



NC LEAGUE
OF MUNICIPALITIES
Good government. Great hometowns.

August 13, 2013

LeagueLINC

End of Session Bulletin

2013 Long Session



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LeagueLINC End of Session Bulletin: August 13, 2013

Fellow Municipal Officials of North Carolina,

The 2013 session of the General Assembly has come to a close, and on the whole it was very successful for North Carolina's cities and towns. Many positive measures made it through the legislative process to become law, and many negative measures did not. Beginning on Page 7 of this document is a description of many of the bills of significance to municipalities and where they stand. Before getting to that, though, we the officers of the League's Board of Directors wanted to take a moment to thank you for all that you have contributed during the 2013 legislative session.

Entering the session, many of the political challenges faced by cities and towns in past legislative sessions remained. The General Assembly featured a lot of new faces, as a majority of lawmakers in both chambers were in their 1st or 2nd terms. Only 23 of the 170 legislators had direct municipal experience, meaning there was a learning curve for many in terms of not only the workings of the legislature, but also the impact General Assembly actions have on cities and towns.

You helped overcome this by engaging in the legislative process and developing relationships with your Representatives and Senators. It began with the development of the Municipal Advocacy Goals. Members of League policy committees considered more than 200 goals generated by the membership. Those were narrowed to 51 legislative and 7 regulatory goal proposals considered at the Advocacy Goals Conference, where more than 250 of you came together to choose cities' 25 legislative and 5 regulatory priorities for the 2013-14 biennium.

You maintained a presence in Raleigh throughout the legislative session. More than 450 of you participated in Town Hall Day. Nearly 200 more of you came as part of District Days!, lobby days for our Legislative Action Committees, and our final All Hands on Deck push on tax reform proposals. Your presence (and your green ties and scarves) registered with legislators, who repeatedly commented to League staff about the number of city officials who were in the hallways of the Legislative Building this session.

Never were the results of your efforts more evident than on tax reform. At the Advocacy Goals Conference you chose modernization of the local tax system as one of your top legislative goals. Tax reform was a focus on Town Hall Day, at all of the District Days! events, and for the All Hands on Deck effort. Because of your repeated contacts, legislators asked questions in committees about the impact of tax reform on cities and towns, and proposals were continually refined to try to keep municipalities whole. In the end, the tax reform package went from one that would have cost municipalities at least \$164 million annually to one that will actually provide some additional

revenue for cities and towns. Your efforts are a significant reason for this improvement. We would also like to thank Speaker of the House Thom Tillis, Senate President Pro Tempore Phil Berger, Rep. David Lewis, Rep. Julia Howard, and the many other legislators who worked on tax reform legislation this year.

Similar scenarios played out on numerous other pieces of legislation throughout the session. You worked with your legislators to explain your position on a wide variety of bills, and in turn, legislators reached out to League staff to help improve those bills. All throughout the session Representatives and Senators were asking League staff for input on legislation important to cities and towns. This has not always been the case in recent years. Because of the work you have done building relationships and taking an active role in the legislative process, cities and towns in North Carolina are well-positioned for success at the General Assembly now and in the years to come.

But the work cannot stop now. In the months between now and the General Assembly's Short Session, which will kick off in May 2014, please continue to meet and talk with your legislators regularly. Relationships are what helped cities and towns have as positive of a session as they did in 2013, and relationships are what will help make the years to come even better. Getting to know your legislators now, outside of the frenzy of a legislative session, will pay dividends in the future.

We thank our Governmental Affairs team, under the leadership of Paul Meyer, for their hard work, dedication, and effective representation of our municipal membership during a very difficult legislative session. The Governmental Affairs team is always available to help you in any way that they can. If you have any questions, would like help setting up meetings, or have local events you would like a League staff member to attend, please do not hesitate to contact the Governmental Affairs team (contact information is available in [Appendix III](#)).

Once again, thank you for all of your work throughout the 2013 session of the General Assembly. We look forward to continuing to work closely with you in the future.

Sincerely,

The Executive Committee of the League's Board of Directors



From left: League 2nd Vice President Ronnie Wall, Mayor, Burlington; League President Art Schools, Mayor, Emerald Isle; and League 1st Vice President Al King, Mayor, Goldsboro

By The Numbers

2013 Legislative Long Session

- **104** legislative days met
- **1,751** bills filed
 - **340** bills tracked
 - **115** "Critical" or "High" bills
- **2,265** votes taken in House and Senate
- **299** bills signed by Gov. McCrory
- **38** bills on Governor's desk (as of Aug. 13)
- **0** bills vetoed by Gov. McCrory (as of Aug. 13)
- **30** NCLM advocacy goals set Jan. 2013 - Advocacy Goals Conference
- **700** municipal officials who visited the General Assembly via Grassroots Program
- **100** scheduled meetings with legislators via the NCLM Grassroots Program
- **7** NCLM Advocacy Goals achieved in 2013



Mayor Ronnie Wall, Burlington, and Erin Wynia, NCLM Legislative & Regulatory Issues Manager, at the 2013 Advocacy Goals Conference



One of the major contributing factors to the League’s lobbying success this session was the increased level of member involvement. Four main events were held to promote grassroots efforts and encourage the League membership to take an active role in the General Assembly’s activities during the session.

First held in 2011, the Advocacy Goals Conference marks the culmination of a year-long process of developing the key advocacy goals of all of North Carolina’s cities and towns. The process for the 2013 Advocacy Goals Conference began in January of 2012, when the League’s Legislative Action Committees (LACs) and Regulatory Action Committee (RAC) began meeting to identify the issues facing their communities and the possible legislative solutions to those issues. The 159 municipal officials on the LACs and RAC – including 64 elected officials – represented 86 different municipalities and developed concepts for goals based on concerns from their communities across the state. From June to August, municipal officials from all of North Carolina’s cities and towns were invited to submit their ideas for advocacy goals to the League. Between the League membership and the LACs and the RAC, ultimately more than 200 potential advocacy goals were submitted.

In September and October, the LACs and RAC met a total of 14 times between the four committees to examine the goal submissions. Ultimately the LACs recommended 74 of these goals to the League Board of Directors, while the RAC advanced 14 for the Board’s consideration. At its November meeting, the League Board narrowed these 88 goals to 51 legislative goals and 7 regulatory goals that would be considered by the League membership at the Advocacy Goals Conference.

January 24 marked the day-long event of setting the major municipal advocacy goals for the upcoming session. By the end of the day, the 265 municipal officials in attendance, representing 130 different municipalities, had narrowed the 51 legislative goals and 7 regulatory goals under consideration to 25 and 5, respectively. These goals were critical during the session, as they

helped to guide League staff in their lobbying efforts. The advocacy goals were also distributed to legislators and proved to be a useful tool in explaining the overall League position on several critical issues.

In addition to municipal officials from across the state debating, amending, and voting on their top advocacy goals for the year, attendees of the Advocacy Goals Conference also had the chance to hear from current and former statewide officials. Governor Pat McCrory addressed the group, and a lunchtime panel featured House Republican Conference Leader Ruth Samuelson and House Democratic Majority Leader Larry Hall. Also speaking to the conference at lunch was former Representative Carolyn Justice, who offered those in attendance some sage advice for how to experience success at the General Assembly. Her points included:

- Be patient throughout the legislative session
- Continue to reach out to members of the General Assembly, even if the response isn't immediately what you want to hear
- Come to visit the General Assembly regularly
- Make your city's and the League's legislative requests and position on issues known early
- Unify cities' message to make it easy for legislators to digest

The League thanks all of the speakers at the Advocacy Goals Conference for joining the group, and the hundreds of municipal officials who joined us in Raleigh to select the top advocacy goals for the 2013-14 biennium.

Town Hall Day:

On March 27, over 450 League members visited Raleigh to meet with the Governor, General Assembly members, and representatives from multiple state agencies. The day began with legislative briefings and included special presentations by Governor Pat McCrory, House Republican Conference Leader Ruth Samuelson, and Senate President Pro Tempore Phil Berger. In addition to Gov. McCrory, the former mayor of Charlotte, State Treasurer Janet Cowell, Secretary of Cultural Resources Susan Kluttz, and Thomas Stith, the Governor's Chief of Staff, all briefed attendees. Secretary Kluttz is the former mayor of Salisbury, while Treasurer Cowell and Mr. Stith both formerly served on city councils (Raleigh and Durham, respectively). Town Hall Day was a great way for the League membership to build relationships with key figures in state politics.

District Days!:

Over 160 municipal officials made the trip to Raleigh over a three-month period, from April to June. Meetings were arranged with legislators to discuss key municipal issues, ranging from tax reform and the budget to regulatory reform. Formal meetings were scheduled with more than 100 legislators. In addition, members were also able to engage in multiple impromptu conversations during their visits. Overall, the continued League presence at the General Assembly was noticed and helped make a huge difference in our lobbying efforts.

All Hands on Deck:

In an effort to protect municipal revenues during the tax reform debate, the League assembled "All Hands on Deck" grassroots events on June 18 and 19. Municipal leaders from across the state descended upon Raleigh to explain to legislators the potential harmful effects of the Senate's

version of HB 998. These two days of outreach were beneficial; the Governmental Affairs team was able to schedule a meeting with Senate President Pro Tempore Phil Berger to discuss the impacts of the tax reform package, and ultimately the Senate made several critical changes to the bill to help protect municipal revenues.

THANK YOU!

The Governmental Affairs team had an immensely successful 2013 long session, lobbying on behalf of cities and towns in the state. All of the successes we achieved, however, would not have been possible without you. The member involvement we experienced this session was unprecedented for the League. You provided us guidance through the Advocacy Goals, you visited the General Assembly countless times, and you offered your input and expert advice on dozens of special topics that impact your municipality. Again, we owe much of the success from this session to you. Thank you!

The Governmental Affairs team would also like to extend a special thank you to our Board of Directors and the Executive Committee. Their input and guidance has been a useful tool that we have relied upon throughout the year. Specifically, we would like to acknowledge the effort put forth by all three Executive Committee Members: Mayor Art Schools, President; Mayor Al King, First Vice President; and Mayor Ronnie Wall, Second Vice President. Our Executive Committee continuously surpassed their duties to support the League and the Governmental Affairs Team. They were present for every member outreach activity, and even participated in multiple District Days! events. The Executive Committee also made a special visit to Raleigh (on short notice!) during the All Hands On Deck event to meet with legislators regarding the proposed tax reform packages. The group met personally with Senate President Pro Tempore Phil Berger to discuss the protection of municipal revenues. We appreciate all of the hard work and countless hours that the Executive Committee devoted to helping the League and its membership prosper.

Our team and the League would not be in such an advantageous position with the legislature without you. Please [contact our team](#) if you have any questions or comments about the session or specific legislation, or if we can assist your municipality in any way.



