



LeagueLINC

End of Session Bulletin

2015 Long Session

October 29, 2015





Fellow Municipal Officials of North Carolina,

The 2015 session of the North Carolina General Assembly posed challenges but also led to substantial accomplishments for North Carolina cities and towns. Over the course of a session that was the longest in more than a decade, cities and towns were able to gain passage of many measures that will provide both immediate and long-term benefits for cities, as well as beat back or significantly improve potentially harmful proposals. Beginning on page 12 of this document, you will find descriptions of bills affecting municipalities and their outcome for this legislative session.

The session marked real and sustained success as the League enjoyed a seat at the table during negotiations regarding gas taxes and road construction, and as proposals to shift local sales tax allocations were considered. We know that success is not always obvious in all of the actions and rhetoric around the municipal-related policy proposals coming from Raleigh. Your hard work, though, paid off this year. We, the officers of the League's Board of Directors, thank you and salute you for that work.

The involvement of cities and towns in key issues before state lawmakers was nearly immediate this year as the first major policy proposal considered dealt with changes to the state gas tax and stabilizing state transportation revenue streams, which help fund local Powell Bill dollars. The support and work of city officials proved critical in building consensus for the plan, as that

backing was cited by legislators during floor debate. Your presence was felt again in March, with another successful Town Hall Day in which more than 400 municipal officials met with lawmakers and walked the halls of the Legislative Building. The restoration of the historic preservation tax credit and revenue flexibility for municipalities were major topics of the day as Gov. Pat McCrory, House Speaker Tim Moore and Senate leader Phil Berger addressed attendees and took their questions during the day's events. Effective contacts continued when the League's Legislative Action Committees participated in the annual LAC Lobby Days later in the spring, and as League staff arranged visits and meetings for various groups of municipal officials throughout the session.

“Starving its cities will not propel North Carolina to economic success” – Wilmington StarNews

The result was seen in successes throughout the session, big and small. They came in the form of a bond proposal and job recruiting incentives that should benefit municipalities across the state. They could be seen in a state budget that restored historic preservation tax credits and provided financial help to many municipalities when

state road construction forces utility line relocations. The successes also were about holding off or alleviating harmful proposals regarding local borrowing, 911 center requirements, Municipal Service Districts and building inspections.

“Cities are the economic engines of the state ... Putting sugar in gas tank is not a good idea.” – Asheville Citizen-Times

The League’s efforts did not lead to a positive outcome on each and every bill. But your work getting municipalities’ message out and establishing stronger ties with legislators translated into better policy outcomes for cities and towns across North Carolina.

As we move beyond this year and this legislative session, it is imperative that the League and the member cities and towns build upon this work. We have to continue making the case -- to legislators and the broader public – that the economic vitality

and financial health of North Carolina’s cities and towns is crucial to the larger well-being of the state and all of its residents. We have to continue to establish and strengthen ties to state policymakers.

We thank our Governmental Affairs team, under the new leadership of Rose Vaughn Williams, for their diligence in what was a long and difficult legislative session. Rose and her team are available and ready to assist you. Do not hesitate to contact the team members with any questions, for help in setting up meetings, or for other assistance that can further League goals and priorities. (Contact information can be found in [Appendix III](#).)

Thank you again for all the effort that you put into the 2015 session of the General Assembly, and each of us looks forward to continuing to work with you in the future pursuing a successful course for all North Carolina municipalities.

Sincerely,

The Officers of the League’s Board of Directors

From left: 2014-2015 League President Ronnie Wall, Mayor of Burlington; League 1st Vice President Lestine Hutchens, Mayor of Elkin; League 2nd Vice President Bob Matheny, Mayor of Zebulon



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NC LEAGUE
OF MUNICIPALITIES
Good government. Great hometowns.

2015 Legislative Session

By the Numbers

- 1,666 bills filed
- 363 bills tracked
- 66 bills deemed critical or high priority
- 300 bills passed
- 6 NCLM Advocacy Goals achieved
- 2 NCLM Advocacy Goals partially met
- 429 pages in HB 97, budget bill
- 10 months covered by session meeting days

Advocacy Goal Achievements



Goal: Support reforms defending fiscal integrity of LGERS

- Passage of HB 277, Retirement Admin Changes, makes changes to "1,000 rule." Legislative-mandated COLA, other proposals did not pass



Goal: Restore historic tax credit, shore up film incentives

- Passage of HB 97, Secs. 32.3 and 15.25 of budget bill, create a new historic preservation tax credit and expanded, concentrated funding for film, TV



