CHARLOTTE

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

March 4, 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 will be presenting Public Transportation budgetary needs to the joint subcommittees on Wednesday, March 9; the Chairs of the joint subcommittees have explicitly requested information on the State funding requirements with respect to the Blue Line Extension.**

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 and has been sent to the House.**

Increasing Costs Prohibition (SB 22 – Brown)
Bills prohibits state environmental 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, 2013; passed Senate; referred to House Environment

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)
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 by House Finance Committee.**

Land Transfer Tax (HB 92 – Howard)
Bill would repeal the local option land transfer tax enacted in 2007; **reported favorably out of House Finance.**

Vegetation Removal / Billboards / State Highways (SB 183 – Brown)
Billboard industry sponsored legislation that sets very specific conditions on how vegetation may be maintained and places authority for permitting of such activities with North Carolina Department of Transportation, broadens the conditions allowing billboards along interstate and primary highway routes, and sets conditions for how permit violations are addressed; referred to Senate Transportation

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; both bills referred to House Judiciary

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; 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; 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 has sent bill back to Senate Finance to strip out Charlotte amendment; **bill amended to remove Charlotte exemption and is up for final vote in Senate on Monday, March 7**

In an unprecedented move, several bills have been filed to repeal involuntary annexations previously authorized and implemented by Rocky Mount, Lexington, Kinston and other cities prior to 2010; 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**