Mayor Ronnie Wall, Burlington; Mayor Al King, Goldsboro; Governor Pat McCrory; and Mayor Art Schools, Emerald Isle at the June Board of Directors' Meeting at the Executive Mansion



Bill Summaries

***Bills tracked by the Governmental Affairs team
throughout the 2013 Long Session***

Throughout the course of the 2013 legislative session the League's Governmental Affairs Team tracked 340 separate bills in its online bill tracking system. Of those bills, 115 were identified as being of "Critical" or "High" importance to cities and towns. Below you will find summaries of many of those pieces of legislation, both of the bill's effect on city and town operations and of the legislative journey the bill took to get to where it is today.

The bill numbers and titles are linked below. Those links will take you to the legislation in the League's bill tracking system. Next to each bill number and title is one of six designations: Law, Ratified, Eligible for Short Session, Likely Eligible for Short Session, Likely Dead, or Dead. These designations indicate the following:

- **Law:** Passed by the General Assembly and now Session Law, either through Governor's signature, Governor's inaction, or as a local bill.
- **Ratified:** Passed by the General Assembly but not yet acted upon by the Governor (as of August 13).
- **Eligible/Likely Eligible for Short Session:** Bills passed by either the House or Senate before the "crossover" deadline are eligible for consideration in the 2014 Short Session. Among the other bills eligible for consideration in 2014 are local bills, bills directly and primarily affecting the State budget, and bills primarily affecting any State or local pension or retirement system.
- **Dead/Likely Dead:** Bills that did not pass either the House or Senate are ineligible for consideration in 2014. It is not unprecedented, however, for seemingly dead bill language to appear in Short Session legislation.

Bills below are divided into five general categories: Tax & Finance/Budget, Local Bills, General Government, Planning & Land Use, and Environment & Utilities. If you do not see a bill summarized that you are interested in, please contact any member of the League's Governmental Affairs team or visit the League's bill tracking site.

A number of these bills address advocacy goals chosen by cities and towns as their top legislative priorities for the 2013-14 biennium. For a full list of the 2013-14 Municipal Advocacy Goals, see [Appendix II](#).

Tax & Finance/Budget

HB 4 UI Fund Solvency & Program Changes (Rep. Howard) – Law

SL 2013-2 effective July 1, 2013

HB 4 allows North Carolina private employers to repay a \$2.5 billion debt to the federal government more quickly by raising unemployment taxes on employers and limiting the amount and duration of unemployment benefits claimants can receive. The bill also requires municipalities to maintain a reserve equivalent to 1 percent of their total unemployment insurance taxable wages paid, beginning with Fiscal Year 13-14. Four quarterly prepayments designed to build up the reserve will be made during FY 13-14, but thereafter municipalities would make only an annual payment to replenish the account after claims are deducted. Municipalities would also no longer have the option of paying 120 percent of claims and requesting noncharging of benefits.



Representatives at Town Hall Day 2013 promote the upcoming NCLM Annual Conference in Hickory, NC (October 13-15, 2013)

HB 14 Rev Laws Technical, Clarifying, and Admin. Chg (Rep. Howard) – Ratified Tentatively effective on multiple dates, including upon becoming law

HB 14 makes numerous technical, administrative and clarifying changes to the taxation and revenue laws in Chapter 105 of the General Statutes. One provision of note provides a safeguard for local distributions in case there are difficulties with implementation of the new DOR IT system this year. If the system cannot determine the correct distribution amount for each county and city, DOR may use the average of the last three years' distributions to each city and county to determine the distribution. Once the system is able to determine the correct amounts for the month or quarter, adjustments will be made as part of a future distribution.

HB 30 Repeal Combined M.V. Registration/Tax System (Rep. Stevens) – Dead

HB 30 would have stopped the implementation of the combined motor vehicle registration and property tax collection system, which is designed to dramatically improve collection of motor vehicle property taxes by requiring that they be paid along with registration and renewal fees. The League opposed the bill, and HB 30 was never heard in the House.

**[HB 248 Taxpayer Debt Information Act \(Rep. Conrad\) – Law](#)
SL 2013-200 effective September 1, 2013**

HB 248 will require bond order information to include an estimate of the interest to be paid on the bond, and will require that any bond referendum include a statement that the bond repayment will include interest and that additional taxes may be required for repayment. The League opposed the original version of the bill because it required the estimate of the amount of interest be written into the referendum. Bond attorneys had indicated to the State Treasurer that this requirement could invalidate a debt issuance because interest rates at the time of the issuance are likely to be different than estimated rates submitted on the ballot. The enacted version of the bill avoids this problem.

[HB 274 Taxpayer Bill of Rights \(Reps. Blust, Jones, Holloway, Starnes\) – Likely Eligible for Short Session](#)

HB 274 attempts to slow the rate of growth in State spending by amending the State Constitution to include a general fund expenditure limit. Under this bill the State general fund would be limited to increase only by a percentage of a fiscal growth indicator. The fiscal growth indicator would be the average sum of inflation and state population change for the preceding three years. A two-thirds vote of the General Assembly would be required to exceed the general fund limit. This bill would also create an emergency reserve trust fund. This constitutional amendment would be voted on during the general election of 2014. The bill attempts to protect local governments from unfunded mandates that could result from efforts to curb State spending by requiring a reduction in the State limit if State responsibilities are assigned to another level of government in order to save money. HB 274 received a favorable report from the House Government Committee in early May but was not considered further.



NC Treasurer Janet Cowell speaks at last year's NCLM Annual Conference

- [HB 373 Extend State Hold Harmless Sales Tax Funds \(Rep. Wilkins\) – Dead](#)**
[HB 389 Restore Hold Harmless Sales Tax Funds \(Rep. Holloway\) – Dead](#)
[SB 422 Restore Hold Harmless Reimbursement \(Sen. Parmon\) – Dead](#)
[SB 307 Restore Hold Harmless Sales Tax Funds \(Sen. Hise\) – Dead](#)

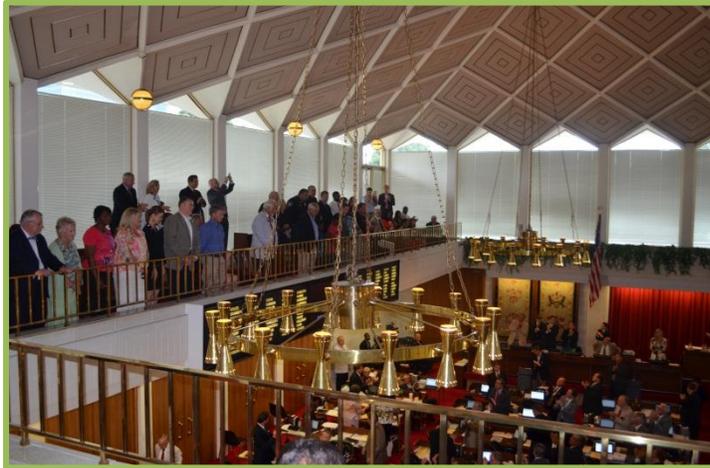
The League membership adopted a 2013-14 advocacy goal to seek the temporary extension of the Transitional Hold Harmless payments to cities and towns for a period of time that will allow the local option sales tax revenue to grow to the point where the loss of the promised payment can be absorbed by the local government. All of these bills were introduced for the purpose of implementing the League goal to some degree. Although no action was taken on any of these bills, the House adopted a one-year extension of the Transitional Hold Harmless as part of its budget. The final State budget included funds to provide a one-year extension, but with payments at only one-half of the statutory level. Supporters of extension in the House were able to overcome Senate opposition because numerous city and town officials traveled to Raleigh or

contacted their Representatives and Senators at home to explain the local budgetary consequences of not extending these payments.

HB 439 Economic Development Jobsites Program (Reps. Howard, Moffitt, Murry, Tine) – Law

SL 2013-130 effective June 19, 2013 and July 1, 2013

HB 439 attempts to promote the development of large tracts of vacant land by making site infrastructure land a special class of property that is eligible for deferred taxation, the same as



City officials are recognized in the NC House gallery

agricultural lands under G.S. 105-277.3 and G.S. 105-277.4. Site infrastructure land would be defined as 100 contiguous acres, zoned for industrial or office use, a building permit must not have been issued for the land, no primary structure can be present on the land, and finally the land must be classified for agricultural use value when the classification is sought. The League and the N.C. Association of County Commissioners were actively involved in negotiations on this bill.

HB 457 Taxpayer Standing Act (Rep. Blackwell) – Dead

HB 457 would have overturned State judicial rulings that prohibit citizens from suing the government for misusing public funds. It allows an individual or corporation that pays taxes to a taxing jurisdiction of this State to sue the jurisdiction on the grounds that it has violated a constitutional provision or statute by the misuse or misappropriation of public funds or allowance of unlawful tax exemptions, deductions, or credits. It also provides that plaintiffs can seek any appropriate equitable remedy, including injunctive or declaratory relief, as well as a return of any of the misused funds. HB 457 received a favorable report from the House Judiciary A Committee and was scheduled for a vote on the House floor, but it was re-referred to the House Finance Committee and never again acted upon this year.

HB 474 Redeposit Govt. Funds Into Ins. Deposit Acct (Rep. Ross) – Law

SL 2013-305 effective July 18, 2013

HB 474 authorizes a local government's official depository to redeposit local government funds into insured demand, money market, and negotiable order of withdrawal deposit accounts.

HB 547 Tax & Regulate Video Sweepstakes (Rep. Wray) – Likely Dead

The League's 2013-14 advocacy goals stated that if internet sweepstakes operations are legalized, the legislation legalizing them should expressly protect the land use decision-making and tax-levying authority of municipalities over said operations. HB 547 was introduced on behalf of the video sweepstakes industry to clear up the status of sweepstakes games by

legalizing their operations and placing them under the regulation of the Department of Commerce. The bill would have authorized both State and local taxes on sweepstakes businesses, but the combined taxes could well be found unconstitutional under the Lumberton precedent. The proposed local tax would have been below the level that many cities were charging under their own ordinances, and cities would have collected at least \$2 million less than what they collected when sweepstakes were in full operation. No action was taken on the bill.

HB 708 Study Public Enterprise Systems/Use of Funds (Rep. Moffitt) – Eligible for Short Session

As introduced, HB 708 would have imposed a set of restrictions on how local governments could use enterprise fund revenue. After hearing from the League about potential problems with the bill, the bill sponsor agreed to revise the bill so that it would direct the Legislative Research Commission to study the proper use of enterprise revenue and make recommendations for improvement of requirements regarding such revenues. This change was made when the bill was considered by the House Finance Committee. Although approved by the House, the bill was not acted upon by the Senate.

HB 952 Delay Sales Tax Distrib. Change Effect. Date (Rep. Hamilton) – Dead

The League membership adopted a 2013-14 advocacy goal about tax reform that included seeking a one-year delay in implementation when a county changes its method of distributing sales tax revenue. HB 952 would have implemented that goal so that cities and towns could have adequate time to plan for the effects of a change in distribution method. No action was taken on the bill.

HB 962 Municipal Sales Tax (Rep. Hamilton) – Dead

The League membership adopted a 2013-14 advocacy goal regarding tax reform that included seeking the authority for municipalities to levy a sales tax that applies within their corporate limits and is solely a municipal revenue. HB 962 would have implemented that goal so that cities and towns could receive more benefit from the sales generated within their borders. No action was taken on the bill, but the Senate leadership did seriously consider providing authority for a municipal sales tax in its version of the tax reform bill. However, they were considering doing so only as an offset to reductions in other municipal revenues.

