CHARLOTTE

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

February 11, 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 announced that the FY 2012 budget shortfall had been reduced from $3.7 billion to $2.7 billion, due to $700 million in revenue growth, $200 million from reduced Medicaid costs, $50 million from State Health Plan savings and another $50 million in various savings. The Governor is expected to release her proposed budget within the next two weeks. Meanwhile, House and Senate Appropriations Committees' subcommittees have been meeting jointly three days a week in order to hear presentations from State agencies on various budgetary issues. This schedule will continue for at least the next week.

DEVELOPING ISSUES

Balanced Budget Act of 2011 (SB 13 – Stevens)
Act 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; bill is opposed by the North Carolina Economic Developers Association and Charlotte Chamber of Commerce for the sweeping of economic development funds that have not been committed to projects; concern 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.

Increasing Costs Prohibition (SB 22 – Brown)
Bills prohibits state agencies subject to the Administrative Procedures Act from promulgating rules and regulations that results 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.

Partisan Elections for Supreme Court, Court of Appeals, Superior and District Courts (SB 64 – Sager / HB 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.

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.

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**

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
Nothing to report at this time.

E-Mail Subscribers
Nothing to report at this time.

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.

In an unprecedented move, three bills have been filed to repeal involuntary annexations previously authorized by Rocky Mount, Lexington and Kinston City Councils in 2008, 2009 and 2010; bills have retroactive effective dates of June 1, 2009 (HB 5), July 21, 2008 (HB 37) and July 21, 2008 (HB 37).

Courts Funding
Nothing to report at this time.

Mobility Fund
Nothing to report at this time.

Local Revenue Sources for Roads and Transit
Nothing to report at this time.