FORSYTH COUNTY
BOARD OF COMMISSIONERS

MEETING DATE: February 11, 2013 **AGENDA ITEM NUMBER:** 13

SUBJECT: Resolution in Support of Legislative Goals Adopted By the Membership of the North Carolina Association of County Commissioners

COUNTY MANAGER'S RECOMMENDATION OR COMMENTS:

SUMMARY OF INFORMATION: See Attached

ATTACHMENTS: [X] YES [ ] NO

SIGNATURE: ____________________ **DATE:** February 6, 2013

COUNTY MANAGER

RESOLUTION IN SUPPORT OF LEGISLATIVE GOALS ADOPTED BY THE MEMBERSHIP OF THE NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS

WHEREAS, the North Carolina Association of County Commissioners (NCACC) was founded in 1908 as a membership organization to represent the interests of counties before the General Assembly; and

WHEREAS, all 100 counties are voluntary members of the North Carolina Association of County Commissioners, making the NCACC the official voice of North Carolina counties; and

WHEREAS, every two years, the membership of the NCACC develops and approves a package of legislative goals designed to protect and enhance the interests of county governments and the citizens who live in our 100 counties; and

WHEREAS, the process of generating this package of legislative goals is deliberate and inclusive and provides extensive opportunities for counties to be involved; and

WHEREAS, Forsyth County is an active participant within the NCACC and participated in the process of developing the attached legislative goals; and

WHEREAS, more than 200 county officials representing 88 counties gathered in Durham County on Jan. 24-25, 2013, and debated and ultimately approved 60 proposals submitted by counties to be included in the legislative goals package; and

WHEREAS, the attached goals represent the collective wishes of all 100 counties;

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby supports the attached legislative goals, consisting of 14 pages, adopted by the NCACC membership at its 2013 Legislative Goals Conference.

BE IT FURTHER RESOLVED that copies of this resolution be transmitted to the members of the N.C. General Assembly representing Forsyth County to let them know of the Board's support for these issues.

Adopted this the 11th day of February 2013.

North Carolina
Association of County Commissioners

Top Five Goals for 2013-14

1. Oppose shift of state transportation responsibilities to counties
2. Reinstate ADM and lottery funds for school construction.
3. Oppose unfunded mandates and shifts of state responsibilities to counties.
4. Ensure adequate mental health funding.
5. Preserve the existing local revenue base.

Agriculture Legislative Goals

AG-1: Adequately fund agricultural research and extension services.
Support legislation to fund the agricultural and research extension offices through the University of North Carolina system, principally at N.C. State University and N.C. A&T State University. Extension offices are located throughout the state and facilitate programs that assist residents in a wide variety of programs focused on agricultural economic development. Adequate funding of these programs benefits the agriculture economy in every county.

AG-2: Support and promote conservation of working lands and farmland preservation.
Support legislation to promote and preserve working farmlands by including these lands in the state tourism plan, by retaining the current authority for the present use value system, by maintaining funding for the Ag Development and Farmland Preservation Trust, and by exploring the impacts of transfer of development rights.

Environment Legislative Goals

ENV-1: Restore state funding and responsibility for river basin monitoring, streamline rulemaking, and enhance regional cooperation.
Support legislation to enhance monitoring for all river basins in North Carolina and review the rule-making process to enhance regional cooperation. Increased monitoring would allow jurisdictions to better assess compliance with water quality rules and, over time, allow the Division of Water Quality to make better decisions regarding future promulgation of water-quality rule making.
Seek legislation to streamline local water supply reservoir permitting without sacrificing the scientific rigor of Environmental Impact Assessment and ensure adequate opportunities for public and local official comment. North Carolina is a fast-growing state that has already experienced drought-related challenges to its water supply, impacting both quantity and quality. It is likely that many new sources of drinking water will be needed to meet future demand, yet the timetable to bring a new water reservoir on line can take years, even decades, to satisfy all the environmental permitting requirements mandated by the state.

ENV-2: Eliminate requirement for a 10-year solid waste management plan and add a requirement in the Solid Waste Management and Facilities annual report for long-term planning.
Support legislation to eliminate the statutory provisions requiring units of local government to prepare 10-year solid waste management plans in order to simplify the process, reduce costs and produce results more relevant for local governments. Currently, a 10-year plan and any changes to it, including mandatory three-year updates, must often be approved by multiple units of government, even those that may not utilize local waste disposal facilities. The original and primary reason for requiring 10-year plans was to measure remaining landfill space to ensure future space availability. Other state rules require an annual survey of all landfill facilities to calculate remaining space and, with modern Geographical Information Systems, there is no need for the 10-year plan to duplicate this effort.