HB 998 Tax Simplification and Reduction Act (Rep. Lewis) – Law **SL 2013-316 effective July 23, 2013 and other various dates**

HB 998 is the major tax legislation of the 2013 session. Earlier versions of the bill proposed major tax reform through expansion of the sales tax base and significant changes to business taxes. Local revenues would have been severely reduced under some versions of the bill that were adopted during this process. One Senate version of the bill would have reduced annual municipal revenues by a net of \$164 million. The final version of the bill could produce around \$15 million in additional municipal revenues thanks to the efforts made by hundreds of city and town officials who came to Raleigh throughout the session and many others who contacted their

legislators to express their concerns. Legislators gave serious consideration to your input and removed provisions, such as the elimination of the privilege license tax and the local government sales tax refund, that would have harmed municipalities. The final version of HB 998 does contain a provision to replace the franchise taxes on electricity and natural gas with a State sales tax on these items, but cities and towns would receive a portion of that sales tax. That portion would be distributed through a formula designed to ensure that no municipality would lose revenue. Municipalities will receive additional revenue as a result of several changes to the sales tax under HB 998. State and local sales tax will be applied to service contracts for maintenance/repair of automobiles and goods subject to sales tax, as well as to admissions to movies, live entertainment, and museums. In addition, some sales tax exemptions and the two sales tax holidays will be eliminated. Full details of the provisions in the bill that affect municipal revenue [can be found here](#).

[SB 97 Property Tax/Deannexation](#) (Sen. Goolsby) – Law

SL 2013-19 effective April 3, 2013, expires July 1, 2016

SB 97 requires municipalities to refund any property tax collected from areas that were a part of the municipality for 6 months or less before being deannexed, and for which no notice of tax has been sent to the taxpayer. The provisions expire July 1, 2016. While not a local bill, the provisions are narrow enough to apply only to the Monkey Junction area that was legislatively deannexed from Wilmington.

[SB 103 Amend Assessments for Infrastructure Needs](#) (Sen. Hartsell) – Law

SL 2013-371 effective June 30, 2013

SB 103 extends the special assessment authority in Article 10 of Chapter 160A until July 1, 2015. Councils are allowed to set the assessment amount based on the use being made of the land and provide for adjustments of assessments upon a change in use, provided that the total amount of all assessments is sufficient to pay the costs of the project after the adjustments have been made. For the purpose of determining whether the petition has been signed by a sufficient number of property owners, if a property is owned by multiple owners, each owner shall have a vote equal to a proportionate share of vote or value assigned to the property. The law is effective as of June 30 and applies retroactively to special assessments imposed on or after that date.



Assistant City Attorney Tom Carruthers, Greensboro; Councilman Walt Currie, Weaverville; and Executive Director Ellis Hankins, NCLM at the 2013 Advocacy Goals Conference

[SB 159 Require Certain General](#)

[Reappraisals](#) (Sen. Tarte) – Law

SL 2013-263 effective July 26, 2013

SB 159 is designed to allow Mecklenburg County to revise "erroneous and inequitable valuations" in its last reassessment. This is a statewide bill, but it is limited to counties where all of the following conditions are met: 1) the county has independent, corroborating evidence that a

majority of commercial neighborhoods in the county have significant inequity; 2) the county has independent, corroborating evidence that for evidential neighborhoods, inequity or erroneous data impacted valuation of the neighborhood as a whole; 3) the county's last reappraisal was performed in 2008, 2009, 2010, 2011 or 2012; and 4) independent or corroborating evidence was collected as a result of a review performed by a qualified appraisal company and the review had a sample size of no less than 375 properties. The bill received final legislative approval on July 18 and was signed into law by the Governor on July 26.

SB 207 Maintaining Water and Sewer Fiscal Health (Sen. Tucker) – Law

SL 2013-150 effective July 1, 2013

SB 207 gives the Local Government Commission the authority to assume full control of a fiscally troubled public water or sewer system without assuming full control of the government that owns the system. In order for the LGC to assume control, the system must meet one of the following criteria for three consecutive years: 1) the system experienced negative working capital (determined in accordance with generally accepted accounting principles); 2) the system experienced a quick ratio of less than 1.0; or 3) the system experienced a net loss of revenue using modified accrual budgetary basis of accounting. Before the LGC assumes control of a system it must find that the impact of the conditions that are met threatens the financial stability of the local government or public authority. Also, the LGC must find the system failed to make corrective changes to operations after notice and warning from the LGC. The LGC may provide notice and warning to a system prior to the three year period.

SB 305 DMV Commission Contract Changes (Sen. Tillman) – Law

SL 2013-372 effective July 1, 2013

This bill triples the fees that cities and counties pay to private license plate agencies to collect property taxes under the new combined registration and property tax, or Tax & Tag Together, program. Both the League and the N.C. Association of County Commissioners opposed the bill. SB 305 allows contract registration agents to charge a \$1.06 fee for collecting property tax, a \$1.27 fee for issuing a limited transaction "T" sticker, and \$1.43 for any other additional services. Contract registration agents would not be required to use the revenue received from these additional charges to hire staff to implement the Tax & Tag program. After February 28, 2014, the charge for collecting the property tax would decrease to \$0.71. The bill as written also requires some of these additional fees to be paid on DMV transactions, though legislators have provided assurances that this was inadvertent and will be corrected in 2014.

SB 363 Business Tax Reduction and Reforms (Sen. Brock) – Dead

SB 363 would have streamlined taxation of businesses entities by eliminating all State and local business privilege license taxes and reconfiguring the State business franchise tax. The bill would have reduced municipal revenues by over \$60 million statewide.

SB 394 Lower Tax Rates for a Stronger NC Economy (Sen. Clodfelter) – Dead

SB 394 was a bi-partisan, comprehensive tax reform bill that ignited the tax reform debate as it affected municipalities, but which ultimately was not acted upon by the General Assembly. As introduced, SB 394 would have expanded the sales tax to include additional services for

personal and real property, but it would have eliminated state and local franchise taxes on electricity and natural gas, reduced the local sales tax on food from 2 percent to 1 percent, eliminated all state and local business privilege license taxes, and eliminated the local distribution from beer and wine excise taxes. The bill contained no hold harmless provisions for cities and towns in the event that expanded sales taxes failed to fully replace the proposed reductions in municipal revenues. The League and city officials from around the state were quick to reach out to legislators with their concerns about the original version of the bill, which led to several proposed substitutes for the bill that attempted to provide municipalities with more assured streams of revenue. Ultimately, though, none of these proposed substitutes were ever adopted by the Senate Finance Committee.

SB 402 Appropriations Act of 2013 (Sen. Brunstetter) – Law
SL 2013-360 effective July 1, 2013, except as otherwise provided

SB 402 is the State budget bill for the 2013-2015 fiscal biennium. The budget includes a one-year extension of [the Transitional Hold Harmless payment](#), which expired in August 2012. The 2013 payment would be made in September and would be calculated as in past years, but each local government would receive only one-half of the amount calculated. There will be no further extension of the Transitional Hold Harmless beyond 2013. The budget contains several other provisions affecting cities and towns, including changes to water and sewer funding and economic development support. A table comparing the final budget to the versions originally passed by the House and Senate [can be found here](#).

SB 490 Exclude Custom Software from Property Tax (Sens. Gunn, Barefoot, Walters) – Law

SL 2013-259 effective July 1, 2014

SB 490 excludes custom computer software from taxation. The League publicly opposed this legislation, but the Association of County Commissioners did not. Currently, software owned by a business is not excluded from taxation if it is purchased or licensed from an unrelated business and the software is capitalized on the business's books. The bill excludes such software if it was developed or modified, whether internally or by a third party, to meet the taxpayer's specified needs. The definition leaves open the possibility for most system software to be modified to meet the exclusion. The law is effective for taxes imposed for taxable years beginning on or after July 1, 2014.



Erin Wynia, NCLM, presents to the League membership at the 2013 Advocacy Goals Conference

SB 628 DMV Block Registration/Unpaid Parking Fines (Sens. Wade, Tillman, Barringer) – Dead

SB 628 would have required the DMV to block the registration renewal or certification of title of a vehicle, if the DMV has been informed by a city that the vehicle has outstanding parking tickets. The bill did not receive a Senate hearing this session, but the State budget contains a provision which attempts to address issues related to unpaid parking tickets.

SB 677 Corporate Income Tax Reduction & Reform (Sens. Rucho, Rabon) – Dead

SB 677 was the initial, and most ambitious, tax reform proposal from the Senate leadership. The bill would have dramatically expanded the application of sales taxes to services so that the tax covered almost all services provided to consumers. The bill would have affected municipal revenues by switching taxation of electricity and natural gas from a franchise to a sales tax with a local distribution, eliminating the local distribution of beer and wine taxes and the local government sales tax refund, reducing the local sales tax rate, capping sales tax refunds to non-profits, and capping the municipal privilege license tax at \$500. It did include a hold harmless provision that would have provided full compensation for FY 14-15 and FY 15-16, but it would have phased out by 10 percent each year and expired after FY 24-25. It would not have held cities harmless for the privilege tax change. Due to strong opposition from the Governor and members of the Senate no action was taken on the bill.

Local Bills

[HB 191 Grifton Deannexation](#) (Rep. Brown) – Law

SL 2013-315 effective July 22, 2013

[HB 245 Troutman Deannexation](#) (Rep. R. Brawley) – Likely Eligible for Short Session

[HB 261 Kannapolis/Deannexation](#) (Rep. Ford) – Law

SL 2013-212 effective June 30, 2013

[HB 302 Repeal Kannapolis Annexation](#) (Rep. Ford) – Law

SL 2013-217 effective June 27, 2013

[HB 409 Shelby Deannexation](#) (Rep. Moore) – Law

SL 2013-218 effective June 27, 2013

[HB 421 Marshville Deannexation](#) (Rep. Brody) – Law

SL 2013-213 effective June 30, 2013

[HB 500 Kannapolis Annexations](#) (Rep. Pittman) – Likely Eligible for Short Session

[HB 526 Chadbourn Voluntary Annexation](#) (Rep. Waddell) – Law

SL 2013-214 effective June 30, 2013

[HB 567 Lumberton Deannexation](#) (Reps. Waddell, C. Graham, Goodman, Pierce) – Law

SL 2013-215 effective June 30, 2013

[HB 671 Mills River/Deannexation](#) (Rules, Calendar, and Operations of the House) – Law

SL 2013-62 effective June 30, 2013

[HB 1015 Bessemer City Annexation](#) (Rules, Calendar, and Operations of the House) – Law

SL 2013-354 effective June 30, 2013

[SB 269 Salisbury/Deannex Rowan Cty Airport Property](#) (Sen. Brock) – Law

SL 2013-60 effective June 30, 2013

Legislators again considered a number of local deannexation bills this session. Though the majority of these bills were requested and supported by the communities affected, there were exceptions. Perhaps most notable was SB 269, which was passed into law and deannexed Rowan County Airport property from the corporate limits of the City of Salisbury. The city was not in support of this effort. SB 269 was among the bills considered by a special House Finance Deannexation Subcommittee consisting of Chair Rep. Mike Stone and Reps. John Blust, Edward Hanes, and Paul Tine. The League worked with members of the subcommittee to develop a set of criteria for annexation matters the subcommittee could use in an effort to apply consistency. Other deannexation bills passed into law this session were supported by the affected municipalities.

