normal” during a General Assembly long session

- Expecting the overall total expenditure amount for the upcoming State FY 2019-2020 General Fund budget to be approximately $24.0065 billion
  - 3.45% increase from current State FY 2018-2019 budget
  - Does not include debt service

SALES TAX REDISTRIBUTION

- Simplifying NC Local Sales Tax Distribution
  - SB 650 (Brown – Onslow)
  - Changes methods by which the three core sales and use taxes are distributed to cities and counties
  - Revenues from Medicaid Hold Harmless payment and Transit Fund sales and use tax are unaffected

- Four major parts of SB 650
  - Moves to 50/50 per capita/point of destination
  - Eliminates the adjustment factors
  - Eliminates the redistribution of the Repair, Maintenance and Installation 2015 sales tax base expansion to rural counties
  - Adjusts the food sales tax distribution
### Current Distribution Methods

<table>
<thead>
<tr>
<th>Article 39 One-Cent</th>
<th>Article 40 First One-Half Cent</th>
<th>Article 42 Second One-Half Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation Method</td>
<td>100% Point of Destination</td>
<td>100% Per Capita</td>
</tr>
<tr>
<td>Adjustment Factor</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Mecklenburg = 0.89)</td>
</tr>
<tr>
<td>Distribution of 2015 Sales Tax Base Expansion</td>
<td>First $95 million withheld from all 100 counties and redistributed to 79 counties</td>
<td></td>
</tr>
<tr>
<td>Food Sales Tax Distribution</td>
<td>50% per capita / 50% actual distribution in FY 1998</td>
<td></td>
</tr>
<tr>
<td>FY 2018 Revenues</td>
<td>$61.3 million</td>
<td>$19.8 million</td>
</tr>
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</table>

### SB 650 Proposed Distribution Methods

<table>
<thead>
<tr>
<th>Article 39 One-Cent</th>
<th>Article 40 First One-Half Cent</th>
<th>Article 42 Second One-Half Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation Method</td>
<td></td>
<td>50 / 50</td>
</tr>
<tr>
<td>Adjustment Factor</td>
<td>No</td>
<td>Repealed</td>
</tr>
<tr>
<td>Distribution of 2015 Sales Tax Base Expansion</td>
<td>50 / 50</td>
<td>Per Capita / Point of Destination</td>
</tr>
<tr>
<td>Food Sales Tax Distribution</td>
<td>50 / 50</td>
<td>Per Capita / Point of Destination</td>
</tr>
</tbody>
</table>
OTHER DEVELOPING ISSUES

• Water / Wastewater Public Enterprise Reform
  ➢ HB 570 (McGrady – Henderson) / SB 536 (Newton – Cabarrus)
  ➢ Addresses financial viability of water and wastewater systems
  ➢ Funded by fixed-fee $1.00 surcharge on each water and wastewater account of utility operated by unit of local government

• Revisions to Outdoor Advertising Laws
  ➢ HB 645 (Saine – Lincoln) / SB 534 (Edwards – Henderson)
  ➢ Concerns center around relocation of outdoor advertising structures to commercially zoned areas without input of the community

OTHER DEVELOPING ISSUES (CONT.)

• NC Consumer Fireworks Safety Act
  ➢ HB 615 (Szoka – Cumberland) / SB 566 (Gunn – Alamance)
  ➢ Allows sale of consumer grade fireworks in North Carolina, the same as which are sold in South Carolina

• Clarify Property Owners’ Rights
  ➢ SB 367 (McInnis – Richmond)
  ➢ Requires that any local tree ordinance must be authorized by local legislation
    o City has local legislation from 1975
  ➢ Introduced version was damaging to tree canopies, including for cities and counties with local legislation
  ➢ Substitute version has no practical effect on the City's tree ordinance
2019 STATE LEGISLATIVE AGENDA

• Affordable Housing
  ➢ Clarify State law to expressly authorize providing financial assistance to low and moderate income persons for displacement assistance and gentrification mitigation
  ➢ City legislative request is included in the Municipal Omnibus bill
    o HB 557 (Ross – Alamance / Adcock – Wake)
    o SB 504 (McKissick – Durham / T. Alexander – Cleveland)
    o Sponsors are the Chairs of the General Assembly’s Municipal Caucus
  ➢ HB 557 received serial referrals to House State & Local Government, Finance and Rules Committees
  ➢ SB 504 referred to Senate Rules Committee

2019 STATE LEGISLATIVE AGENDA (CONT.)

• Citizens Review Board
  ➢ Secure subpoena power for the Citizens Review Board
  ➢ City requested legislation is HB 465 (Autry – Mecklenburg)
    o Serial referrals to House Judiciary, State and Local Government, and Rules
  ➢ HB 916 (McNeill – Randolph) is statewide legislation addressing statewide standards for the establishment and operations of Citizens Review Boards
    o Express prohibition on use of subpoena power
2019 STATE LEGISLATIVE AGENDA (CONT.)

• Commercial Service Airport Improvements
  ➢ Transition occasional annual funding to sustained funding for capital improvements at North Carolina’s commercial service airports
  ➢ Sustained funding is authorized in HB 206 (Torbett – Gaston)
    o Passed House 111 – 0
    o Referred to Senate Rules Committee
    o Sponsor is Chair of House Appropriations Subcommittee on Transportation
  ➢ Anticipate seeing funding in House Budget

• Minimum Housing Standards
  ➢ Support legislation strengthening North Carolina minimum housing standards including extending the authority to local governments to conduct testing for and enforcement of remediation of mold
  ➢ Anticipate filing of legislation this week by Rep. Beasley

• Stormwater Management
  ➢ Secure modifications to Section 26(b) of S.L. 2018-145 that enable the City to continue to meet its obligations under the Federal Clean Water Act related to the redevelopment provisions under the City’s Post Construction Stormwater Ordinance
  ➢ Working collaboratively with NC League of Municipalities and other cities and counties
• **NC Search and Rescue Teams**
  - Transition occasional annual funding to sustained funding in support of North Carolina Search & Rescue Teams
  - HB 159 (Davis – New Hanover) / SB 396 (Sanderson – Pamlico)
    - Sponsors are Chairs of House and Senate Appropriations Subcommittees on Justice and Public Safety
  - HB 159 reported out of House State and Local Government
    - HB 159 has additional referrals to House Committees of Appropriations on Justice and Public Safety, Appropriations, and Rules
    - Anticipate seeing funding in House Budget

• **Out-of-State Law Enforcement Officers**
  - Secure authorization to utilize out-of-state law enforcement officers during the 2020 Republican National Convention
  - SB 191 (Waddell and Bishop – Mecklenburg)
    - Passed Senate 46 – 0
    - Referred to House Committee on Rules
NEXT STEPS

• Continue monitoring local priorities and progress of developing issues
  ➢ Senate bill filing deadlines have passed
  ➢ Last House bill filing deadline is April 25
  ➢ Crossover is May 9

• At next meeting on May 20, staff will bring to the Committee bills requiring City action

CALENDAR

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>April 18 – 24</td>
<td>House Vacation</td>
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<tr>
<td>April 22 – 26</td>
<td>Senate Vacation</td>
</tr>
<tr>
<td>April 25</td>
<td>House Public, Appropriations or Finance bill filing deadline</td>
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<tr>
<td>May 9</td>
<td>Crossover</td>
</tr>
<tr>
<td>May 20</td>
<td>Intergovernmental Relations Committee meets</td>
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<tr>
<td>June 17</td>
<td>Intergovernmental Relations Committee meets</td>
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<tr>
<td>July 1 – 6</td>
<td>House Vacation</td>
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