



# Legislative Bulletin

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## The Weekly Recap

**WHAT HAPPENED:** After a couple weeks of limited activity at the legislature for cities and towns, the radar began to blip. Some of the latest bill filings include measures of interest to municipalities, which we'll review below in this Bulletin.

**WHAT IT MEANS:** Generally, things are picking up, with a variety of ideas in the mix; importantly, some bill-filing deadlines are just ahead, including for local bills. Keep it in mind as you talk to your legislators: Senate members have until Feb. 23 to request the drafting of local bills; House members have a March 1 deadline. [Other deadlines apply](#) for different kinds of bills.

**ON TAP:** State budget work, elements of which have already begun. Updated revenue forecasts are out, with expectations of a strong surplus. This year, the House will go first on budget writing and could release its version as early as April. As the process goes, the Senate will then release its own spending plan, likely with differences from the House budget. In the mix, Gov. Roy Cooper will release his own budget proposal. Generally, some form of negotiation between the players leads to a final edition for the state.

**THE SKINNY:** Activity is up. Deadlines are ahead. Bills are being filed of interest to cities and towns. Keep your eyes here as we bring you the most relevant, weekly legislative newsletter for municipalities.

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## Cities Could Add Civilian Crash Investigators Under Statewide Bill

Cities would be granted authority to employ civilian crash investigators under [HB 140 Civilian Traffic Crash Investigators](#). The bill, introduced by Rep. John Faircloth, builds off several local bills sought by municipalities across the state last session that stalled in the Senate. Wilmington and Fayetteville currently employ civilian crash investigators. The bill would allow cities to employ and train city employees to respond to minor traffic accidents. They would have the authority to investigate crashes, write reports, and remove vehicles blocking traffic. The ability to utilize civilian crash investigators allows police officers to focus on more pressing law enforcement duties, while also reducing costs to cities. The League joins the NC Association of Chiefs of Police in supporting this bill.

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## **Bill Seeks to Withhold Sales Taxes From Local Governments Late on Filing Audits**

Local governments late on submitting required annual audits would face a penalty of withheld sales taxes, under a bill filed Tuesday. The withholding of sales tax in [HB 122 Reimburse Late Audit Costs with Sales Tax Rev.](#) represents an unprecedented penalty as a means to achieve more on-time local audits. The reasons for late audits vary and can often be traced to a lack of private-sector auditors willing to perform the local audits. This bill would receive its first hearing in the House Local Government Committee.

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## **Local Happy-Hour Bill Filed**

Local governments would have the option of allowing happy-hour alcohol specials under a bipartisan proposal filed this week. That proposal, [HB 94 ABC Laws/Local Sales Option](#), authorizes local governments to allow happy-hour sales of mixed beverages, wine, and beer. The bill loosens existing laws to allow for discounted drink prices and advertising of drink specials, among other provisions. Pursuant to this bill, local government may adopt an ordinance to allow the issuance of happy-hour permits to the holders of on-premises malt beverage, on premises unfortified wine, on-premises fortified wine, or on-premises mixed beverages permits. Bill sponsors expressed optimism that the proposal would be favorably received by legislators, and it awaits its first hearing by the House Committee on Alcoholic Beverage Control.

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## **Property Tax Breaks Eyed in Bills**

Legislators filed two bills this week that would have the effect of deferring local property tax collections. [HB 105 Elderly Prop. Tax Appreciation Exclusion](#), filed Monday, creates a process where qualifying homeowners may defer increases of property taxes for their primary residence. Under the bill, a homeowner would qualify if that homeowner is at least age 65, has owned the property as a permanent residence for at least five consecutive years, and has occupied the home for least five years. Deferred taxes would become due once the homeowner no longer qualifies for the exemption,

such as the sale of the property or death. House leaders referred this bill to the House Finance Committee.