[HB 224 Asheville ETJ and Annexation](#) (Reps. Moffitt, Ramsey) – Law

SL 2013-30 effective April 17, 2013

[HB 252 Asheville Transfers](#) (Reps. Moffitt, Ramsey, McGrady) – Law

SL 2013-65 effective June 5, 2013

[HB 531 ETJ/Zoning-Weaverville & Buncombe/Correction](#) (Reps. Ramsey, Moffitt) – Eligible for Short Session

[HB 568 Asheville Deannexation](#) (Reps. McGrady, Moffitt, Ramsey) – Eligible for Short Session

In addition to [the legislation affecting its water system](#), the City of Asheville also faced other bills affecting its authority this session. HB 224 eliminated Asheville's extraterritorial jurisdiction (ETJ) authority and restricted it from initiating any annexations until 2026. HB 531 would have similarly

eliminated the Town of Weaverville's ETJ authority, but it did not advance in the Senate after passing the House. HB 252 eliminated Asheville's future ability to use 5 percent of utility revenues for streets and sidewalk improvements associated with utility projects, an authority that the General Assembly had previously granted the City. Finally, HB 568 would have deannexed the Asheville Regional Airport from the City's corporate limits, but it also did not pass the Senate after being approved by the House. Both HB 531 and HB 568 will be eligible for consideration in 2014.

[SB 81 Charlotte Douglas International Airport](#) (Sen. Rucho) – Law

SL 2013-272 effective July 18, 2013

[SB 380 Charlotte Douglas Int'l Airport Commission](#) (Sen. Jackson) – Law

SL 2013-358 effective July 26, 2013

Legislators passed two laws this session affecting control over Charlotte Douglas International Airport, which is currently owned and operated by the City of Charlotte. The first piece of legislation, SB 81 – which was opposed by the League – would have transferred airport ownership and control to a newly created regional airport authority. Upon the bill's passage, the City of Charlotte appeared in court and received a temporary restraining order preventing that transfer. As a result, legislators advanced additional legislation – SB 380 – at the end of the session to sidestep Charlotte's legal arguments that SB 81 was an illegal act of the General Assembly. SB 380 creates an airport commission which would be an agency of the City responsible for all airport operations, while the City retains ownership of the airport assets. City of Charlotte officials are not supportive of this effort. The issue of airport control is likely to be decided in the courts.

[SB 334 Dorothea Dix Lease](#) (Sens. Hise, Pate, Tucker) – Eligible for Short Session

The version of SB 334 passed by the Senate would have immediately voided the lease agreement between the State of North Carolina and the City of Raleigh for the Dorothea Dix property, which the City would like to see developed into a destination park. The agreement between the City and the State was one of the final actions former Gov. Bev Perdue took while in office. The version of the bill passed by the House would not invalidate the lease until April 2014, giving the City and State time to renegotiate the terms of the agreement. The bill was sent to a conference committee for the two chambers to negotiate but never emerged. Reportedly Gov. Pat McCrory is working with the City of Raleigh to renegotiate the lease.



Governor Pat McCrory and Mayor Nancy McFarlane, Raleigh, hold a press conference on the status of the Dorothea Dix lease

General Government

HB 8 Eminent Domain (Reps. McGrady, Stam, Lewis, Goodman) – Eligible for Short Session

SB 636 Wildlife Resources Comm. Penalty Changes (Sen. Newton) – Eligible for Short Session

Efforts to amend the North Carolina Constitution to prohibit private property from being taken by condemners except for public use stalled in Senate committee this session. [HB 8](#) is virtually identical to one considered last session and, like its predecessor, passed the House but did not emerge from Senate committee. The bill would have required voter approval in the November



2014 general election. The League opposed this bill as well as other eminent domain provisions that were introduced as part of other, omnibus bills. One such bill was SB 636, a bill dealing with boating safety that emerged from the House late in the session with the eminent domain language from HB 8 included. SB 636 was not considered in the Senate, and no other eminent domain provisions survived in any other bills this session.

League members attend the NC Black Elected Municipal Officials (BEMO) breakfast at the 2012 NCLM Annual Conference

HB 48 Operation of Mopeds (Rep. Shepard) – Dead

This proposed bill would have required moped operators to possess a driver's license, register the moped, and carry insurance. This topic was identified as one of the [Municipal Advocacy Goals](#) for the 2013-2014 biennium. Although the League worked closely with legislators to pass this legislation, it did not make it out of the [House Transportation Committee](#). League coverage of the bill is available [here](#).

HB 120 Blding Codes: Local Consistency/Exempt Cable (Reps. Hager, W. Brawley, Cotham, Arp) – Law

SL 2013-118 effective July 1, 2013

HB 120 made several changes related to the N.C. Building Code, including limiting the residential inspections local governments could conduct to the eight specific areas referenced in the Code. Any local government wishing to conduct additional inspections beyond those specified in the Code would have to have its request individually approved by the N.C. Building Code Council. Local inspectors expressed concern that this would restrict their ability to conduct needed safety inspections that address local conditions, such as in high wind zones along the coast and in the mountains. Nevertheless, the bill passed the House and Senate comfortably and was signed into law in June.

[HB 284 Local Contracts/Local Bidder Preference](#) (Reps. Conrad, Fulghum, Cleveland, Blust) – Dead

The League's 2013-14 advocacy goals included seeking legislation to give municipalities the option to award contracts for goods and materials to local bidders that are not low bidders, under specified circumstances. HB 284 would have allowed municipalities to award contracts to local bidders if their bid is within 5% or \$10,000 of low bid, whichever is less. To be "local," a bidder would need to have a place of business within municipal limits. The bill failed to receive a favorable vote when considered by the House Government Committee in May.

[HB 659 County and City Ethics](#) (Reps. Moffitt, Howard, W. Brawley, Lewis) – Dead

This bill would have applied ethics provisions to local governing boards – including cities, counties, local boards of education, unified governments, sanitary districts, and consolidated city-counties – that previously applied only to those holding statewide office. Among the requirements was filing an annual statement of economic interest. After receiving a favorable report in the House Government Committee, the bill did not emerge from the House Appropriations Committee. The League opposed this bill.

**[HB 664 Cell Tower Deployment Act](#) (Reps. Hager, Moffitt, W. Brawley, Alexander) – Law
SL 2013-185 effective June 26, 2013 and October 1, 2013**

Consistent with federal law, this bill requires cities to approve certain collocation requests within 45 days of the application being completed. Though the original bill's intent was to conform N.C. law with federal law, it went beyond what the federal government requires, including limiting fees that may be imposed for third party consultant services. The bill retains municipal authority to block wireless facilities, as well as regulate the siting and modification of collocations, due to public safety and zoning considerations. This is the result of the League's multi-week negotiations with bill sponsors and wireless industry representatives. The League worked on legislative language with other stakeholders and was able to ease the impact on municipalities before its passage.

**[HB 748 DOT/Oversight Standards for Greenways](#) (Reps. Lambeth, Harrison) – Dead
[SB 653 Clarify Dealer Plates](#) (Sen. Parmon) – Eligible for Short Session**

These bills originally required the Department of Transportation to develop design and construction standards for greenways, bikeways, and other linear transportation not intended for mechanized vehicles so that they would no longer need to be built to the same specifications as roads. This concept was a League [Municipal Advocacy Goal](#), but HB 748 did not emerge from the House Committee on Transportation, and SB 653, an [identical bill](#), was passed by the Senate but was later stripped by a House committee and replaced by a bill on license plates.

HB 773 Local Gov'ts/Bldgs/Structures/Inspections (Reps. W. Brawley, Moffitt, Hardister, Brisson) – Eligible for Short Session

HB 773 would further restrict cities' ability to conduct and enforce rental registration and inspection programs, which were previously the target of legislation passed in 2011. Cities use these programs to ensure the adequacy of rental properties in their communities, protecting property values of surrounding properties and quality of life for their citizens. In addition to opposing the bill, the League worked with representatives of the cities conducting such programs to share their concerns with legislators, including bill sponsor Rep. Bill Brawley. Twenty-seven city officials and residents traveled to Raleigh to attend a meeting with Rep. Brawley to discuss the legislation. HB 773 eventually passed the House, but it did not receive a hearing in the Senate. In the final days of the legislative session, language that would have limited city ability to enforce these programs appeared in [the technical corrections bill](#). However, thanks to quick response from city officials, the bill was amended and this language was removed before passage. The League thanks Senators Fletcher Hartsell, Wesley Meredith, and Josh Stein for their support in removing this late-appearing language.



League members representing 12 cities meet with Representative Bill Brawley to discuss HB 773

HB 817 Strategic Transportation Investments (Rep. W. Brawley) – Law

SL 2013-183 effective multiple dates

A major initiative of Gov. Pat McCrory, HB 817 revises the way existing transportation funding is distributed in the state of North Carolina. Under the law 40 percent of transportation revenues will go to projects of statewide significance, 30 percent will go to regional projects, and 30 percent will be devoted to projects at the transportation division level. Projects will be selected for funding through a combination of data-driven criteria and local input. The N.C. Department of Transportation convened a workgroup to determine the details of which criteria would be used and how local input would be structured, and the League participated in the workgroup. This law also eliminates the Highway Trust Fund supplement to Powell Bill funds, tying future Powell Bill funding more closely to gasoline consumption.

HB 857 Public Contracts/Construction Methods/DB/P3 (Rep. Arp) – Ratified

Tentatively effective 30 days after becoming law

Following negotiations with multiple parties affected by this bill, including the League, other local government groups, state agencies, contractors, engineers, and architects groups, the legislature approved HB 857 and sent it to the Governor for his signature. The bill gives all local governments the ability to utilize the design-build construction method and public-private partnership financing. The League supported the bill, which set out procedures for solicitation of design-build requests for qualifications as well as the requirements for public-private partnership

project financing. The bill allowed these innovative tools for all non-transportation government projects.

HB 870 Duplin County Boards of Comms. And Educ. (Rep. Dixon) – Law

SL 2013-320 effective July 23, 2013

HB 870 was originally entitled “Record Closed Sessions of Public Bodies.” Its initial versions would have required that closed sessions held by every public body, including municipal governments, be recorded in both sound and video. The League worked with bill sponsor Rep. Jimmy Dixon to get important provisions related to the recording of sessions involving attorney-client privilege inserted into the legislative language. The recording of all closed sessions would have hindered economic development activities, impacted full discussion of personnel matters, and infringed upon the ability of local government attorneys to provide legal advice to city councils. Late in the session HB 870 was stripped and converted to a local bill, but we expect that the language that the League worked on with Rep. Dixon will arise in the Short Session.