ENV-3: Authorize some county oversight of bio-solids application.
Support legislation that provides county governments some opportunity to regulate and/or have input into, but not prohibit, bio-solids application activities, including the acceptable "classes" of bio-solids for application and the prohibition of bio-solids application in certain environmentally sensitive areas such as critical watersheds. The appropriate application of bio-solids for agricultural use should be allowed with counties playing a role in the process.

ENV-4: Modify spray irrigation systems classification for volunteer fire departments.
Support legislation to change North Carolina Division of Water Quality (DWQ) wastewater system classification rules that currently classify a spray irrigation system such as one utilized by volunteer fire departments as "commercial." When the flow generated by the system is domestic quality/non-industrial process wastewater, the system should be held to the same monitoring and testing standards as a residential wastewater system under DWQ jurisdiction. In the alternative, volunteer fire departments should also be excluded entirely from the "commercial" classification. The annual inspections and testing costs associated with a "commercial" designation for a spray irrigation system serving a volunteer fire department can be several thousands of dollars. Accounting for the type of flow actually treated by a system rather than assigning a blanket "commercial" designation to the system would significantly reduce volunteer the annual costs for fire departments across the state, saving taxpayer dollars supporting these services.

ENV-5: Monitor and protect counties from negative fiscal and environmental impacts caused by natural resource extraction and oppose removal of Virginia's ban on uranium mining.
Support state legislative and regulatory actions to protect county budgets and services from any negative impacts resulting from natural resource extraction. The state is moving forward in exploring new means of, and additional locations for, natural gas extraction. Such activities have the potential to affect county government operations and quality of life in impacted areas, and therefore could increase county service costs.

Health & Human Services Legislative Goals

HHS-1: Ensure adequate mental health funding.
Seek legislation to ensure that state-funded mental health, developmental disability, and substance abuse services are available, accessible and affordable to all residents and that sufficient state resources fund service provision costs inclusive of sufficient crisis beds and supportive housing. While North Carolina counties largely fund social services administration and health services, the state has been traditionally responsible for mental health expenses.
The state is undertaking a massive restructuring of community mental health services, converting and merging existing local management entities into managed care organizations charged with overseeing a capitated model of funding. State budget cuts and federal policy changes have reduced statewide resources to support crisis services, chronic mental health management, and state psychiatric hospital capacity. Policy changes have shifted public guardianship responsibilities from LMEs to county social services staff.
The state has purchased local hospital beds set aside for the mentally ill, but additional funding is needed for increased bed capacity. Recent federal action to relocate adult care home residents suffering from mental illness to community-based housing will require increased and sustained state funding to build local supportive housing resources and wrap-around services.

HHS-2: Retain county management of nonemergency Medicaid transport.
Seek legislation that allows counties to retain the management and coordination of Medicaid nonemergency medical transportation services. A special provision in the 2013 State Appropriations Act directed the N.C. Department of Health and Human Services to develop and issue a request for proposals to privatize the management of nonemergency medical transportation services for Medicaid recipients. A statewide transportation management brokerage firm could remove all coordination efforts currently in place to share transportation services costs amongst funding sources.
North Carolina is recognized nationally for its coordinated system of community human services transit systems. Largely managed by professional transit administrators under the oversight of county management, these coordinated systems provide efficient trip scheduling and travel for an array of human services clients including veterans, elderly citizens, children in daycare, and Medicaid recipients. Shared trips to the same geographic area equate to shared costs among the clientele, with cost efficiencies evidenced by North Carolina's cost-effective per member per month (pmpm) cost of $2.45. Other states have pmpm costs averaging $6 and above.

HHS-3: Preserve federal block grants and state aid to counties for county-administered programs and oppose unfunded workload mandates.
Seek legislation and monitor state budget activities to ensure that federal block grant and state aid to counties funds, traditionally used to support county-administered social and health services, are not redirected to offset state administrative expenses. Support human services administrative simplification efforts and resist changes in state policies and procedures that add to county administrative costs.
Counties have already experienced an annual loss of $36 million in federal welfare reform funds and looming federal deficit reduction measures are likely to compound these losses for health,

social services, and mental health programs. The state has eliminated its $5.4 million annual appropriation in state aid to counties for social services, although some state aid dollars remain for county health expenses. The state has backfilled state budget cuts in childcare and other human services programs with federal dollars once designated for direct county programs. County budgets must be protected as the state continues to grapple with anemic revenue growth, and as fewer federal dollars are made available for community-based human services.

