



Legislative Bulletin

June 23, 2023 | nclm.org

The Weekly Recap

WHAT HAPPENED: It was a week of vetoes... and potential overrides. For cities and towns, one key piece of legislation is in the crosshairs: [SB299 Reimburse Late Audit Costs with Sales Tax Rev.](#) The House has yet to hold its override vote on the bill, but that is expected next week. Scroll down for more information on this legislation and where it stands.

WHAT IT MEANS: We also continue to wait on the budget. As of this writing, no word on budget agreement at the General Assembly.

ON TAP: The League announced the members of its Legislative Policy Committee this week. That list, as well as more background on the committee, is below.

THE SKINNY: It's a critical step in establishing the advocacy goals of NCLM. The policies and legislative priorities that we detail each week in this Bulletin? Those are set by our local leaders, under the guidance of the Legislative Policy Committee. We thank each of the members for participating in this important work.

Senate Overrides Late Audit Penalty Veto

Still waiting on override vote in the House

Within a day of Governor Cooper's veto of [SB299 Reimburse Late Audit Costs with Sales Tax Rev.](#), the Senate overrode the veto Tuesday in a nearly party-line vote. The House has scheduled its own override vote on the bill for Tuesday, June 27. If that vote is successful, the bill would become law over the Governor's objections and would subject local governments to a sales tax withholding penalty if they submitted their annual audits late. The bill contains an appeal procedure that would potentially prevent the penalty.

State Auditor Beth Wood and State Treasurer Dale Folwell promoted the measure throughout the legislative process. After the Governor issued his veto Monday, the pair released a statement urging legislators to override the veto. "When the leadership of governmental units fail to submit timely audits, the state has no insight as to whether they are in financial difficulty. The taxpayers hurt by this lack of transparency are often those on lower and fixed incomes," their statement read.

In his veto message, Cooper explained his reasoning for the veto. “It is important that local governments follow the law on auditing their finances in order to foster accountability and fiscal responsibility. While well intentioned, this legislation as written is likely to punish residents of some of our state’s smallest communities. Rather than having state government seize sales taxes that are needed for local government, the North Carolina General Assembly should reconsider this legislation and provide more help for these communities to make sure they do it right rather than impose financial punishment that could make matters worse.”

The League echoed Cooper’s sentiments in a statement of its own, stressing the unprecedented nature of the sales tax withholding penalty as well as the lack of private-sector auditors who are willing to perform local government audits. The League has urged legislators to consider alternative measures to assist local governments in achieving on-time audits, rather than the emphasis on punishment in SB 299.

Senate Seeks Additional Requirements for Bond Referendums

Ballots would contain specified language that could pose significant barriers to the approval of necessary local borrowing under [SB99 Bond Referendum Transparency](#), expected to be approved by the Senate next week. The proposal would increase disclosure requirements for local bond referendums in North Carolina by mandating that bond-related documents, such as the voting ballot, bond applications, and approval orders, incorporate specific details. These details would include the estimated cumulative cost of the bond, the necessary property tax increase to service the debt, and a notice addressing the potential issuance of additional debt without a vote. The State’s bond counsel has expressed concerns about the reliability of such information.

The potential for ballot language to include misleading or inaccurate details would likely chill the use of local general obligation bond authority. Typically, this form of borrowing garners the lowest interest rates of any local debt, thereby saving taxpayer funds. If passed into law, SB 99 would likely result in increased borrowing costs for necessary local capital projects such as roads and parks. With final Senate passage, expected Monday, the bill will move to the House for its consideration.

NCLM Legislative Policy Committee Announced

Committee to lead the development of League's legislative priorities over the next biennium.



The North Carolina League of Municipalities announced the members of its Legislative Policy Committee on Wednesday.

Morrisville Councilmember Satish Garimella will chair the committee and Shallotte Mayor Walt Eccard will serve as vice chair. NCLM President and Fuquay-Varina Commissioner William Harris (pictured above) made all appointments to the 65-person committee.

The Legislative Policy Committee leads a member-driven process to set the League's Municipal Legislative Goals. This process, which establishes key legislative priorities for the cities and towns of North Carolina and guides the advocacy work of the League at the General Assembly, is designed to take input from municipal officials in every corner of the state, reflecting the diversity of opinion existing across North Carolina.

The League's Legislative Policy Committee will consider ideas from across the NCLM membership and recommend the top consensus positions to the Board of Directors. The Board refines the positions further before sending them to the full League membership for a final vote; moving forward, the vote is not required to be cast in person as in years past. At that point, the League membership will have a focused advocacy agenda to pursue at the state and federal levels.

"Service on this committee is critical to both the success of NCLM and the communities of our state. We are incredibly grateful for the participation of these local leaders," said Harris. "Through this statewide process, we ensure that the needs and desires of all towns are heard."



The full list of members of the Legislative Policy Committee can be seen [here](#).

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