HB 937 Amend Various Firearms Laws (Reps. Schaffer, Burr, Faircloth, Cleveland) – Law

SL 2013-369 effective June 29, 2013 and October 1, 2013

After extensive negotiations between the House and Senate, the legislature passed HB 937, one of the session’s most controversial pieces of legislation. The bill affected a wide range of statewide gun regulations, and much of the legislative debate focused on how the bill would allow individuals with a concealed carry permit to carry their firearms into places such as college campuses and businesses serving alcohol, and whether sheriffs should continue to issue firearms permits in certain situations. The bill prohibits municipalities from banning firearms on greenways and bike paths, and it also clarifies where cities can regulate guns in parks by further clarifying the definition of “recreational facilities.” The League spoke against these provisions, arguing that those decisions were best made at the local level. However, this provision remained unchanged throughout the legislative debate.



Town of Garner officials are recognized at the General Assembly for receiving a 2013 All-America City award

SB 9 Utilities/Design/Survey Location

Services (Sen. Meredith) – Law

SL 2013-142 effective July 15, 2013

HB 476 Rewrite Underground Damage Prevention Act (Reps. Hager, Moffitt, Murry) – Ratified

Tentatively effective October 1, 2014

This pair of bills affects procedures followed by water and wastewater utilities pursuant to the state's underground digging laws. These laws are also known as the "811" laws named after the "call before you dig" phone number excavators must dial to notify utilities – including water and wastewater utilities – of planned digging activities. Following a House rewrite of the original

Senate bill, the General Assembly ratified SB 9 and the Governor signed the bill into law. This law addressed requests for utility line location for design activities such as surveying, rather than planned digging activities. The proposal originally circumvented a more comprehensive overhaul of the state's underground digging laws in which the League participated in negotiations as an active stakeholder. However, the final SB 9 language now aligns with language negotiated in the broader stakeholder effort and also appears in the overhaul bill, HB 476.

The version of HB 476 approved by the General Assembly represents the culmination of months of negotiations between representatives of the League, contractors and other excavators, and utilities with underground lines such as natural gas, electricity, and cable. The League supports this compromise legislation, which would require all cities and towns with underground utilities subject to the act to join the NC 811 notification center. However, the bill would exempt cities from the requirement to mark – or provide a "locate" – for all gravity-fed wastewater lines installed prior to the law's effective date, and all stormwater facilities. It also contains a section assigning enforcement responsibilities to an oversight board, which includes a representative recommended by the League. In addition, the N.C. Utilities Commission would take responsibility for assessing penalties for violations of the laws.

[SB 105 Clarify Political Sign Ordinance Authority](#) (Sen. Tillman) – Eligible for Short Session

Originally, SB 105 would have ensured only one set of rules applied to placement of political signs in municipalities. This proposed fix became necessary after a 2011 law resulted in two sets of rules applying within jurisdictions where a city chose to regulate placement of political signs on its streets: (1) the city's rules, which apply on city-owned roads, and (2) the state's rules, which apply on state highways within the city's jurisdiction. The filed version would have addressed the confusion created by two sets of rules by allowing a city to apply its rules to state-maintained roads in its jurisdiction. However, the bill language approved by the Senate would retain two sets of rules, though it did give municipalities the ability to enforce the state's rules on state highways within their jurisdiction. This bill remains eligible in the 2014 Short Session, and the League has already worked with bill sponsor Sen. Jerry Tillman to advance the original version of his bill next session.

[SB 125 Public Meeting/Records Law Violations](#) (Sens. Goolsby, Apodaca) – Dead

[SB 331 Sunshine Amendment](#) (Sen. Goolsby) – Dead

[SB 332/HB 837 Government Transparency Act](#) (Sen. Goolsby, Reps. Collins, Blust, Wilkins) – Dead

A trio of bills – all sponsored on the Senate side by Sen. Thom Goolsby – attempted to make changes to state law to increase “government transparency.” The League strongly opposed all three of these bills. The only one to receive a hearing was SB 125, which would have made it a Class 3 misdemeanor to deny access to public records or violate the statutes related to meetings of public bodies. SB 125 was not voted on after Senators expressed concerns that the law punished all violations of the public records and open meetings laws, and that it would increase municipalities’ cost of complying with requests for records. SB 331 would have placed

before voters a constitutional amendment declaring a constitutional right to access to public records and meetings not specifically exempted. The Government Transparency Act would have established as public records general descriptions of promotions, demotions, suspensions, etc., and performance evaluations of public employees, harming employee morale and reducing the effectiveness of performance management and evaluation systems.

[SB 127 Economic Development Modifications \(Sen. Brown\) – Eligible for Short Session](#)
[HB 356 Customer Srvc., Econ. Dev., and Transport’n \(Reps. Moffitt, Howard, Collins, Murry\) – Dead](#)

In their original forms, both SB 127 and HB 356 would have taken steps to realign the boundaries of the state’s environment, transportation, and economic development regional offices into seven regions. The three agencies would have also begun to share regional office space, offer one-stop services, and utilize shared support staff. HB 356 did not advance. SB 127, however, eventually became a vehicle for a separate measure backed by Gov. Pat McCrory. Language in a later version of SB 127 would have allowed the N.C. Department of Commerce to perform certain functions through the use of a public-private partnership. After passing the House and Senate in different forms, SB 127 was assigned to a conference committee. Knowing the backing that SB 127 had, legislators attempted to add controversial provisions related to the state’s hydraulic fracturing industry to the conference report. However, this conference report was not approved by both the House and Senate, meaning SB 127 did not pass before the end of the session. It remains eligible for consideration in 2014.



Mayor Lestine Hutchens, Elkin, and Rep. Sarah Stevens lead a press conference to honor the “Great Places in North Carolina” initiative

[SB 186 Notice Publication by Counties and Cities \(Sens. Wade, Brock\) – Dead](#)
[SB 287 Notice Publication by Some Local Govs \(Sens. Wade, Barringer\) – Eligible for Short Session](#)

[HB 504 Local Electronic Notice \(Reps. McGrady, Stam, Jackson, Hardister\) – Dead](#)
[HB 755 DENR Electronic Notice \(Reps. McGrady, West\) – Dead](#)

All of the above bills would have allowed governments to publish legally required electronic notices on their own websites and through other means, saving taxpayer money by eliminating the requirement that these notices be published in paid newspaper advertisements. SB 186 would have extended that authority to all local governments statewide, but it never received a hearing. Both SB 287 and HB 504 would have granted electronic notice authority to certain counties and municipalities across the state, and the League lobbied legislators extensively in support of both of the bills. Despite intense opposition from the N.C. Press Association, SB 287 passed the Senate and, along with HB 504, passed a House committee and was scheduled for a vote on the House floor. They were scheduled to be voted on along with HB 755, which would have extended similar authority to the N.C. Department of Environment and Natural Resources.

However, during debate over HB 755, that bill was rewritten by a Press Association-backed amendment that would have created a monopoly for the press in electronic notice while providing little to no financial relief for taxpayers. After the approval of that amendment, all three bills were referred back to the House Rules Committee, where HB 504 and HB 755 received no further consideration.

In the final days of the legislative session, SB 287 reemerged in the House Rules Committee as a bill granting electronic notice authority to Guilford County and all the municipalities wholly or partially within the county. After passing the committee, it was again amended on the House floor with Press Association language, but it was then passed by the House and sent to a conference committee with the Senate. The conference report that emerged removed the amended language and granted electronic notice authority to both Guilford and Mecklenburg counties and all the municipalities wholly or partially within them. The Senate approved that conference report, but it was not voted on in the House. As a local bill, it would only need one vote of approval from the House in 2014 to become law. The League thanks [Rep. Chuck McGrady](#) and [Sen. Trudy Wade](#) for their support of these important bills.

**[SB 264 Abate Nuisances/Drug Sales From Stores](#) (Sen. Brown) – Law
SL 2013-229 effective July 3, 2013**

This bill modified the statutes related to municipalities' ability to utilize nuisance abatement authority. The bill permits cities and towns to use this authority for businesses that are the



Rep. Allen McNeill and Rep. Dean Arp talk at the 2013 Advocacy Goals Conference

source of regular criminal activity, regardless of whether the activity is the sole purpose of the building or place. This topic was identified as a [Municipal Advocacy Goal](#) for the 2013-2014 biennium and was also backed by the N.C. Police Chiefs Association. SB 264 corrects an issue arising from the [State ex rel. City of Salisbury v. Campbell](#) case. Thanks to the bill's primary sponsor, [Sen. Harry Brown](#), and the work of League members and staff, the bill was signed into law on July 3.

**[SB 411 Ethics Requirements for MPOs/RPOs](#) (Sens. Rabon, Harrington) – Law
SL 2013-156 effective June 19, 2013**

This bill limits the ethics requirements for Metropolitan Planning Organizations (MPOs) and Rural Planning Organizations (RPOs) to only voting members. SB 411 corrects an issue from legislation passed last year that expanded the ethics requirements to MPO and RPO staff and members of advisory committees. Since last year, the League has been working with legislators to correct the issue and narrow the scope of the ethics requirements. The League would like to

thank Senators [Kathy Harrington](#) and [Bill Rabon](#) for their support on this bill. League coverage of the bill is available [here](#).

[SB 703 Limit Local Regulation of Outdoor Smoking](#) (Sens. Newton, Jackson, Brock) –

Dead

Key sponsors of SB 703, Senators Newton, Jackson, and Brock, proposed this bill that would have prohibited municipalities from regulating outdoor smoking on public property. The bill would have included city-owned and public properties, such as municipal buildings, public beaches, and parks. Thanks to quick action by the League membership and the Governmental Affairs staff, the bill did not meet the crossover deadline. Prior League coverage is available [here](#).

Planning & Land Use

HB 79 Annexation Amendment (Reps. Pittman, Hardister, Ford) – Likely Dead

If passed, this bill would have presented voters with a proposed constitutional amendment to require that any city-initiated annexation must be approved by a two-thirds majority by residents of the annexation area. In addition, the bill also would have eliminated extraterritorial jurisdictions (ETJs) in the state. The bill was filed in the House in early February. The League opposed the bill because it had the potential to prevent future reasonable changes to annexation statutes, as well as harm economic development efforts by municipalities. HB 79 never received a hearing this session. Prior League coverage is available [here](#).

HB 150 Zoning/Design & Aesthetic Controls (Reps. Dollar, W. Brawley, Moffitt, Jordan) – Eligible for Short Session

Resurrecting legislation filed in previous legislative sessions, the House advanced this bill that would prevent municipalities from imposing design and aesthetic controls on most one- or two-family dwellings. Among the types of controls that would be prevented would be requirements related to exterior building color, roof style, location of windows and doors, and the number and



Town Manager Elton Daniels, Sharpsburg, and Town Manager Stevie Cox, Chadbourne, attend the 2013 Town Hall Day reception

types of rooms in the house. Municipalities often use these types of requirements to preserve the character of existing neighborhoods and bolster the compatibility of new development. After passing the House, HB 150 was given a favorable report by a Senate committee and scheduled for a vote on the floor. However, before that vote the bill was referred to the Senate Rules Committee, where it stayed for the remainder of the session.