Goal: Increase funding and stability for CWMTF

- Passage of HB 97, budget bill, increased funding for the Clean Water Management Trust Fund and did so on a recurring basis



Goal: Support competitive, state-level business incentives

- Passage of HB 117, NC Competes Act, provided funding for the state's key programs to bring jobs and economic development to local communities



Goal: Seek a state bond providing for local infrastructure

- Passage of HB 943, Connect NC Bond Act, puts a \$2 billion bond package before voters that includes \$300 million for local water and sewer



Goal: Seek financial relief for utility line relocations

- Passage of HB 97, budget bill, Sec. 29.20, offsets some or all costs for cities with pop. under 50,000 for state-forced utility line relocations

A Strong Effort in 2015

When the 2015 legislative session began in January, plenty of legislative observers predicted it would be a long one. They were right, and more right than many knew at the time. The session would reach into September before the House and Senate agreed on a permanent state budget and moved to the final day of the month before state lawmakers concluded their business and adjourned for the year. By the time they left Raleigh, state legislators had shored up a transportation funding system undermined by declining gas prices, embarked on ambitious Medicaid system changes, spent months debating a major overhaul of local sales tax distributions, and approved a state budget.

The League took a prominent role in the legislation that shored up transportation funding, thereby placing local Powell Bill dollars on a more solid foundation. But that was only one success among many that cities and towns enjoyed throughout the session. Legislators passed a bond package that, with voter approval, will help support municipal infrastructure. They also approved funding and passed enabling legislation for key economic development tools like historic preservation tax credits and business recruiting incentives. Proposals that could have been harmful to municipalities and their residents – including new limitations on local billboard rules and restrictions on building inspections – were dropped or ameliorated.

Session Planning

The groundwork for the successes seen by cities and towns in 2015 began well before the start of the calendar year. The work of the League’s Legislative Action Committees (LACs) and Regulatory Action Committee (RAC) started in the summer, and moved into the fall. The 170 members of those four separate committees – representing more than six dozen cities and towns – poured over an array of issues facing municipalities to develop a list of policy priorities for the coming year. Those proposals were pared down by the League Board of Directors, with the full League membership given the opportunity to vote and establish Municipal Advocacy Goals at the Advocacy Goals Conference in December.



As a result, the League approached the January start of the legislative session with 25 legislative goals, five regulatory goals and two federal goals. The upfront establishment of these goals helped guide League lobbyists throughout the legislative session, and served as focal points as League staff worked with member cities and towns to negotiate the twists and turns of the ensuing nine months. This grassroots involvement was crucial in letting legislators know that these were the priorities of 540 North Carolina cities and towns, representing the goals of diverse communities facing a diverse set of needs and challenges.

As the legislative session began, state lawmakers dived headlong into a looming crisis of declining transportation revenues created by a gasoline tax tied to dropping gas prices. That decline, in turn, threatened the \$147 million in Powell Bill municipal street and transportation funding. The League and new Director of Government Affairs Rose Vaughn Williams were



immediately involved in the negotiations, and as legislation was passed in both chambers to address the problem, the League’s involvement was cited by legislators. That start of the legislative session set a tone that saw League staff and members have input on a number of key issues. There were setbacks, including passage of legislation that restricted municipal building design controls and a property tax carve-out for homebuilders. Throughout the session, though, the League was heavily involved in the discussions regarding proposals to shift local sales tax allocations. Successes – big and small – occurred throughout the year.

League Accomplishments

The League’s early success in helping fashion support for transportation funding legislation was the just one part of the organization’s involvement in a number of municipal-related finance issues that legislators took up in 2015. That municipal finances were a big legislative topic was no surprise, and starting in December, the League began holding regional meetings throughout the state to focus public attention on the financial challenges facing cities and towns. Those meetings started in Southport before moving to Burlington, Pineville and Greenville.

By the time that Senate Majority Leader Harry Brown introduced his initial proposal shifting local sales tax allocations, the League was already making the case that these were locally-authorized taxes and should remain that way. Subsequent

proposals dropped the idea of changing the tax to a state revenue source that would be allocated by state appropriation. The entire course of the legislative session included meetings and discussions – including one between Senator Brown and NCLM President Ronnie Wall – where the League promoted solutions that would provide revenue flexibility and help all municipalities. The plan eventually passed into law expanded the sales tax base and distributed the proceeds to 79 mostly rural and suburban counties and municipalities in those counties, and no sales tax proceeds were taken from urban and tourism communities.