HHS-4: Restore local autonomy to LME/MCO governance structure.
Seek legislation to restore local autonomy to LME/MCO governance structure, to ensure that each county be allowed to appoint, at a minimum, one county commissioner to its local LME/MCO Board. S191, enacted in the 2012 legislative session, sets maximum size limitations of 21 members on LME/MCO boards, and stipulates board membership composition for 10 of these members to specific consumer, health, insurance and finance disciplines. Counties participating in an LME/MCO with at least 12 county members cannot be assured of appointing one of its county commissioners to represent its interests and that of its constituents on the LME/MCO governance board. LME/MCOs with population catchment areas of 1.25 million or more are exempt from these limitations.

HHS-5: Oppose weakening of smoke-free restaurant and bars law.
Oppose any bill or amendment that weakens current statutory regulations requiring smoke-free restaurants and bars. The 2004 General Assembly enacted a comprehensive ban on smoking in all restaurants and bars and set up a regulatory framework to ensure compliance with the smoke-free requirements.

HHS-6: Increase Nursing Home Community Advisory Committee membership flexibility.
Seek legislation to provide greater flexibility in the membership of Nursing Home Community Advisory Committees. Per G.S. 131E-128, every county having a nursing home within its boundaries must establish a nursing home advisory committee to monitor nursing home care and resolve grievances of nursing home residents. As a part of its monitoring responsibilities, each advisory committee must visit each nursing home within its jurisdiction at least four times per year. Counties with four or more nursing homes must appoint NHCA subcommittees to manage this on-site workload. Advisory committees and subcommittees cannot include any members who are persons or family members with a financial interest in a home served by the committee, an employee or governing board member of such a home, or an immediate family member of a nursing home resident. These exclusions limit the number of interested parties wishing to serve on an NHCA, and counties throughout the state are having difficulty identifying persons to serve on these committees.

HHS-7: Increase childcare subsidies to reduce waiting lists and support funding for Smart Start and NC Pre-K.
Support an increase in childcare subsidies to ensure access to affordable childcare and support funding for early childhood and pre-kindergarten programs. Continuing state budget challenges have diminished state resources to backfill one-time federal dollars for childcare expenses and offset state cuts in childcare subsidies Smart Start and N.C. Pre-K. As of July 2012, nearly 37,500 children were waiting for childcare services, likely preventing their parents from

remaining in, or joining, the workforce. Smart Start and N.C. Pre-K faced 20 percent state budget cuts in 2011, despite continued growth in the Pre-K population.

HHS-8: Increase Medicaid rates to cover costs.
Support a rate increase for Medicaid services to at least cover cost of service. In an effort to curb Medicaid costs, legislative actions over the past 10 years routinely show a Medicaid service-provider rate reduction or a reduction in the inflationary increases for reimbursement rates, increases to keep pace with medical inflation. Despite a 50 percent plus increase in Medicaid clients, fewer physicians are choosing to treat Medicaid clients given lower reimbursement rates than that offered under private insurance plans.

HHS-9: Support an increase in food and lodging inspection fees to cover costs.
Seek legislation to increase food and lodging inspection fees or authorize county governments to charge cost-based fees for restaurant and facility inspections. Unlike other inspection fees such as building inspections fees that can be set to recover costs, food and lodging inspection fees are set statutorily and do not reflect county costs of inspections operations and administration. The state collects the current fee, which is set at $75 per annual business inspection, and returns 66 percent of these revenues to the county of origin. Not only is this fee well below actual inspections costs, no additional fees are permitted should county inspectors need to revisit an individual business multiple times to ensure compliance with health and safety regulations.

HHS-10: Restore state funding of public health accreditation.
Seek legislation to restore state funding for the state-mandated accreditation program for county public health departments. G.S. 130A-34.1 requires all local public health departments to obtain and maintain accreditation, which examines a local health department's capacity to provide essential public health services, its facilities and administration, its staffs' competencies and training procedures or programs and its governance and fiscal management. The process includes a self-assessment, a site visit by a team of experts to clarify, verify, and amplify the information in the self-assessment and accreditation approval by the Local Health Department Accreditation Board, which is housed and staffed by UNC's Institute for Public Health. Failure to obtain and maintain accreditation by July 1, 2014, will jeopardize state and federal funding for public health services. The 2012 State Appropriations Act eliminated the $300,000 in recurring funding to support UNC administration of the public health accreditation program.