HB 254 Zoning Changes/Notice to Military Bases (Reps. Glazier, Lewis, Szoka, Lucas) – Law

SL 2013-59 effective May 30, 2013

This bill affects notice relating to zoning changes made within 5 miles of a military base by expanding the means of notice to military commanders and modifying when that notice is required. Local governments must notify military commanders by certified mail or other means reasonably designed to give actual notice of changes relating to telecommunications towers or windmills, proposed new major subdivision preliminary plats, and increases in the size of an approved subdivision by more than fifty percent. Previously, notice was by certified mail only and required when any changes were made to zoning maps or nearby proposed subdivisions. The League monitored the bill but took no position on it.

HB 264 Justice for Rural Citizens Act (Reps. Pittman, Ford, Moffitt, Hardister) – Dead

The Justice for Rural Citizens Act would have terminated the use of ETJ authority statewide. The attempted legislation to limit or eliminate ETJ authority has been a critical issue for League members during this session (more information on ETJ is available in [this](#) issue brief). The bill was never heard in a committee. League coverage of the bill is available [here](#).

HB 276 Zoning/Board of Adjustment Changes (Reps. Graham, Stam) – Law

SL 2013-126 effective Oct. 1, 2013

HB 276 revises the statute dealing with Boards of Adjustment based on recommendations made by the Land Use Section of the N.C. Bar Association. The League submitted comments on the bill based on input provided by municipal attorneys, and several changes were made in response to these comments. As a result, the final version of the law is much improved over the bill that was originally filed. However, there remain areas of concern in the law. For example, it provides that in instances in which enforcement of a land use ordinance is not stayed by the filing of an appeal, the appellant is entitled to an expedited hearing within 15 days of request. We are concerned that this short time window will cause practical difficulties in scheduling a meeting of the Board of Adjustment, providing and posting notice, and preparing for the case. It may also create a disadvantage for neighborhood groups and others interested in the appeal who may need to engage legal counsel to assist them. The law also states that the appellant is not limited to matters stated in the notice of appeal, which may introduce an unwelcome element of surprise to the hearing and may result in insufficient ability to prepare for the hearing. Finally, the law removes the supermajority vote requirement for issuing a special or conditional use permit, though a four-fifths vote is still required for variances. The League had asked for flexibility to allow local governments to require a supermajority vote for a subset of special use permits, such as adult entertainment uses.



Former Rep. Deborah Ross and Economic Development Director Tony Beasley, Garner, at the Advocacy Goals Conference

HB 433 Land Use Surrounding Military Installations (Reps. Bell, Stam, McElraft, Whitmire) – Law

SL 2013-433 effective June 26, 2013 and October 1, 2013

Creating the Military Lands Protection Act, this bill prohibits the construction of structures 200 feet high or taller on land within five miles of a military installation without prior approval from the N.C. Building Code Council. The Building Code Council meets only quarterly, creating potential problems for municipalities where military communities may want to grant development permits.

In previous versions of the House bill, the League worked with bill sponsors so that the required endorsement would have come instead from the State Construction Office. However, the adopted version incorporated Senate changes that restored the requirement that the endorsement come from the Building Code Council. The Act does not apply to existing tall structures, or wind energy installations and cell towers meeting certain specifications.

**[HB 538 Apex Land Use Changes](#) (Rep. Dollar) – Law
SL 2013-264 effective Oct. 1, 2013**

HB 538 is a local bill applying to the Town of Apex. It gives members of the Town Council the ability to communicate with parties impacted by required quasi-judicial hearings. However, the restriction of ex-parte communication still applies to the Apex Board of Adjustment.

[HB 608 ETJ Powers Limited](#) (Reps. Pittman, Ford, Moffitt, Hardister) – Dead

In yet another attempt by legislators to restrict ETJ authority, HB 608 was introduced in early April. The bill would have prevented municipalities from designating new ETJ areas outside of their corporate limits, but it would have allowed municipalities to maintain control of existing ETJ areas. The League opposed this bill. This bill also did not receive a hearing this year.

[HB 625 Zoning/Health Care Structure](#) (Reps. Moffitt, Howard, Setzer, Ramsey) – Eligible for Short Session

This bill required local governments to permit temporary family health care structures for the physically or mentally impaired in single-family residential areas. The new zoning statute would have classified these structures as a permitted accessory use, under certain conditions, and required their removal within 60 days of ceasing to provide assistance. The League worked with bill sponsors, including Rep. Tim Moffitt, to ensure that there were no unintended negative consequences to cities and towns. The bill passed the House but did not make it past the Senate Committee on Finance.

[HB 632 Property Owners Protection Act](#) (Reps. Moffitt, W. Brawley, Saine, Setzer) – Eligible for Short Session

When filed, the Property Owners Protection Act (or POPA) would have set a state policy that “all statutes, ordinances, rules, and regulations that affect the free use of land shall be strictly construed against the government and liberally construed in favor of the free use of land.” It also would have awarded property owners attorneys’ fees in any successful challenge to such a statute or ordinance, and prevented local governments from enforcing any penalty against a property owner for a violation not committed by the property owner. The League worked with the bill’s primary sponsor, Rep. Tim Moffitt, to convert HB 632 to a study of these issues before it passed the House. It did not receive a hearing in the Senate.

[HB 787 Protect Rural Land Use Rights](#) (Rep. Cleveland) – Dead

Under the proposed HB 787, if any government entity passed a law or ordinance which limited land use of rural properties for environmental purposes, the government entity would be classified as a “condemnor.” Affected landowners would have the right to seek compensation for the lost use of property, and if successful would also be awarded attorney and court fees. The League opposed this bill and it did not make it out of the House this session. Previous League coverage of the bill is available [here](#).

HB 841 Urban Farms/Zoning Laws Exclusion (Reps. Ramsey, Moffitt, Whitmire) – Dead

The Urban Farms/Zoning Laws Exclusion bill would have prevented municipalities from applying zoning rules to any property within the corporate limits that is classified as a bona fide farm.

Some exclusions to this rule were written into the bill, such as the ability to apply zoning rules in the cases of public safety, health, or environmental protection. The League actively opposed this bill, as it would restrict municipalities' authority over local planning and land use. The bill did not make it out of a House committee. Prior League coverage of the bill is available [here](#).



Morrisville representatives Mayor Jackie Holcombe, Planning Director Ben Hitchings, and Director of Community Services Tony Chiotakis at the 2012 Transportation Forum

SB 315 Municipal Services (Sens. McKissick, Woodard) – Ratified Tentatively effective upon becoming law

With echoes of [the 2012 late-session debate](#) over extension of water lines by the City of Durham to the 751 South development in southern Durham County, the legislature approved SB 315 at the end of this year's session. This statewide bill, which would require the City to provide water service to the development, was introduced after a vote by the Durham City Council to deny extension of water service to the hotly-debated project. The City Council and its legislative delegation were both split over this bill, leading to a [packed legislative public hearing](#). However, the version ultimately approved represented a compromise between Durham Sen. Floyd McKissick and Rep. Tim Moore, the legislator who pushed a different bill last session that attempted to require the city to provide utility service to this particular development. During the House floor debate, House members offered amendments to the bill, including one requiring the developers of the property to report on their job creation efforts, but legislative maneuvering prevented any of those amendments from being voted on directly. The final bill would also legislatively annex the development property into the City of Durham in 2023. To limit its statewide application, the bill would be in effect for only 60 days after passage. Even so, the League continued to oppose legislative decisions like this one regarding the provision of local services.

Environment & Utilities

HB 480 Environmental Permitting Reform (Reps. Millis, Moffitt, Catlin, Hardister) – Law SL 2013-82 effective June 12, 2013

After scaling back the original scope of HB 480, the legislature passed this regulatory reform bill, which created a fast-track permitting program for issuance of stormwater permits to individual developments for post-construction controls. To do so, it directed the N.C. Environmental Management Commission (EMC) to place into rules a set of minimum design criteria for various stormwater devices. If a device designer sealed the design as complying with those criteria, the design would bypass technical review and receive automatic approval. Throughout consideration of the bill, primary sponsor Rep. Chris Millis stated his intention for the bill not to apply to local government development approval processes. The League will work with the EMC throughout the rulemaking process to achieve an outcome consistent with Rep. Millis's intent.

HB 488 Regionalization of Public Utilities (Reps. Moffitt, McGrady, Ramsey) – Law SL 2013-50 effective May 15, 2013

Commonly known as the “Asheville water law,” this statewide bill would require the assets of public utilities to be transferred to the control of a Metropolitan Water and Sewerage district once they meet certain criteria. As written, the bill would currently only affect the City of Asheville's water system. Soon after the bill became law the City of Asheville went to court and received a temporary restraining order preventing the transfer of control of the utility. The League and city officials worked with legislators before the bill's passage to limit its applicability.



However, after the City's lawsuit, language that would have deleted certain portions of HB 488 already passed into law appeared in other legislation, potentially applying the law to utilities in the City of Greenville. The League and City of Greenville officials worked with legislators to have language inserted into [SB 341 Amend Interbasin Transfer Law](#) to ensure that Greenville's utilities would not be affected by this law.

League Executive Director Ellis Hankins and President Art Schools, Mayor of Emerald Isle, at the 2013 Town Hall Day

HB 892 No Fiscal Note for Rule Repeal (Reps. Catlin, W. Brawley, Murry, Moffitt) – Law SL 2013-149 effective June 19, 2013

With unanimous votes in both legislative chambers, the General Assembly passed HB 892 and the Governor signed the bill into law in June. The bill accomplished a [regulatory goal](#) chosen by League members to streamline the process for repealing unnecessary, unduly burdensome, or

inconsistent rules. The bill achieved these reforms by relieving state agencies proposing to repeal an existing rule from the responsibility of preparing a fiscal note on that repealed rule.

[SB 10 Government Reorganization and Efficiency Act](#) (Sens. Apodaca, Hunt, Rabon) – Eligible for Short Session

[HB 1011 Government Reorg. And Efficiency Act](#) (Rules, Calendar, and Operations of the House) – Eligible for Short Session

Legislators made several attempts at a major overhaul of some of the state's most powerful boards before finally reaching agreement on a few boards in [the state budget bill](#). After [an early-session tussle](#) over SB 10, the House introduced nearly-identical provisions in HB 1011.

Importantly for cities and towns, both bills proposed to eliminate the current membership of boards such as the Environmental Management Commission (EMC) and the Coastal Resources Commission (CRC), among others. In place of the current board members, the bills designated new qualifications for board members and changed the number of board members sitting on the



Rep. Frank Iler and City of Wilmington Council Member Laura Padgett at the League's 2012 Transportation Forum

various commissions. Finally, instead of considering the topic by advancing either of these bills, [the state budget bill](#) put the issue to rest and reduced the number of seats on the EMC from nineteen to fifteen, including the elimination of the designated local government seat. All terms for that commission were also switched from either two- or six-year terms to four-year terms. The budget bill also reduced the number of seats on the CRC from fifteen to thirteen.