The session also saw legislators vote to restore an historic preservation tax credit and provide more money for film and TV production grants, achieving a key Municipal Advocacy Goal. The restoration of historic tax credits – a vital economic development tool that had been important to downtown revitalization efforts across the state – came after the League, member cities and towns, and other groups supported efforts by the administration of Gov. Pat McCrory and Secretary of Cultural Resources Susan Kluttz to put a public spotlight on their significance. At the height of Secretary Kluttz’s tour, an op-ed by League First Vice President Lestine Hutchens appeared in newspapers in western North Carolina citing their importance in former mill towns like her hometown, Elkin. The passage of a \$2 billion bond proposal, with \$300 million set aside for local sewer and water projects, and funding for business recruiting incentives, were two more

measures that helped achieve Municipal Advocacy Goals.

Other legislative successes over the course of the session included:

- Financial relief for cities and towns with populations under 50,000 for utility line relocations forced by state road construction, achieving a League legislative priority.
- Increased funding for the Clean Water Management Trust Fund and restoration of funding for the Parks and Recreation Trust Fund, addressing two Municipal Advocacy Goals.
- Delaying new requirements for back-up capabilities for primary 911 centers.
- Preserving E-Verify concessions gained in 2014 for purchases of goods.
- Defeat of a proposal that would have blocked municipal borrowing except by referendum.
- Passage of legislation that supported the fiscal integrity of the Local Government Employees’ Retirement System, while proposals that may have damaged the current system were dropped or failed to pass.
- Modification of a proposal that, in its original form, could have led to the elimination of Municipal Service Districts through a referendum process involving few residents.
- Allowing all municipalities to charge a municipal vehicle tax of up to \$30.

- Mitigating damaging proposals that would have affected stream buffers and potentially forced municipalities to spend more on wastewater treatment to comply with federal permits.
- Gaining changes to a building inspections measure to ensure inspection protocols and procedures were not altered.
- Blocking a last-minute measure that would have preempted local authority on anti-discrimination ordinances, and housing codes and policies.

Moving Forward

These successes only occurred because of the involvement of League members, their constant presence at the Legislative Building, and their continual contacts with their local legislators. That presence was felt at Town Hall Day, in March, when over 400 municipal officials roamed the Legislative



Right, Morrisville Town Manager Martha Paige, Mayor Pro Tem Liz Johnson and Dir. of Development Services Tim Gauss prepare for the 2014 Municipal Goals Conference

Building halls and had the chance to interact with Gov. Pat McCrory, House Speaker Tim Moore and Senate leader Phil Berger. It was seen when League Board members like Morrisville Mayor Pro Tem Liz Johnson spoke at a news conference on independent redistricting and to the House Appropriations Committee, and again when members of the Legislative Action Committees came to meet lawmakers on LAC Lobby Days.

The Governmental Affairs Team thanks all of you for your hard work and involvement. We know that dedicating the time for these policy issues and making trips to Raleigh is not easy. But your presence, advocacy and dedication make a real difference. We want to extend special thanks to our Board of Directors and Executive Committee for their willingness to always respond when called upon. Please contact our team if you have any questions or comments about the session or any specific legislation, or if we can assist your municipality in any way.

Left, Members of the Planning and Environment Legislative Action Committee meet



Municipal-Related Legislation in the News



SB 369 Sales Tax Fairness

Not Acted Upon

Major reallocation and state control of local sales tax



HB 97, Sec. 32.3, 2015 Appropriations Act

Law

Restored historic preservation tax credit



HB 263 City Elections/Trinity and Greensboro

Law

Changed local elections districts, procedures



SB 20 IRC Update/Motor Fuels Tax Changes

Law

Shored up state and local transportation funding stream



HB 117 NC Competes Act

Law

Provides money for jobs, business recruiting



HB 943 Connect NC Bond Act of 2015

Law

Sets referendum for state bond, with local water and sewer



SB 25 Zoning/Design & Aesthetic Controls Law
 Preempted local residential building-design standards



HB 97, Sec 15.16B, 2015 Approp. Act, Provision Altered
 Could have eliminated some municipal service districts



HB 304 Revisions Outdoor Advert. Laws Not Acted Upon
 Would undermine local control of billboards



HB 168 Exempt Builders' Inventory Law
 Builder improvements until sale exempt from property taxes



SB 279 Amend Qualif./Counseling Provision Dropped
 Would have preempted locals on housing, discrimination



HB 255 Building Code Reg. Reform Provisions Altered
 Could have eliminated pre-construction plan review

Defensive Wins

A look at some legislation that the League helped to stop or alter in 2015



HB 97 2015 Appropriations Act, Sec. 15.16B: As first proposed, this provision could have meant the elimination of some Municipal Service Districts. The League worked to undo that threat in the language that was ultimately passed.



