



Legislative Bulletin

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The Weekly Recap

WHAT HAPPENED: It was an active week for bills that cities and towns have been following this session, with mostly positive results and items to continue tracking. More broadly, work continued on the state budget, with negotiators from both chambers working toward a compromise version. Perhaps highest in the headlines from the General Assembly this week was its action on legislation [that would allow for sports wagering](#).

WHAT IT MEANS: To allow for focus on the budget, it was a shorter week for the legislature. But, again, we did log activity: an amended bill on civilian crash investigators could see the program expanded statewide; the biennial regulatory reform bill continued to progress; a bill allowing sales taxes to be withheld from local governments that file late audits will become law soon; and a proposal with restrictions (though scaled back from a previous version) on extra-territorial jurisdiction (ETJ) passed the Senate.

ON TAP: That ETJ bill now heads to the House, and we have an explainer below on how it affects cities and towns. Although lawmakers scaled-back its language from a more stringent proposal, we ask that you read the update below and consider the bill's language in light of your city's or town's planning and development code and contact your House members with concerns.

THE SKINNY: While it was an abbreviated week to allow for budget work, we saw movement on bills we've been following or working on this session. The scaling-back of the ETJ bill, for one, followed municipal officials voicing their concerns with restrictions on communities' abilities to manage growth. Thank you as always for staying engaged. Read on for full updates from the week.

Scaled Back ETJ Proposal Clears Senate, Moves to House

The voice of municipal officials proved effective again this week: the bill that affects cities with extra-territorial jurisdictions, or ETJs, saw improved language as it moved through Senate committees. [SB 675 Land Use Clarification and Changes](#) underwent more changes this week before receiving favorable reports in both the Senate Finance

and Senate Rules committees, and then passing out of the full Senate on Thursday. Last week, we shared that the ETJ roll-back would only apply to cities in counties of less than 50,000 in population. While those rolled-back provisions remain in the bill, this week, problematic land use provisions that would have mandated minimum lot size standards of five homes per acre for residential zoning districts and loosened open space requirements for residential development were removed from the bill.

Although improved, the bill still affects all cities with ETJs to some degree. In addition to eliminating the authority for those cities in low-population counties, SB 675 also freezes in place all current ETJ boundaries (Section 3.2(a)). And for those cities with local acts regarding ETJ authority, those local acts would be repealed under this bill (Section 3.1(w)).

NCLM's Government Affairs staff asks that you continue to consider this updated bill in light of your city's planning and development code, and communicate any remaining concerns to your state House members ([with suggested talking points here](#)). The bill now moves to the House, where it awaits committee assignments.

Amended Civilian Crash Investigators Pilot Bill Would Expand Program Statewide

[H 140 Civilian Crash Investigators](#) would, once again, grant authority for cities across the state to employ civilian crash investigators. The bill, introduced by Rep. John Faircloth earlier this session, would allow cities to employ individuals to respond to minor traffic accidents. An amendment filed last month limited the initiative to a three-year pilot for the cities of Burlington, Greensboro, Greenville, and Winston-Salem. However, earlier this week, the Senate State and Local Government Committee approved an amendment that would again allow all cities to hire civilian crash investigators to investigate crashes, write reports, and respond to minor traffic accidents. City officials thank Sen. Michael Lazzara, an NCLM Past President and co-chair of the legislature's Municipal Caucus, for sponsoring this amendment. H 140 will now move to the Senate Rules committee.

The ability to utilize civilian crash investigators allows police officers to focus on more pressing law enforcement duties, while also reducing costs to cities. This bill supports one of city officials' top priorities to address statewide shortages of law enforcement officers.

Local Governments to Lose a Percentage of Sales Tax for Late Audits

Notwithstanding unforeseen circumstances, a bill allowing sales taxes to be withheld from local governments that file late audits will become law soon. [SB 299 Reimburse Late Audit Costs with Sales Tax Rev.](#), which passed the Senate in May, also passed the House on Wednesday by a margin of 84 to 30. This bill represents an unprecedented penalty on local governments, and it was promoted by State Auditor Beth Wood, who argued in prior public comments that the penalty would achieve more on-time local audits.

Late audits can occur for various reasons not due to the local government, such as a lack of private-sector auditors. A different but related bill, [HB 799 Local Government Audits](#), sought to address this concern by requiring accountants that perform annual audits for local governments to be certified by the Local Government Commission. This would create a pool of certified auditors to complete the work on time. However, action has not been taken on this bill in over a month, and it remains in the House chamber.

Corporate Home Purchases Contributing to Housing Crisis

While policy discussions in state legislatures around the country have often focused on local regulation, a new study suggests that a corporate buying-spree of homes has been a significant contributor to the nation's housing crisis. This [article in The News & Observer of Raleigh](#) cites an analysis from the Georgia Tech School of Public Policy showing how large corporate firms buying up homes in the Atlanta area reduced homeownership and pulled billions in wealth from homeowners and potential homeowners. Although the study was limited to the Atlanta area, the newspaper noted that the findings have significant implications for North Carolina, as Wall-Street-backed investment firms have bought up large swaths of housing in this state and converted it to rental housing. Roughly two dozen national corporations have bought more than 40,000 single-family homes in the state, many of them in major metropolitan areas. Paying cash, they can often outcompete private buyers. The newspaper reports that even as the trend has slowed, 1 in 5 homes bought in Charlotte in the first three months of 2023 were purchased by the investment companies. [HB 114 Home Ownership Market Manipulation](#) would limit the purchase of homes by entities for rental purposes, but has not been considered by the General Assembly.

Regulatory Reform Continues to Progress

The Senate Agriculture, Energy, and Environment Committee debated and made further changes to the biennial regulatory reform bill this week. The Senate has been considering [HB 600 Regulatory Reform Act of 2023](#), an omnibus bill covering a wide variety of policy areas ranging from marine fisheries and stormwater to agriculture provisions. City officials and League staff have engaged with Senate and House bill writers to push municipal priorities and work through several problematic sections included in earlier versions of the bill. Original versions of the bill in both the House and Senate included provisions reducing vegetative buffer requirements; however, this provision is no longer included in the Senate version of HB 600. The Senate is expected to continue work of the bill next week in the Senate Judiciary Committee before reaching the Senate floor. Please review this latest version of the bill and send feedback to NCLM Senior Government Affairs Associate John McDonald at jmcdonald@nclm.org.



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