**[SB 76 Domestic Energy Jobs Act](#) (Sens. Newton, Rucho, Brock) – Law
SL 2013-365 effective multiple dates**

The Senate introduced SB 76 as one of its [first major initiatives of the session](#). The wide-ranging bill generally contained provisions related to hydraulic fracturing and offshore gas exploration activities. But after the House passed a version with [significant differences from the original bill](#), the final version approved by both chambers came as a result of efforts by a House-Senate conference committee. This version of the bill sped up the rulemaking process for agencies tasked with writing all the rules for the practice of hydraulic fracturing, though it reiterated a previous prohibition on the issuance of permits to allow hydraulic fracturing activities until the legislature took action. Of interest to cities and towns, the bill directed a study of how to fund local and state emergency responses to industry-related emergencies. The final approved version also removed a provision in an earlier version that would have limited local taxation of the industry only to levies of ad valorem taxes. Legislators attempted to resurrect that tax-limiting provision, as well as many of the other controversial measures from the early version of SB 76, on the last day of session in [an unrelated bill](#) (scroll down to conference report links to

read). While that effort saw the Governor at the legislature lobbying for the bill's passage, legislators ultimately did not gather the necessary votes from both chambers to pass it.

[SB 112 Create Jobs Through Regulatory Reform](#) (Sen. Jackson) – Eligible for Short Session

[SB 612 Regulatory Reform Act of 2013](#) (Sens. Brown, Jackson, Brock) – Eligible for Short Session

[HB 74 Regulatory Reform Act of 2013](#) (Reps. Murry, Moffitt, Samuelson, Bryan) – Ratified Tentatively effective on multiple dates

[HB 94 Amend Environmental Laws 2013](#) (Reps. McElraft, Samuelson, McGrady) – Eligible for Short Session

Predictably, the topic of regulatory reform proved to be one of the most comprehensive and yet elusive issues on which to advocate this session. Following the practice of previous sessions, legislators used various omnibus bills to present a plethora of unrelated regulatory reform measures. Each bill listed above was approved by at least one chamber this session, but in the end, momentum coalesced around HB 74, with the bill passing on the last day of session.

The measure of most concern to cities and towns throughout each version of these bills was one that would eliminate a city's ability to pass an ordinance that was more stringent than state or federal laws and regulations. For most of the session, the League worked intensely with a variety of legislators on this harmful provision, and appreciates their efforts to scale back the idea. Ultimately, the final version of the bill set up a legislative study of the circumstances under which cities should be authorized to enact environmental ordinances that regulate a field also regulated by a state or federal statute or rule, and that are more stringent than that state or federal statute or rule. League members will work cooperatively with legislators in studying this topic over the next year. In addition, the bill created a de facto moratorium on enactment of these types of ordinances, set to expire October 1, 2014, by requiring all council members present and voting on such an ordinance to approve the ordinance in order for it to be enacted.

Also of concern in HB 74 was a provision affecting city authority to bring existing non-conforming billboard sites into conformity with revised zoning plans. That authority was eliminated in HB 74, which now allows owners of all permitted billboards to rebuild their signs

forever, irrespective of their non-conforming status. Many ordinances allow for the gradual phasing out of non-conforming uses by prohibiting repair or reconstruction of the non-conforming structure under certain circumstances. This approach allows for different or new economic development opportunities to sprout in parts of cities currently incompatible with the presence of the non-conforming billboards. The League does thank Rep. Chuck McGrady for working with us to introduce an amendment – that



City of Charlotte Council Member James Mitchell speaks during the NC BEMO breakfast at the League's Annual Conference

was approved – that prevented the elimination of all local control over billboards, including zoning.

The final bill addressed a myriad of other local government, environment, and administrative procedure reforms that would affect cities and towns. The environment reforms important to cities and towns related to redefining “built-upon area” as not including gravel in impervious surface calculations, a study of engineer review of technical designs, local sedimentation and erosion control appeals, reclaimed water setbacks, a study of the various entities that provide water and sewer service in the state, brownfields redevelopment, groundwater compliance boundaries, and solid waste collection practices and enterprise funds. The main administrative procedure reform contained in this bill instituted a cumbersome process to review existing rules, beginning with surface water quality and wetlands rules. In addition, this bill combined two divisions in the Department of Environment and Natural Resources: the Division of Water Resources and the Division of Water Quality, which will be called the Division of Water Resources.



Mayor Rudy Wright, Hickory, gives a media interview regarding the 2012 Transportation Forum

SB 341 Amend Interbasin Transfer Law (Sen. Rabon) – Ratified Tentatively effective upon becoming law

With approval of SB 341, the legislature handed the Governor a bill that made incremental changes to the state's interbasin transfer (IBT) laws – changes supported by the League. These changes included allowing IBT daily withdrawals at a rate of three million gallons/day, while ultimately calculating the withdrawals on a monthly basis to ensure ease of measurements. This proposal, a product of a water supply stakeholder group on which the League participated, also spelled out the process for modification of IBT certificates. It then applied that modification process to areas under the Central Coastal Plain Capacity Use Area – an area in eastern North Carolina required to transition away from groundwater supplies toward surface water supplies – thereby easing the transition for those affected water systems.

Unrelated to the IBT provisions described above, the bill also included a provision added in June related to previously-passed legislation transferring control of the City of Asheville's water system to a regional authority. Originally, this provision threatened to pull the City of Greenville into a similar mandated water system transfer, but legislators amended the bill on the House floor with the intent of ensuring that the Asheville legislation would not apply to Greenville. That amendment reads, “For purposes of this section, a public water system shall not include any

system that is operated simultaneously with a sewer system by the same public body, in conjunction with the provision of other utility services for its customers.” The League believes that this language would not lead to the Asheville water law applying to any additional communities. The apparent motivation for these changes was to strengthen the State's case in the lawsuit filed by the City of Asheville challenging the mandated transfer.

SB 372 Omnibus County Legislation (=HB 458) (Sen. Davis, Rep. McElraft) – Law
SL 2013-458 effective August 1, 2013

On a topic selected by League members as a [regulatory advocacy goal](#), the legislature approved SB 372. This bill contained a provision that would require state and local governments to give boards of county commissioners notice and opportunity to comment if land application of biosolids has been proposed in their counties. Biosolids are a byproduct of wastewater treatment and are used as a highly effective fertilizer for crops. The version signed by the Governor included a clarifying provision requested by the League to ensure notice occurred when Class B biosolids were proposed for land application. The League was not opposed to this specific proposal but would oppose any legislation giving local governments such as counties the ability to prevent the land application of biosolids. League members prioritized limiting regulation in that area to the state and federal governments as one of this year's [regulatory advocacy goals](#).

SB 515 Jordan Lake Water Quality Act (Sens. Gunn, Wade) – Ratified
Tentatively effective upon becoming law

In an almost annual ritual since initially passing the Jordan Lake Rules in 2009, the legislature enacted another delay of portions of those Rules, sending the measure to the Governor for his



consideration. Originally cast as a Senate proposal to strike down the Rules in their entirety, SB 515 instead delayed implementation of certain rules until July 2016. One other measure, included in the state budget, completed the legislature's approach to reform of the Rules this session. That provision took \$2 million from the Clean Water Management Trust Fund for a study of buoy circulator technology that was touted as a way to purify the lake water.

Representatives from Goldsboro, NC, at the 2012 Transportation Forum

SB 634 Increase Penalties/Utilities (Sen. Newton) – Law
SL 2013-88 effective December 1, 2013

SB 634, signed into law by the Governor in June, increased penalties, including criminal penalties, for persons who tamper with or otherwise damage water and wastewater

management equipment, including meters. It also instituted penalties for persons who reconnected water connections unlawfully when they have been disconnected by the utility provider. This law strengthened the ability of municipal water and wastewater utilities to address illegal tampering and connections in their systems.



APPENDIX I

Index of all bills mentioned in this bulletin

Bill Number	Title	Status	Bulletin Section
SB 264	Abate Nuisances/Drug Sales From Stores	Law	General Government
SB 103	Amend Assessments for Infrastructure Needs	Law	Tax & Finance/Budget
HB 94	Amend Environmental Laws 2013	Eligible for Short Session	Environment & Utilities
SB 341	Amend Interbasin Transfer Law	Ratified	Environment & Utilities
HB 937	Amend Various Firearms Laws	Law	General Government
HB 79	Annexation Amendment	Likely Dead	Planning & Land Use
HB 538	Apex Land Use Changes	Law	Planning & Land Use
SB 402	Appropriations Act of 2013	Law	Tax & Finance/Budget
HB 568	Asheville Deannexation	Eligible for Short Session	Local Bills
HB 224	Asheville ETJ and Annexation	Law	Local Bills
HB 252	Asheville Transfers	Law	Local Bills
HB 1015	Bessemer City Annexation	Law	Local Bills
HB 120	Blding Codes: Local Consistency/Exempt Cable	Law	General Government
SB 363	Business Tax Reduction and Reforms	Dead	Tax & Finance/Budget
HB 664	Cell Tower Deployment Act	Law	General Government
HB 526	Chadbourn Voluntary Annexation	Law	Local Bills
SB 81	Charlotte Douglas International Airport	Law	Local Bills
SB 380	Charlotte Douglas Int'l Airport Commission	Law	Local Bills
SB 653	Clarify Dealer Plates	Eligible for Short Session	General Government
SB 105	Clarify Political Sign Ordinance Authority	Eligible for Short Session	General Government
SB 677	Corporate Income Tax Reduction & Reform	Dead	Tax & Finance/Budget
HB 659	County and City Ethics	Dead	General Government
SB 112	Create Jobs Through Regulatory Reform	Eligible for Short Session	Environment & Utilities
HB 356	Customer Srv., Econ. Dev., and Transport'n	Dead	General Government
HB 952	Delay Sales Tax Distrib. Change Effect. Date	Dead	Tax & Finance/Budget
HB 755	DENR Electronic Notice	Dead	General Government
SB 628	DMV Block Registration/Unpaid Parking Fines	Dead	Tax & Finance/Budget
SB 305	DMV Commission Contract Changes	Law	Tax & Finance/Budget
SB 76	Domestic Energy Jobs Act	Ratified	Environment & Utilities
SB 334	Dorothea Dix Lease	Eligible for Short Session	Local Bills
HB 748	DOT/Oversight Standards for Greenways	Dead	General Government
HB 870	Duplin County Boards of Comms. and Educ.	Law	General Government
HB 439	Economic Development Jobsites Program	Law	Tax & Finance/Budget
SB 127	Economic Development Modifications	Eligible for Short Session	General Government
HB 8	Eminent Domain	Eligible for Short Session	General Government
HB 480	Environmental Permitting Reform	Law	Environment & Utilities
SB 411	Ethics Requirements for MPOs/RPOs	Law	General Government
HB 608	ETJ Powers Limited	Dead	Planning & Land Use
HB 531	ETJ/Zoning-Weaverville & Buncombe/Correction	Eligible for Short Session	Local Bills
SB 490	Exclude Custom Software from Property Tax	Law	Tax & Finance/Budget
HB 373	Extend State Hold Harmless Sales Tax Funds	Dead	Tax & Finance/Budget