HB 304/SB 320 Revisions to Outdoor Advertising Laws: The League and other groups led opposition to the bill, which would gut local controls on billboards. The bill did not receive a committee hearing.



HB 128 Referendum on Certain Local Debt: This bill, which would have required referenda on most local borrowing, was defeated when a House committee gave it a rare unfavorable report.



SB 279 Amend Qualifications/ Practice of Counseling: A last-minute provision would have preempted local housing and anti-discrimination ordinances. It was dropped amid intense pressure from cities.



HB 255 Building Code Reg. Reform: The League worked to have dropped a provision to eliminate pre-construction plan review for residential building and stopped other potentially harmful language



HB 760 Reg. Reform Act of 2015/HB 44 Local Gov. Reg. Reform 2015: Both could have affected local stream buffer rules, creating more waste water treatment costs. HB 760 did not pass; HB 44 change addressed some concerns.

Bill Summaries

Bills tracked by the Governmental Affairs team throughout the 2015 Short Session

Over the course of the 2015 session of the North Carolina General Assembly that concluded on August 20, the League’s Governmental Affairs Team tracked 363 bills in its online tracking system. Of those, 66 were deemed as being of “Critical” or “High” importance to cities. You will find summaries of many of those bills below, including descriptions of how key provisions affect the operation and governance of cities and towns, as well as the legislative politics that accompanied their consideration.

The bill numbers and titles are linked below. The links will take you to each piece of legislation in the League’s bill tracking system. Beside each bill number and title is a designation: Law, Ratified, or Failed. The designations indicate the following:

- **Law:** Passed by the General Assembly and now Session Law, either with the Governor’s signature, the Governor’s inaction regarding the bill, or as a local bill over which the Governor has no say.
- **Ratified:** Passed by the General Assembly but not yet acted upon by the Governor (as of October 21, 2015).
- **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 typically 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 and 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 2015. For a full list of Municipal Advocacy Goals, see [Appendix II](#).



Tax & Finance/Budget

[HB 97 2015 Appropriations Act](#) (Reps. Dollar, L. Johnson, McGrady, and Lambeth) – Law – SL 2015-241 effective on various dates

The House of Representatives passed its version of the budget on May 22. The Senate gave final approval to its budget on June 18. The two chambers reached agreement on a compromise budget three months later, on Sept. 18. Negotiating a budget acceptable to both the House and Senate, and navigating the myriad issues entwined with the budget, was perhaps the single driving factor in making the 2015 legislative session one of the longest in recent memory. Differences between the two chambers were evident early on. The House’s budget was 329 pages long and spent in excess of \$22.1 million. The Senate’s budget spanned 508 pages and spent a little less than \$21.5 million, leaving differences in both overall spending and policy. The Senate attempted to address issues such as Medicaid reform, state incentives, and sales tax reallocation in its budget proposal, while the House’s budget was more focused on state spending issues.

Following many weeks of public hearings and private meetings, concessions were made on each side, and the end result was a 429-page budget spending approximately \$21.7 million. Issues such as Medicaid reform and state incentives were addressed in separate bills, while compromise positions were found in other areas. An extensive summary of the final budget’s provisions applying to cities [can be found here](#). Some of the key budget issues affecting cities include the following (several of which have been detailed elsewhere in the Bulletin and are linked to those sections):

- **Sales tax reallocation** ([see section on SB 369](#).)
- **Powell Bill:** The budget appropriated \$147.5 million in Powell Bill funds for each of the next two fiscal years, likely slightly more than municipalities would have received due to a projected drop in the gas tax. The budget also eliminated the Powell Bill’s tie to the gas tax, so that going forward the total amount of Powell Bill funds will be determined by direct state appropriation and not through a formula. Additionally, the budget added language to the Powell Bill statute stating that the funds must be spent “primarily for the resurfacing of streets within the corporate limits of the municipality,” though other allowable expenditures for Powell Bill funds remain in statute.
- **Historic preservation tax credit** ([see section on HB 152/SB 287](#).)
- **State grant funding:** The budget achieves a goal selected by the League membership as a priority by increasing funding to both the Clean Water Management Trust Fund and the Parks and Recreation Trust Fund.

