



Legislative Bulletin

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The Weekly Recap

WHAT HAPPENED: With the 2023 General Assembly running on all engines, lawmakers continued filing and moving bills -- with some activity reflecting [filing deadlines](#) -- while House leadership indicated their draft of a proposed state budget may debut soon, possibly in April.

WHAT IT MEANS: It's a key point in the General Assembly's session work - House and Senate leaders have agreed on a state spending target, which creates an axle for budget negotiations and ideally puts lawmakers on track to adopt a final two-year plan this summer. According to the Insider State Government News Service, majority leaders agreed to a 6.5 percent increase in the budget for the first year of the biennium -- coming out to \$29.7 billion -- and a 3.75 percent increase in the second year, or roughly \$30.8 billion. In remarks, House Speaker Tim Moore noted focuses of the chamber's plan would include teacher and state employee pay raises, infrastructure and workforce development.

ON TAP: [Medicaid expansion was one of the louder topics](#) in the Legislative Building. House and Senate leaders have said the finalization of Medicaid expansion would only come if the state budget is signed into law.

THE SKINNY: When budget drafts surface for public inspection, we may expect to see the inclusion of additional policies, some of which may be of interest to municipalities. As always, we'll keep tabs on the activity and report it to you in this weekly Bulletin. Read on for the news we've tracked this week pertinent to cities and towns.



House Passes Late Audit Penalty Bill

In a split vote Wednesday, the House passed a bill supported by State Auditor Beth Wood that would penalize local governments that are late submitting their required annual audit. [HB 122 Reimburse Late Audit Costs with Sales Tax Rev.](#) would withhold a percentage of the local government's sales taxes, a penalty that Wood argued in prior public comments would hold local governments accountable for tardiness in reporting audit results. As reported in prior Bulletins, more local governments have fallen behind on their audits, in part due to a lack of private sector auditors that perform this task. House members sent the bill on to the Senate with an 80-34 vote.

Measure Seeks to Limit Local Building Plan Reviews

Legislators introduced a measure this week that seeks to limit local building plan reviews. [HB 332/SB 275 Streamline Comm./Multifam. Bldg. Plan Review.](#) would impose a 21-day shot clock on local building inspections departments to review and sign off on commercial building plans, with 15 more days given in cases where the local government sought more information from the applicant. If a local government could not meet the deadlines, the bill would allow applicants to utilize a private, third party or a state-hired inspector to review the project's building plans and give it the go-ahead.

A similar bill, [HB 291 Commercial Prop. Plan Review](#), passed the state House during the 2021-2022 legislative biennium but stalled out in the Senate. NCLM Government

Affairs staff will continue to monitor the bill and work with bill sponsors in both chambers to convey the concerns of League members across the state.

Bill Would Require Additional Budget Hearings & Public Notification

Cities would be required to hold at least two public hearings on proposed budget ordinances and notify all landowners by mail prior to a hearing focused on revenue information under a proposal filed this week. [HB 273 Local Government Budget Hearings](#) prescribes specific information that would need to be included in the required revenue-focused hearing, including the proposed tax rate, base, and collection percentage. Under the legislation, the mail notification provision would be triggered if the budget ordinance under discussion proposes to raise the tax rate. The bill covers both city property tax rates and proposed changes to public enterprise funds rates or transfers between the public enterprise fund and the general fund.

Proposed Housing Choice Incentive Program Would Provide Funding For Local Government Infrastructure

Local governments that choose to create zoning districts to accommodate multifamily housing would be able to access up to \$1 million for water, sewer, or transportation infrastructure projects under a proposal filed this week. [HB 294 NC Housing Choice Incentive Program](#) is a bipartisan bill that leverages grant funding to encourage local governments to increase the availability of duplex, triplexes, quadplexes, and townhomes. To be eligible for a grant award, local governments must designate a specific number of multifamily districts based on their population, and they must comply with several other criteria outlined in the proposal. This bill, if passed, not only addresses housing affordability and availability, but also makes an investment in local infrastructure that is critical as cities and towns continue to grow. Cities and towns chose these priorities as top items on their [2023 legislative agenda](#). This bill was referred to the Committee on Appropriations, an indication that it would be considered as part of the state budget negotiations. City officials thank bill primary sponsors Reps. Vernetta Alston, Gloristine Brown, and John Hardister for promoting this important solution to our state's housing challenges.

Short-Term Rental Proposal Reinforces Occupancy Limits

A bill addressing a narrow issue related to short-term rentals—but unrelated to local regulation of the use—was introduced in the Senate on Thursday. [SB 290 Short Term Rentals](#) reinforces local authority to enforce occupancy limits for vacation rental properties, ensuring that local governments can enforce ordinances related to the maximum occupancy of these properties. It also places further obligations on landlords and realtors who rent vacation properties, requiring them to accurately represent the number of bedrooms and bathrooms and to not rent to tenants that would exceed the maximum number of persons allowed in that property.

Bill Seeks to Ban TikTok, Other 'High Risk' Platforms from Government Networks and Devices

Employees of local governments would no longer be able to use certain popular social media platforms on their employers' networks and devices under [SB 83 No High Risk Apps/Gov't Networks & Devices](#), which advanced in the Senate this week. This bill prohibits the use and access of "high risk" platforms, like TikTok, Telegram, and WeChat, on a device that is owned or otherwise provided to an employee of a public agency. This bill includes local governments in the definition of public agencies. Further, under the bill, all public agencies will be required to adopt a policy by July 1, 2023, that governs the use of its network and of high risk platforms on devices that are provided to employees. SB 83 provides exemptions for criminal investigations, identifying security threats, and maintenance and testing of information technology, among others. This bill was re-referred to the Senate Rules Committee for further consideration.



CityVision 2023 Registration Open!

Concord | April 25-27

Registration is open for the 2023 CityVision conference in Concord! Here's what to expect:

- **Networking** Meet with other local government professionals to share ideas, challenges, and strategies. We will also be re-instating a traditional exhibit hall providing more time to get to know your peers and local government partners
- **Learning** Join us for a variety of pre-conference, general, and breakout sessions throughout the conference. Learn more about human resources strategies, grant and funding opportunities, leadership tactics, and more
- **Exploring** There will be ample opportunity to explore Concord during our social events, off-site tours, and afternoon breaks.

NEW: Pre-conference will be on Tuesday, April 25 and includes additional education sessions and an exhibit hall reception included with your conference registration! If you can't make it to the whole conference, join us for pre-conference only and you will still get great networking and learning opportunities.

[REGISTER HERE](#)



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