Separately, a Senate proposal -- [SB 92 Expand Circuit Breaker Property Tax Benefit](#) --referred to that chamber's Finance Committee this week would expand homeowners' qualifications for the homestead property tax exemption. Expanding the availability of the exemption would defer property tax collections for those properties. Under the current law, a portion of property taxes are deferred on the appraised value of a permanent residence owned and occupied by a North Carolina resident who has owned and occupied the property for at least five years, is at least 65 years of age or is disabled, and whose income does not exceed a threshold. Under this bill, a homeowner could bypass the age and disability requirements and count a previous owner's ownership and occupancy to meet the five-year requirement, if a necessary relationship existed between the two, such as marriage.

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## **Proposal Would Reinstate Criminal Enforcement of Ordinances**

Legislators seek to reinstate criminal enforcement mechanisms for local governments in a proposal filed Wednesday. [SB 111 Repeat Ordinance Violators/Taxi Ordinances](#) would modify an enforcement loophole in current law that prevents local governments from criminal enforcement of their ordinances if an offender does not repeat that same offense within 30 days. But, under SB 111, repeat offenders of city ordinances would be held criminally responsible if there is a violation of any local ordinance within the 12 months preceding the new alleged violations, effectively eliminating the 30-day loophole.

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## **'Bond Referendum Transparency' Bill Filed**

Ballots would contain new, specified language when local governments ask voters to approve borrowing, under [SB 99 Bond Referendum Transparency](#), filed Monday. Under this proposal, ballot language would include interest estimates and estimated increases in property tax liability to service the debt. Furthermore, the ballot language would need to tell voters that their approval would permit the local government to issue up to two-thirds of the principal amount authorized by the ballot question without voter approval in future years. This ballot language could pose significant barriers to the approval of necessary borrowing. The Senate Finance Committee would hear the bill first.

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## Reminder: Deadlines Ahead for Bills

A whole host of issues can come before the legislature when in session, but there are deadlines for lawmakers to file different kinds of legislation. They include local bills, which have initial deadlines on the horizon. Please keep this in mind as you converse with your local lawmakers about legislation you'd like to see this session. Senate members have until Feb. 23 to request the drafting of local bills; House members have a March 1 deadline.

[See this full chart](#) from the General Assembly on deadlines for bill drafting and filing.

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## Pandemic Recovery Contact Centers Reopening

The U.S. Department of Treasury has announced the reopening of several important pandemic-recovery support centers previously closed under budget constraints. As of Feb. 21, the federal contact centers will reopen for the State and Local Fiscal Recovery Funds, Local Assistance and Tribal Consistency Fund, Homeowner Assistance Fund and Emergency Rental Assistance program. Organizations including the National League of Cities, with help from state municipal leagues, pressed for new funding for the contact centers. "NLC knows that the contact centers played a vital role in helping smaller and rural cities, towns and villages file their first annual report in April 2022. NLC realizes that with the 2022 elections there will be many new elected officials filing a State and Local Fiscal Recovery Funds report in April, so having contact centers open to help answer questions is critical," NLC wrote in a dispatch.

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## Cities: Fill Out Brief Form to Prepare For Upcoming ARP Report

The U.S. Treasury has asked for assistance in confirming the Unique Entity Identifier (UEI) of every municipality in N.C. Your local government's UEI can be obtained by registering with SAM.gov, and you can check your government's UEI status at the same site, here: <https://sam.gov/content/entity-information>. A UEI is required and a SAM.gov account needs to be active to file your American Rescue Plan project and expenditure report with the U.S. Treasury in April. The UEI replaces the previously required federal DUNS number.

The League has prepared a very brief form that you can complete to provide us with your current UEI so that we may send it to the U.S. Treasury for confirmation with their

records. **Municipalities, please take just a couple minutes to fill out [this form](#).**

If you do not have an active UEI or registration with SAM.gov, this is a good time to begin that process. We have heard recently that completion of the registration can take multiple weeks, so it is good to start the process early in advance of the April 30 deadline for the ARP project and expenditure report. Please visit [this link](#) and use the green buttons on the right-hand side of the screen to begin the registration or renewal process.

If you have any questions about any aspect of this process, please email [arp@nclm.org](mailto:arp@nclm.org) or email Chris Nida directly at [cnida@nclm.org](mailto:cnida@nclm.org). Thank you for your assistance.

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