- **Film grant funding** ([see section on SB 193/HB 171.](#))
- **Budget transparency:** The budget directs the State’s Chief Information Officer to establish a State budget transparency web site, and to work with the Local Government Commission to facilitate local governments providing budgetary data to the state so that it can be posted on this website. Local governments are also supposed to report this information on their own websites. All of this is to happen by April 1, 2016.
- **DOT utility line relocation** ([see section on HB 771.](#))
- **Municipal vehicle tax:** The budget provides all municipalities the authority to levy a municipal vehicle tax of up to \$30, with \$5 going to general purpose, \$5 to public transportation, and the remainder devoted to street resurfacing. This is new authority for all cities, but language in this section of the budget indicates that it is not intended to override any local legislation previously passed related to the vehicle tax.
- **Municipal Service Districts:** The Senate’s original budget proposal would have allowed registered voters within a Municipal Service District (MSD) to petition to eliminate the



district. The MSD language in the final budget was much less restrictive, instead requiring public input and a public hearing before any contracts for the districts can be entered into, with those contracts limited to 5 years. It also authorizes a study regarding property owners’ ability to remove themselves from an MSD.

Gov. Pat McCrory and Incoming League President Lestine Hutchens at HB 943 bill signing ceremony

[HB 108 Site and Building Development Fund](#) (Reps. Stam, Jeter, Waddell, and Martin) – Eligible/Likely Eligible for Short Session

HB 108 would establish the N.C. Department of Commerce’s Site and Building Development Fund as a non-reverting fund that would assist with local government economic development efforts. The fund would provide zero- or low-interest loans to cities, counties, and nonprofit economic development corporations for the purchase or improvement of certain sites, buildings, and infrastructure. HB 108 passed the House this year but was not considered by the Senate, which makes it eligible for consideration in the 2016 short session. The State budget does include a provision that, if HB 108 becomes law, \$1 million in de-obligated Community Development Block Grant money would be used for the fund.

HB 117 NC Competes Act (Reps. Martin, Jeter, Collins, Steinburg) – Law – SL 2015-529 effective Sept. 30, 2015 for most of law/**HB 920 Omnibus Economic Development Improvements** (Reps. Saine, Hamilton, R. Moore, Jeter) – Eligible/Likely Eligible for Short Session/**SB 326 Increase JDIG Program Funding** (Sens. Gunn, Meredith, Apodaca) – Eligible/Likely Eligible for Short Session/**SB 338 Economic Development/Tax Modifications** (Sens. Berger, Brown, and Tillman) – Eligible/Likely Eligible for Short Session/**SB 340 Econ. Dev./Job Catalyst Fund** (Sen. Lowe) – Eligible/Likely Eligible for Short Session/**SB 342 Econ. Dev./JDIG Extension** (Sen. Lowe) – Eligible/Likely Eligible for Short Session

Incentives were another issue where the Senate seemed to be at odds with the House and the Governor's office. Gov. Pat McCrory and some legislators had been calling since at least last year for replenishment of the state's primary job recruitment funds, saying the lack of funding available for the programs put North Carolina at a competitive disadvantage when it came to economic development. No agreement could be reached on funding for the programs in 2014, and it was almost the end of the 2015 session before agreement was reached this year. The House passed a bill to provide additional funding to the Job Development Investment Grant (JDIG) program and a renamed One NC Fund, among others, in March, but the Senate did not immediately act on that bill. The Senate passed more limited incentives funding in SB 326, but the House was not interested in that approach. Eventually state incentives were rolled into a proposal with sales tax reallocation and other income tax changes, and subsequently included in the Senate's budget proposal. The Senate at various times also proposed limiting the amount of incentive money that could go to the state's three largest counties and increasing job and matching requirements for prosperous counties. In the end, incentives were once again separated from the budget debate and other related issues and passed separately in HB 117 (along with some other sales tax changes). The version passed increased the annual cap on JDIG grants to \$20 million, provided an exception to that cap for "high-yield" projects, and increased job creation requirements for businesses receiving JDIG funds in a Tier 3 county. It also increased local match requirements for the One NC Fund for Tier 2 and Tier 3 counties. Passage of HB 117 achieved a League goal of competitive state-level incentive funding, and cities thank legislators for agreeing to fund these important programs.