Bill Number	Title	Status	Bulletin Section
HB 1011	Government Reorg. And Efficiency Act	Eligible for Short Session	Environment & Utilities
SB 10	Government Reorganization and Efficiency Act	Eligible for Short Session	Environment & Utilities
SB 332	Government Transparency Act	Dead	General Government
HB 837	Government Transparency Act	Dead	General Government
HB 191	Grifton Deannexation	Law	Local Bills
SB 634	Increase Penalties/Utilities	Law	Environment & Utilities
SB 515	Jordan Lake Water Quality Act	Ratified	Environment & Utilities
HB 264	Justice for Rural Citizens Act	Dead	Planning & Land Use
HB 500	Kannapolis Annexations	Likely Eligible	Local Bills
HB 261	Kannapolis/Deannexation	Law	Local Bills
HB 433	Land Use Surrounding Military Installations	Law	Planning & Land Use
SB 703	Limit Local Regulation of Outdoor Smoking	Dead	General Government
HB 284	Local Contracts/Local Bidder Preference	Dead	General Government
HB 504	Local Electronic Notice	Dead	General Government
HB 773	Local Gov'ts/Bldgs/Structures/Inspections	Eligible for Short Session	General Government
SB 394	Lower Tax Rates for a Stronger NC Economy	Dead	Tax & Finance/Budget
HB 567	Lumberton Deannexation	Law	Local Bills
SB 207	Maintaining Water and Sewer Fiscal Health	Law	Tax & Finance/Budget
HB 421	Marshville Deannexation	Law	Local Bills
HB 671	Mills River/Deannexation	Law	Local Bills
HB 962	Municipal Sales Tax	Dead	Tax & Finance/Budget
SB 315	Municipal Services	Ratified	Planning & Land Use
HB 892	No Fiscal Note for Rule Repeal	Law	Environment & Utilities
SB 186	Notice Publication by Counties and Cities	Dead	General Government
SB 287	Notice Publication by Some Local Govs	Eligible for Short Session	General Government
SB 372	Omnibus County Legislation	Law	Environment & Utilities
HB 48	Operation of Mopeds	Dead	General Government
HB 632	Property Owners Protection Act	Eligible for Short Session	Planning & Land Use
SB 97	Property Tax/Deannexation	Law	Tax & Finance/Budget
HB 787	Protect Rural Land Use Rights	Dead	Planning & Land Use
HB 857	Public Contracts/Construction Methods/DB/P3	Ratified	General Government
SB 125	Public Meeting/Records Law Violations	Dead	General Government
HB 474	Redeposit Govt. Funds Into Ins. Deposit Acct	Law	Tax & Finance/Budget
HB 488	Regionalization of Public Utilities	Law	Environment & Utilities
SB 612	Regulatory Reform Act of 2013	Eligible for Short Session	Environment & Utilities
HB 74	Regulatory Reform Act of 2013	Ratified	Environment & Utilities
HB 30	Repeal Combined M.V. Registration/Tax System	Dead	Tax & Finance/Budget
HB 302	Repeal Kannapolis Annexation	Law	Local Bills
SB 159	Require Certain General Reappraisals	Law	Tax & Finance/Budget
SB 422	Restore Hold Harmless Reimbursement	Dead	Tax & Finance/Budget
HB 389	Restore Hold Harmless Sales Tax Funds	Dead	Tax & Finance/Budget

Bill Number	Title	Status	Bulletin Section
SB 307	Restore Hold Harmless Sales Tax Funds	Dead	Tax & Finance/Budget
HB 14	Rev Laws Technical, Clarifying, and Admin. Chg	Ratified	Tax & Finance/Budget
HB 476	Rewrite Underground Damage Prevention Act	Ratified	General Government
SB 269	Salisbury/Deannex Rowan Cty Airport Property	Law	Local Bills
HB 409	Shelby Deannexation	Law	Local Bills
HB 817	Strategic Transportation Investments	Law	General Government
HB 708	Study Public Enterprise Systems/Use of Funds	Eligible for Short Session	Tax & Finance/Budget
SB 331	Sunshine Amendment	Dead	General Government
HB 547	Tax & Regulate Video Sweepstakes	Likely Dead	Tax & Finance/Budget
HB 998	Tax Simplification and Reduction Act	Law	Tax & Finance/Budget
HB 274	Taxpayer Bill of Rights	Likely Eligible	Tax & Finance/Budget
HB 248	Taxpayer Debt Information Act	Law	Tax & Finance/Budget
HB 457	Taxpayer Standing Act	Dead	Tax & Finance/Budget
HB 245	Troutman Deannexation	Likely Eligible	Local Bills
HB 4	UI Fund Solvency & Program Changes	Law	Tax & Finance/Budget
HB 841	Urban Farms/Zoning Laws Exclusion	Dead	Planning & Land Use
SB 9	Utilities/Design/Survey Location Services	Law	General Government
HB 254	Zoning Changes/Notice to Military Bases	Law	Planning & Land Use
HB 276	Zoning/Board of Adjustment Changes	Law	Planning & Land Use
HB 150	Zoning/Design & Aesthetic Controls	Eligible for Short Session	Planning & Land Use
HB 625	Zoning/Health Care Structure	Eligible for Short Session	Planning & Land Use



APPENDIX II

2013-14 Municipal Advocacy Goals



Build Safe & Prosperous Cities and Towns

- Seek legislation allowing the people to vote on an amendment to the North Carolina Constitution establishing Home Rule authority for municipal governments.
- Support legislation, if internet sweepstakes operations are legalized, that would expressly protect the land use decision-making and tax-levying authority of municipalities over said operations.
- Seek legislation to provide adequate representation for extra-territorial jurisdiction (ETJ) residents on advisory boards for land use decisions affecting ETJ areas, place reasonable limitations on the creation of new ETJ boundaries, and retain existing ETJ areas to help protect orderly development and building improvements, while facilitating economic development and protecting individual property values.
- Support legislation to permit a governmental entity to seek an order of abatement where a property may have some legitimate use, but is also the source of regular criminal nuisance activity.
- Seek legislation to reestablish authority for city-initiated annexation of "doughnut holes," areas of land that are completely surrounded by municipal territory, and categories of right-of-way that have been accepted for maintenance by either a city or the NCDOT and in which there are no registered voters.
- Seek legislation to correct the constitutional issue within the annexation law requiring municipal construction of/payment for water and sewer lines across private property all the way to the home or structure.
- Support legislation to develop a holistic approach to water supply that offsets potable water supply demands and includes: opportunities for increased water

storage options, reclassification of reclaimed water as a resource, and expanded uses of reclaimed water such as for recycling to surface water supplies.

- Support legislation requiring owners of mopeds to maintain a minimum level of liability insurance and register their mopeds.

Enhance the Fiscal Health of Municipalities

- Seek legislation to modernize the local tax system by:
 - Giving municipalities the authority to levy a sales tax that applies within their corporate limits and is solely a municipal revenue;
 - Expanding the sales tax base to include more services, provided that any accompanying change in the local sales tax rate includes a perpetual hold harmless provision for individual cities and towns;
 - Reducing the complexity and inequity of the privilege license tax while maintaining the tax as a locally controlled source of revenue that supports services to businesses and consumers;
 - Allowing all municipalities to adopt occupancy taxes that are available to fund municipal service and infrastructure costs in order to support travel and tourism;
 - Providing all municipalities with additional local option tax revenue sources;
 - Requiring a one-year delay in implementation when a county changes its method of distributing sales tax revenue.
- Seek legislation to authorize a state bond to provide low-cost loans to local governments and authorities for upgrades to water and wastewater treatment systems, expansion of stormwater programs, and assured water supplies.
- Seek legislation to increase Clean Water Management Trust Fund appropriations and restore the fund's recurring appropriation.
- Support legislation which defends the fiscal integrity of the Local Government Employees' Retirement System and its defined benefit structure, promotes reasonable pension reforms that are prospective in nature, and meets the needs of local employees, employers, and retirees.
- Seek the temporary extension of the transitional hold harmless payments to cities and towns for a period of time that will allow the local option sales tax revenue to grow to the point where the loss of the promised payment can be absorbed by the local government.
- Seek legislation to give municipalities the option to award contracts for goods and materials to local bidders that are not low bidders, under specified circumstances.
- Seek legislation to give municipalities the option to use electronic legal public notices in lieu of publication in a newspaper.
- Ensure that municipalities can provide critical services by protecting state-collected municipal revenues.
- Seek legislation to allow municipalities to adopt impact fees to pay for growth-related infrastructure and services.
- Support legislation to remove the sunset date on the use of film credit.

Strengthen the Future of Our Public Infrastructure

- Oppose legislation that weakens or removes local control over public utility systems, specifically including municipal water and/or sewer systems.
- Seek legislation to strengthen the law regarding municipal decision-making authority of water and sewer provisions beyond municipal limits and ensure the existing water and sewer system is given deference in order to support orderly growth.
- Seek legislation to provide relief for municipal governments who are forced to pay the costs of municipal utility relocation related to NCDOT projects by doing the following: requiring non-municipal units of governments to pay the costs of utility relocations; raising the existing municipal population threshold for the requirement of reimbursement; and limiting reimbursement requirements to the widening of existing rights of way by NCDOT.
- Seek legislation to allow Powell Bill funds to be used for sidewalks and walking paths that are adjacent to, but not located within, the right-of-way of state-maintained roads.
- Protect local authority and localities' power to regulate hydraulic fracturing and related infrastructure in their communities.
- Seek legislation requiring NCDOT to establish standards for greenway construction so that greenways are not required to be built to the same standard as roads.
- Seek legislation to include municipalities and utility authorities and commissions in the permit approval process of package wastewater treatment plants to be constructed within town boundaries or within the periphery that will negatively affect the town's infrastructure, and authorize municipalities to veto an application for a package wastewater treatment plant to be located within the municipality, upon a showing that municipal service is available to the area or will be within five years.

Reform Regulatory Provisions

- Support solutions addressing nutrient impairment in waters that: are based on site-specific data and analysis, demonstrate use impairment, assign responsibility proportionate to the source of impairment, and include measures to equitably hold accountable all contributors to the impairment.
- Seek policies that provide flexibility when implementing programs guided by water quality standards adopted through the triennial review process.
- Seek updated regulatory procedures that would provide more openness, transparency, and flexibility for development of the impaired waters list and the system of rating water bodies.
- Seek legislation that would implement mechanisms requiring state agencies to repeal unnecessary, unduly burdensome, or inconsistent rules.
- Support legislation that would limit regulation of land application of biosolids to the state and federal governments.



APPENDIX III

The League's Governmental Affairs Team

The League's Governmental Affairs Team



(From left: Karl Knapp, Erin Wynia, Cara Bridges, Paul Meyer, former Governmental Affairs intern Elaine Woo, Jennifer Webb, and Chris Nida)

The League's Governmental Affairs Team is working on your behalf to make sure that the concerns of all North Carolina cities and towns are always represented in the General Assembly, the regulatory process, and beyond. If you ever have any questions, please do not hesitate to contact any member of the team.

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