Intergovernmental Relations Legislative Goals

IGR-1: Oppose any shift of state transportation responsibilities to counties.
Oppose legislation to shift the state's responsibility for funding transportation construction and maintenance projects to counties. Counties cannot afford to assume costs for maintaining secondary roads and/or funding expansion projects. Unlike counties in other states, whose traditional funding responsibilities are secondary roads, North Carolina counties are responsible for the administration of local human services programs, and fund educational operating and capital expenses. The NCACC estimates that a transfer of secondary road maintenance responsibilities would cost counties more than $500 million annually. Some of the more rural counties would have to increase property taxes by as much as 30 cents to generate the amount of revenue needed to maintain the same level of service.

IGR-2: Allow more cost effective methods for second primary elections.
Support legislation to authorize alternatives to second primary elections that minimize excessive costs while protecting the integrity of the electoral process. The costs for second primary elections can be very high, especially when compared to voter turnout. New and expanded alternatives, similar to one-stop voting or limited early voting sites and schedules, should be explored and piloted for second primaries and run-off elections.

IGR-3: Maintain current requirements for county commission approval of Extraterritorial Jurisdictions (ETJ) designations and expansions.
Support legislation that maintains the current requirements for county approval of ETJ changes. With recently enacted changes to the annexation laws, ETJ will certainly be a focus of planning and growth. In certain jurisdictions with higher populations, current law calls for Board of County Commissioner approval for ETJs beyond any one-mile expansion. Counties would like to maintain that level of input and make sure that the county voice is included in further ETJ expansion.

IGR-4: Implement combined motor vehicle registration and property tax collection system by July 1, 2013.
Support legislation to ensure that the combined motor vehicle registration and property tax collection system be implemented by its statutory deadline of July 1, 2013. In 2005, the NCACC included this issue in our legislative goals and supported its passage. Implementation of the combined motor vehicle registration/property tax system has been delayed several times given the complex automation systems needed for operations, but the program is still important to county governments. North Carolina is the only state that continues to collect motor vehicle property taxes in arrears of license plate registration and renewal. Property tax collection rates for motor vehicles alone are 10 percentage points below that of all other property. It is estimated that once this system is up and running, counties will reap more than $50 million annually in currently uncollected property taxes on motor vehicles.

IGR-5: Allow county participation in the State Health Plan.
Support continued legislative action aimed at allowing optional participation by counties in the State Health Plan (SHP). Proposed language would allow counties to participate on a short-term basis in order for the State to determine the impacts from the Federal Affordable Health Care Act.

IGR-6: Support legislation to grant counties the option to provide notice of public hearings and other legal notices through electronic means in lieu of required publication in any newspaper.
Seek legislation to provide counties with options for notice of public hearings, notice of delinquent taxpayers, and other legal notices, through electronic means. Current statutes require counties to purchase expensive ads in local newspapers when announcing various public hearings, meetings or other items. With many more citizens now getting their news online instead of from traditional newspapers, allowing counties to post these notices on their county-owned Web sites will save taxpayers money and make it easier on taxpayers to find the information at their demand.

IGR-7: Increase informal let bid threshold for NCDOT local projects.
Support legislation that increases the informal bid limit of $1.2 million for NCDOT projects. Current law permits local NCDOT divisions to approve projects that are less than $1.2 million in scope instead of completing the more lengthy and cumbersome formal bidding process. Board of Transportation approval is still required, but this informal bid limit does help to streamline and expedite the building process. The $1.2 million cap was established several years ago and has not been adjusted to compensate for increased construction costs involved in road construction.

IGR-8: Oppose collective bargaining for public employees.
Oppose legislation to authorize local governments to enter into collective bargaining agreements with public employees, or to mandate dues check-off programs. Salaries and benefits for public sector employees remain strong in North Carolina because different jurisdictions are competing over the same highly skilled and specialized employees, such as police, firefighters, emergency medical personnel and public school teachers. Lifting the state's ban on collective bargaining would require every county in the state to negotiate for salaries and benefits with groups representing local teachers, firefighters, sheriff's deputies, EMS employees and others that are unionized. Collective bargaining for public employees would neither improve county government efficiency nor result in improved services to citizens. The likelihood is that collective bargaining would increase operational costs for county governments, would create an adversarial relationship between management and employees, and would create two classes of employees – those in unions and those not in unions.