HB 128 Referendum for Certain Local Debt (Rep. Speciale) – Dead/Likely Dead

In a significant victory for cities, HB 128 was likely killed for the remainder of the biennium when the House Committee on Local Government gave it a rare unfavorable report. The original version of HB 128 would have required most all types of debt issued by local governments to potentially be put to a popular vote. Depending on the timing of election cycles, this could have served to delay needed or even legally required projects and increase costs to local taxpayers. After the League and others raised these concerns, the version considered in committee was restricted to some capital projects projected to cost more than \$5 million. Despite this, the committee still felt that the bill was overly burdensome, and after pushback from several

members – notably former Burlington mayor Rep. Steve Ross – the bill was given an unfavorable report and not considered further this session.

[HB 152/SB 287 New Historic Preservation Tax Credit](#) (Reps. Ross, Hardister, Lewis, Glazier/Sen. Hartsell) – Eligible/Likely Eligible for Short Session/**[SB 202 Reenact Preservation Rehab Tax Credits](#)** (Sen. Lowe) – Eligible/Likely Eligible for Short Session/**[SB 472 Local Incentives for Historic Rehabilitation](#)** (Sens. Rucho and Brock) – Law – SL 2015-277 effective Oct. 20, 2015

Ever since it became clear that the state’s historic rehabilitation tax credit would be allowed to expire, cities have identified reenacting some form of the tax credit as a top legislative priority. Prior to the legislative session, the League worked closely with the N.C. Department of Cultural Resources and other stakeholders on a campaign to keep reinstatement of the credit in the public eye. The House of Representatives worked relatively quickly to address the issue, passing HB 152 by late March. The Senate assigned the bill to a committee that rarely meets and took no further action. Eventually, the House also included historic tax credit language in its budget proposal, which is where the issue was ultimately addressed. Thanks in large parts to the outreach efforts of city officials, HB 97 included language that largely mirrored that in HB 152. The new credit applies to both income-producing and non-income-producing property, though the credit is slightly reduced from the previously existing credit and is capped, whereas the previous credit was not. Nevertheless, overcoming Senate opposition to this tax credit represented a significant legislative achievement for cities and their partners, and we thank HB 152 sponsor Rep. Steve Ross and the many legislators who advocated on behalf of this tax credit throughout the session. While discussion of the tax credit was ongoing, the Senate did advance SB 472. That bill, which is now law, clarifies that cities and counties have the authority to issue local incentives for historic rehabilitation. The League supported the bill and appreciates the Senate’s grant of this authority but always made clear that this was a complement to, and not a

replacement for, the historic tax credit. With the credit’s reinstatement in HB 152, SB 472 should give cities further opportunity to partner with those taking advantage of the credit.



NCLM’s Chris Nida presents to Big 10 Finance Officers

HB 168/SB Exempt Builders' Inventory (Reps. Hager, Millis, Brody, Collins, and Sens. Brown, Tucker, Gunn) – Law – SL 2015-223 effective for taxable year beginning July 1, 2016, for improvements made after July 1, 2015

A priority bill for the N.C. Homebuilders Association, HB 168 passed overwhelmingly in both the House and Senate despite opposition from cities and counties. HB 168 prevents cities and counties from subjecting certain improvements to residential and commercial land to property tax for a period of time or until a property is sold. The effect is that while development is occurring on a parcel of land, that land will still be taxed as if it is vacant and undeveloped, despite local governments providing services to these ongoing developments. Property tax for these developments is exempted, not deferred, so local governments will not recoup any of these unpaid taxes. Projections from legislative staff indicated that HB 168 would cost cities and counties upwards of \$65 million annually. The League publicly opposed the bill during its consideration, but it eventually passed the Senate 38-5 and the House 102-8.

HB 229 Church Tax Exemption/Driving Privileges (Rep. McNeill) – Law – SL 2015-185 effective July 1, 2015 for property-tax related portion

HB 229 expands the property tax exemption for religious buildings, exempting them from local property tax while they are under construction if the building meets the other qualifications for property tax exemption. There were no fiscal estimates associated with the bill and it received little opposition, but it does further expand the types of properties exempt from local sales tax. The second part of the bill allowed those with limited driving privileges to drive to and from a place of religious worship.