IGR-9: Support maintaining local control of the NC ABC System and preservation of local ABC revenues.
Support legislation to protect local control of the local ABC system, including all local revenue streams generated through local ABC store operations. Given the state's dire budget situation, legislative leaders have considered privatizing all or parts of the state's system of alcoholic beverage control to generate significant amounts of cash in the short term. Many counties recognize ABC revenues in their budgets. The loss of these revenues would create holes in county budgets. In addition, cities and counties are better suited to make decisions about alcoholic beverage distribution, including where to locate stores and whether to merge with other systems.

IGR-10: Support release of Help America Vote Act (HAVA) funds to assist counties with election costs.
Support legislation that provides the state maintenance-of-effort match to draw down the $4 million in remaining federal HAVA funds. Counties use various county, state, and federal funds to operate election services. Taking advantage of Help America Vote Act (HAVA) funds would be very beneficial to ease funding pressures at the county level.

Justice & Public Safety Legislative Goals

JPS-1: Seek legislation to limit the amount that providers can charge counties for inmate medical care to no more than what is allowed by the Department of Correction.
Seek legislation that would authorize medical care providers to charge counties for inmate medical services at a rate not to exceed the rates paid by the State Department of Public Safety to inmate medical providers. Counties are responsible for medical costs when inmates are incarcerated in county jails, and counties often pay full, non-negotiated rates for inmate medical care, resulting in great expense to counties. State reimbursement rates have been capped in recent state budget provisions, and counties seek the same cap on inmate medical expenses to save taxpayer dollars on these costs.

JPS-2: Seek legislation to expand county governments' use of 911 funds, protect and enhance current funding streams and maintain full operational flexibility and autonomy.
Seek legislation to protect and enhance current e911 funding streams, as well as increase flexibility in use of those funds for the betterment of county 911 systems. Significant strides were made in 2010 to revamp 911 laws and give counties greater flexibility in utilizing 911 funds. At the same time, the 911 Board was directed to adopt a funding model and standards. Counties have expressed concern about decisions made at the Board level related to the funding model, as well as the adoption of certain standards that would have negative economic impacts on county 911 systems.

JPS-3: Oppose legislation that would limit a county's ability to operate a pretrial release program.
Oppose legislation that would limit counties from operating pretrial programs. Such limitations would result in increased costs to counties and put additional burdens on county jails. Counties throughout the state operate pretrial programs that help to evaluate individuals awaiting trial in county jails. These programs assist the judicial system in determining if those individuals can safely be released, saving taxpayer dollars and saving space in county jails. In addition, many pretrial programs offer needed services to individuals awaiting trial in an effort to reduce recidivism rates.

JPS-4: Support legislation to fully fund the Justice Reinvestment Act of 2011.
Support increased funding for the Justice Reinvestment Act Initiatives. Last session, lawmakers approved a budget that fell short of fully funding the initiatives included in the legislation. Policies in the comprehensive criminal justice bill include new tools for probation officers to hold offenders accountable, longer sentences for individuals with repeat breaking and entering offenses, and increased funding for drug treatment programs in prison and in the community. Without adequate funding, the programs will not achieve the desired goals.

JPS-5: Provide greater funding of state crime labs.
Support legislation to increase state funding for state crime lab operations. Court officials throughout the state have noted that North Carolina's State Crime Laboratory now has fewer resources, money and personnel than in past years. That situation greatly impacts court

proceedings by causing defendants and prosecutors to often wait a year or more for results. Without a substantive increase in funding for the lab, criminal court proceedings across the state will continue to lag. These delays can cause overcrowding in county jails and the need for additional county resources as individuals await trial.

JPS-6: Preserve current county authority for local electronic offender monitoring.
Support legislation to maintain county authority for electronic monitoring. In 2011, a bill was passed authorizing counties to collect a fee from individuals ordered to be placed on electronic monitoring as a condition of the offender's bond or pretrial release. Utilization of electronic monitoring helps with county jail overcrowding and also reduces the amount of taxpayer dollars needed for incarceration. The fee allowed by law is capped and cannot be collected from those entitled to court-appointed counsel. Counties want to ensure that the authority for this fee is preserved.

JPS-7: Provide funding for gang prevention, adolescent substance abuse and domestic violence prevention, intervention and treatment.
Support legislation to provide state funding for gang prevention, adolescent substance abuse and domestic violence prevention, intervention and treatment. In past budget years, the state budget has included funds for these critical programs. These programs pay dividends because they help reduce criminal activity. Failure to fund these types of programs will result in significantly higher costs to the legal system.

JPS-8: Request the reduction of detention center space requirements in existing and new detention center facilities in all counties in North Carolina, consistent with the language in N.C. G.S. 153A-221.
Seek legislation to provide all counties with the authority to house 64 inmates in each county detention dormitory, as permitted for counties with populations in excess of 300,000. Counties with populations of less than 300,000 can only house up to 56 inmates in each dormitory. The same minimum space requirements still apply to these additional inmates. Allowing all counties to have this same authority will make the law consistent for all 100 counties and allow for cost-savings when constructing new jail facilities.

JPS-9: Restore state funding for Drug Treatment Court (added at Legislative Goals Conference).
Seek legislation to restore funding to Drug Treatment Courts in North Carolina. In 2011, the General Assembly eliminated all state funding for Drug Treatment Courts. These courts were created by the General Assembly in 1995 and have been utilized across the state to address substance abuse issues in the criminal justice system, reduce alcohol and drug-related caseloads, and promote effective use of resources for substance abuse treatment. Without funding for these courts, many counties have lost a valuable resource for managing judicial caseloads and addressing substance abuse issues.

Public Education Legislative Goals

PE-1: Reinstate ADM and lottery funds for school construction.

Seek legislation to fully reinstate the Average Daily Membership funds and Lottery proceeds to the Public School Building Capital Fund. The Public School Building Capital Fund is housed in the N.C. Department of Public Instruction and is comprised of two sources of revenue: a set-aside from the corporate income tax, known as the ADM fund, which is allotted based on average daily membership (ADM) in each county; and 40 percent of the net proceeds from the N.C. Education lottery. Counties have relied on these funds to repay debt service for public school construction and renovation.

Since 2009, the General Assembly has redirected the ADM Fund's corporate income tax proceeds to offset state dollars for public school operations, costing counties from $50 to $100 million each year. Since 2010, the legislature has set the county lottery appropriation below the statutory 40 percent of net lottery proceeds, with the 2012 allocation appropriated at $100 million or 22.7 percent of expected net proceeds. The total loss for the past two biennia amount to nearly half a billion dollars in school construction funds. Counties are forced to delay school construction projects, use their emergency fund balances to make up the debt service losses, or reduce funding for other essential services.

PE-2: Maintain state responsibility for replacement and risk management exposures for operation of school buses.

Seek legislation to ensure that the state retains responsibility for the purchase, repair and replacement of school buses, and to preserve state insurance coverage under the State Tort Claims Act for school bus accidents and other school bus risk management exposures. North Carolina counties are financially responsible for the initial purchase of new school buses, either to service new schools or new routes. Since the 1930s and per G.S. 115C-240(e)(f), the state is financially responsible for school bus replacement, generally based on mileage (250,000 miles) or age (20 years or older). The state's tort claims act has traditionally covered school bus driver negligence. In 2011, in an effort to manage growing state budget deficits, Governor Bev Perdue proposed shifting school bus replacement and tort claim coverage to counties, costing counties $57 million and $4.6 million, respectively, for these new responsibilities. While the House rejected these proposals outright, the Senate initially considered the school bus cost shift to counties. The adopted budget retained state responsibility for both school bus replacement and school bus risk management exposure.

PE-3: Provide sufficient funds for community college workforce training programs.

Support legislation to restore and maintain state funding for workforce development training and programs through the community college system. State budget cuts over the past two biennia have reduced community college funding for classroom operations by $83 million. New tuition fee increases have helped minimize the impact of these losses, and several new programs such as non-recurring funds for N.C. Back to Work, a $5 million retaining program for long-term unemployed, have been authorized. Continuing and increased state investments are needed to provide community colleges with 21st century equipment to support training that leads to third party credentials in career areas such as advanced manufacturing and STEM (science, technology, engineering and math).

PE-4: Restore local control of school calendar.
Support legislation to restore control of the local school calendar to local boards of education. The General Assembly enacted H1464 in 2004, which restricted a local board of education's ability to open schools prior to Aug. 25 or to close schools prior to June 10. It is believed that the Legislature was reacting to concerns by resort communities regarding earlier school openings, which in turn shortened the summer vacation season and reduced the teen labor force for the service industries. The State Board of Education was authorized to grant waivers based on the number of weather-related closures historically experienced or for good cause based on educational purposes. In 2012, the General Assembly further restricted LEA school calendar control, by eliminating start/end date waivers based on educational purposes.

PE:5: Authorize the option for counties to acquire, own and construct traditional public school sites and facilities. (added at Legislative Goals Conference).
Support legislation to authorize counties the option to acquire, own and construct traditional public school sites and facilities. N.C. counties are statutorily responsible for funding the construction, renovation, and maintenance of all school facilities, but schools retain title and ownership of school facilities. This divergence of funding versus ownership requires administrative work-arounds to obtain sales tax refunds on school construction materials and results in an imbalance of liabilities to assets, as county-issued school debt shows as a liability on the county's financial statement, while the building increases the LEA's assets.