HB 362 Cities/Business Registration (Reps. Faircloth and Brockman) – Dead/Likely Dead/HB 739 Repeal Business License Fees (Rep. Brawley) – Eligible for Short Session

Following the 2014 repeal of municipal privilege license authority, many cities still wanted to collect data on businesses operating in their jurisdictions. This data would be used to ensure the most accurate information was available for employees in areas like police, fire, and safety inspections. Local government experts wrote that state statute gave cities the right to collect this data and charge a “reasonable fee” associated with covering the costs of collecting that data. HB 362 and HB 739 took two different approaches to clarifying the “reasonable fee” language. HB 362 would have specified that cities could charge a business registration fee of up to \$50 for the costs of these programs, while HB 739 would have eliminated the “reasonable fee” language from statute and prevented cities from collecting any fees associated with business registration. HB 362 never received a hearing; HB 739 passed the House just before the crossover deadline but was never taken up by the Senate. It remains eligible for the 2016 short session.

[HB 430 County Omnibus Legislation](#) (Reps. McElraft, Carney, McGrady) – Dead/Likely Dead/[SB 391 County Omnibus Legislation](#)** (Sen. Tarte) – Eligible/Likely Eligible for Short Session**

The “County Omnibus Legislation” that appeared in multiple bills this session included three studies that also would have impacted municipalities. The legislation would have reestablished the State Payment in Lieu of Taxes Study Commission to examine the state making payments in lieu of property taxes from which state-owned property is exempt, and the League would have been able to recommend two members for this commission. Two other studies would have examined invasive weeds in state waters and the impact on local governments of exempting from property tax property which was previously part of the tax base. These studies appeared to be moving forward in HB 430, but its progress slowed after concerns were raised about a separate provision regarding county recycling fees. Instead, the studies were later added to SB 391 and passed the House but were not taken up by the Senate. This should leave these studies eligible for consideration in the 2016 short session.

[HB 470 Harnett Municipal Privilege License Tax](#) (Rep. Lewis) – Dead/Likely Dead/[HB 507 Durham Privilege License Tax](#)** (Reps. Luebke, Michaux, L. Hall, and Meyer) – Dead/Likely Dead**

Following the complete repeal of municipal privilege license tax authority, two local bills were filed to restore at least some of this authority in specific locations. HB 470 would have allowed the municipalities in Harnett County to levy a privilege license tax of up to \$100; HB 507 would have allowed the City of Durham to levy a privilege license tax at various levels based on the number of employees a business has. Neither bill received a hearing this session.

[HB 518 County Sales Tax Flexibility](#) (Reps. Hunter, Saine, and Hanes) – Dead/Likely Dead
HB 518 would have allowed all counties to use the ¼-cent sales tax authority previously restricted for local public transportation for general purposes instead, providing almost all of the state’s counties with another local revenue option (though one that must be approved by local referendum). This revenue source would have remained a county-only revenue and would not have been shared with cities. Though HB 518 did not advance this session, similar authority for additional county-only revenue was eventually added to SB 605 Various Changes to the Revenue Laws, which passed the House late in the session but did not receive Senate approval before lawmakers adjourned for the year.

[HB 730 Next Generation 911](#) (Rep. Saine) – Law – SL 2015-261 effective Sept. 30, 2015 (part) and Jan. 1, 2016 (remainder)

When passed into law, HB 730 contained language regarding modernizing 911 services in the state of North Carolina. However, when it was filed, it was titled “County Provide 911 Services” and addressed a League goal regarding counties charging municipalities for the provision of 911

services. Though 911 services are primarily funded through phone bill surcharges and county property taxes (which are also paid by residents of municipalities), some counties around the state in recent years have been requiring city governments to pay counties an additional fee for providing 911 services, and in some cases significantly increasing existing fees. The original version of HB 730 would have prevented counties from charging cities these fees, which in essence amounted to double taxation for city residents. After passing the House in that form, HB 730 was not heard by the Senate immediately. Eventually, language similar to that in HB 730 was added to HB 512 and passed the Senate, but after objections were raised by counties, the language from HB 730 was removed from the version of HB 512 that eventually became law. HB 730 was then used as a vehicle for 911 modernization legislation. The League will continue looking for opportunities to address cities' concerns about being subjected to county fees for 911 services that their residents already help fund.