Tax & Finance Legislative Goals

TF-1: Preserve the existing local revenue base.
Support legislation that recognizes the importance of county revenues and ensures that the existing tax base is maintained and preserved. During the current recession, one of the means used by the General Assembly to balance the state budget has been to shift some local funds to state use and make cuts in some county programs. For example, in 2009-10, the General Assembly diverted to the state's general fund the portion of the Corporate Income Tax that was dedicated to school construction, costing counties approximately $200 million for the biennium. For 2010-11, the General Assembly reduced the county share of lottery proceeds by $63 million. Counties also saw numerous state cuts to county programs approaching $75 million in 2009-10 alone. Counties face similar revenue declines as that experienced by the state and cannot afford to sacrifice any additional revenues to the state.

TF-2: Oppose unfunded mandates and shifts of state responsibilities to counties.
Oppose legislation that establishes new or expanded state mandates without a commensurate increase in state resources to support service provision. A continuing difficult state financial status may increase the likelihood of attempts to balance the state budget by shifting more responsibilities to counties without corresponding funds.

TF-3: Authorize local revenue options.

Seek legislation to allow all counties to enact by resolution or, at the option of the Board of Commissioners, by voter referendum, any or all revenue options from among those that have been authorized for any other county. Several counties have access to certain revenues, such as prepared meals taxes, occupancy taxes, and land transfer taxes, that are not available to other counties. Granting counties the authority to implement these revenue options would lessen the reliance on property tax and give counties more flexibility in designing a revenue system that reflects their community's preferences and is best suited for their tax base.

TF-4: Protect county revenues in tax reform consideration.
Support legislation that recognizes the importance of county revenues and secures existing county resources as the state considers tax reform strategies. The General Assembly will be considering comprehensive tax reform this legislative session. Specifics of these changes to tax statutes are uncertain and likely to be fluid throughout the session. County revenues should be protected in any final outcome.

TF-5: Repeal moratorium on contingency fee audits.
Seek legislation to repeal the moratorium on contingency fee tax audits beginning July 1, 2013. Allow counties the flexibility to contract for tax audit services by fee-based or contingency-based arrangements. If a repeal of the moratorium is unviable, work with the state Department of Revenue on alternative solutions.

TF-6: Improve and maintain incentive programs, workforce development and job creation programs, NC's tax credit programs, and increase access to tax credit financing for smaller economic development projects.
Support legislation to defend and maintain the state's tax credit programs to help stimulate economic development activity in rural and economically distressed counties. In an era of fiscal constraint and economic challenges, North Carolina's legislators may be tempted to terminate the state's tax credit programs in an effort to increase tax revenues. However, these programs – including Historic Preservation Tax Credits, the Renewable Energy Tax Credits, and the Article 3J Tax Credits – stimulate investment and business growth that otherwise might not take place in our state. These tools are particularly important to stimulating economic development in rural and Tier One counties.
Support legislation to improve access to tax credit financing for smaller economic development projects. In order to finance commercial projects, businesses frequently benefit from being able to attract investors who can utilize the tax credits generated by the project to offset their own tax liabilities. However, it is difficult for small business owners to identify investors who may be interested in their tax credits, and it is often prohibitively complicated and costly to broker tax credit finance deals. Furthermore, tax credit investors are typically only interested in multi-million dollar projects – a threshold that excludes many potentially eligible economic development projects, especially in small rural counties. As a result, many tax credit-eligible projects do not move forward because they are not able to access the potential equity generated by their tax credits. The Legislature could help make this process less complicated and more accessible to small businesses by: 1) enabling the "bundling" of multiple smaller projects into projects that are large enough to attract investors; 2) establishing a central tax credit "exchange" that brings tax credit-eligible projects together with potential investors; and 3) supporting increased technical assistance and training in the utilization of tax credits.

TF-7: Explore and authorize use of alternate, sustainable revenue options and funding sources for beach, inlet and waterway maintenance.
Support legislation to explore and authorize use of alternate, sustainable revenue options or funding sources like licenses, taxes and/or fees for beach, inlet and waterway maintenance (as proposed via 2009 CRC and CRAC resolution for Trust Fund; Senate DRS85164-SB-12 Beach Management Study Commission Section 2.2 (3) Trust Fund, 2012 Session H1181 Study Municipal Local Option Sales Tax, and 2004 Session H142 Dare County Sale Tax).

TF-8: Replace current non-profit sales tax refund process with a revenue-neutral exemption.
Support legislation to eliminate the requirement for tax-exempt non-profit corporations to pay sales tax. The current burdensome process, which requires the eligible non-profits to pay sales taxes and then seek a refund from the State has resulted in significant negative impacts upon county budgets. Sales tax revenues received by the local governments that include payments from tax-exempt corporations overstate the amount of funding actually available to the local government, and state audit adjustments result in unpredictable repayment obligations over which the local government has no control.

TF-9: Replace current refund sales tax process for public institutions with a revenue-neutral exemption.
Seek legislation that streamlines the sales tax refund regulatory process by exempting public institutions (counties, cities, school boards, community colleges, local utility authorities, etc.) from payment of state and local sales taxes on purchases within the state and thereby diminish the administrative burden on the local and state level to pursue/account for/recoup sales tax proceeds.

TF-10: Extend Article 44 hold harmless.
Seek legislation that extends hold harmless payments for local governments whose expected Article 44 receipts do not replace their repealed state reimbursements. The 2004 Appropriations Act (H1414) amended G.S. 105-521 by guaranteeing hold harmless payments through 2012 for local governments. The 2012-13 payment is scheduled to be the last unless additional legislation is passed. The Article 44 hold harmless payments are approximately $15 million, and these funds are an important source of revenue for the economically distressed counties and municipalities that receive them.

TF-11: Allow counties to provide triple credit toward renewable energy portfolios.
Support legislation similar to legislation passed in 2010 (Cleanfields of 2010) to allow counties to provide triple credit toward renewable energy portfolios.

TF-12: Authorize greater county oversight of legal electronic gaming operations and support legislation to authorize counties to levy privilege license taxes on these operations.
Support legislation to authorize counties to levy privilege license taxes on internet sweepstakes businesses. Counties do not have the same authority as municipalities to levy a privilege license tax on video sweepstakes businesses, and this disparity may create an incentive for such businesses to locate in rural areas outside the corporate limits of municipalities. Seek legislation similar to H1180 from the 2011-12 session that would give counties and municipalities the same

authority to levy privilege license taxes on internet sweepstakes businesses in order to discourage the proliferation of those businesses in rural areas outside corporate limits.

TF-13: Promote county property tax system modernization.
Seek legislation that enhances the county property tax system through effective modernization strategies.

TF-14: Authorize design build option for all counties.
Seek legislation to authorize for all counties the option of using the "Design Build" process to construct and/or renovate public facilities. A number of counties in North Carolina have special legislation allowing the "Design Build" method, which allows the bidding of design and construction of a project in the same package, often resulting in cost and time savings. The "Design Build" option should be made available as an alternative process for construction/renovation of county facilities and schools statewide.

TF-15: Require payment of property taxes on manufactured homes and other titled properties before transfer of title.
Seek legislation to require that all taxes levied on manufactured homes be paid before the home may be moved, repossessed or sold on site. County property tax collection efforts for delinquent taxes on manufactured homes are often hampered by ownership and location transfers.

TF-16: Clarify centralized listing and assessing of cellular and cable companies.
Seek legislation to implement the central listing and assessment of cellular and cable companies. The Department of Revenue's Local Government Division would manage the listing and assessment process, similar to its assessment of other utilities such as telephone, power and railroad. DoR supports this change.

TF-17: Support local county law enforcement and rehabilitation services through an increase in the beer and wine tax revenues.
Support an increase in the excise tax on beer and wine by 10 cents or 20 cents with the total increased amount distributed to counties. For each 10 cent increase, 7 cents would be dedicated to law enforcement and 3 cents would be dedicated to rehabilitation purposes.

TF-18: Preserve scrap tire disposal tax proceeds.
Oppose the use of Scrap Tire Disposal Tax Proceeds for other than what is allowed by current statute (G.S. 105-187.19).

TF-19: Compensate counties for property acquired by the state and removed from the ad valorem tax base.
Develop state Payment in Lieu of Taxes (PILT) for game lands or other revenue sharing in lieu of taxes on state-owned wildlife/gamelands. Large portions of some counties are not subject to property taxes because they are owned by the State. Most of these lands are wildlife or game lands. In addition, the state continues to buy land using conservation funds. The lands purchased are already being used for agriculture or timber and therefore require a low level of service. Although transferring the lands to state control does not affect the levels of service provided by counties, it does force the tax burden onto a smaller population.