HB 771 DOT/Utility Relocation Costs (Reps. Shepard, R. Turner, Hurley, Robinson) – Eligible/Likely Eligible for Short Session

Though HB 771 did not pass as a stand-alone bill this year, its provisions were eventually incorporated into the State budget, thus achieving a long-standing goal for N.C.'s cities. Under previous law, cities with a population over 5,500 were the only utility owners in the state who were required to repay the N.C. Department of Transportation when their utility lines were moved during an NCDOT project. The provisions of HB 771 that are now law as part of the budget extend that exemption to cities with a population under 10,000, and provide for a tiered system of repayment where cities with a population between 10,000 and 25,000 are only required to repay 25 percent of the cost of utility relocation, and cities with a population between 25,000 and 50,000 are required to repay 50 percent of the cost. This system should provide a measure of relief going forward for smaller communities who otherwise could have been repaying NCDOT millions of dollars for projects that they may have had no involvement in. The League thanks all of the bill sponsors, and particularly Rep. Phil Shepard, for their support of cities through this legislation.



Kannapolis Mayor and NCLM LAC member Darrell Hinnant addresses House committee

HB 903 County Tax Flexibility/Municipal Rev Opts (Rep. Saine) – Dead/Likely Dead/SB 605 Various Changes to the Revenue Laws (Sens. Rucho, Rabon, and Tillman) – Eligible/Likely Eligible for Short Session

For a number of years running, cities have asked the League to pursue on their behalf the authority to levy a sales tax themselves that would only be collected in city limits and the proceeds of which would be returned directly to the city. Currently, all sales tax is levied at the county level and counties have the authority to decide how sales tax revenues are distributed among the municipalities within their borders. As a result cities receive approximately 34 percent of local sales tax revenues, while counties receive 66 percent. This year the authority for a city-only sales tax was filed in legislation for the first time. It first appeared in HB 903 with the support of bill sponsor and House Finance Chairman Rep. Jason Saine. However, that bill was never heard in 2015. Late in the session, the same language was added to a version of SB 605 being considered in the House Finance Committee. However, after objections from other interest groups and some legislators on the committee, the language was removed before the committee voted to approve the bill. Language providing counties with additional authority to levy sales taxes that would not be shared with cities was left in the bill. After SB 605 passed the House, it was not heard by the Senate prior to adjournment. The League will continue to work on legislation that would provide cities with additional revenue options, including authority for a city-only sales tax.

HB 943 Connect NC Bond Act of 2015 (Rep. Arp) – Law – SL 2015-280 effective Oct. 21, 2015 or when approved by voters by referendum

One of Gov. Pat McCrory's top legislative priorities this session was the passage of a statewide bond for infrastructure projects. The Governor originally called for a total of nearly \$3 billion in spending on both state buildings and transportation projects that could be put before voters in November, but legislators – particularly leaders in the Senate – were not entirely receptive. Instead, after some back and forth between legislators and the Governor's office, what eventually emerged was a \$2 billion bond package focused primarily on state infrastructure projects and without any of the proposed transportation spending. Following the Governor's signing of that bond bill last week, that debt will go before voters in the state's upcoming March primary. Included in the bond that passed the legislature was more than \$300 million for grants and low-cost loans for local water and sewer projects. This achieves a Municipal Advocacy Goal of a state bond for low-cost loans to local governments for infrastructure. The League thanks legislative leadership and the Governor for recognizing the importance of utility systems to local economic development and setting aside a portion of the state bond revenue to help assist in this area.

[SB 20 IRC Update/Motor Fuel Tax Changes](#) (Sens. Rabon, Rucho, and Tillman) – Law – SL 2015-2 effective March 31, 2015/**[HB 203 Phaseout of Fuel Tax](#)** (Reps. Jeter, Dobson, B. Brown, Szoka) – Eligible/Likely Eligible for Short Session/**[HB 927 Reestablish NC as the “Good Roads State”](#)**(Reps. Torbett, Iler, Shepard, and Tine) – Eligible/Likely Eligible for Short Session

One of the first significant pieces of legislation to be considered in 2015 was SB 20, which was proposed in order to head off a looming drop in the gas tax that would sharply reduce transportation funding at both the state and local level. The bill cut the gas tax immediately, resulting in a slight decline in projected Powell Bill funding, but stabilized it at that level over time, preserving future projected Powell Bill funds. The League’s support was cited regularly, including on the House floor, as the bill made its way through the legislature and was eventually signed into law by Gov. Pat McCrory. Both HB 203 and HB 927 also were projected to potentially impact Powell Bill funds. Because that funding had been tied to the amount of gas tax collection’s, HB 203’s proposal to phase out the gas tax in favor of a usage fee, and HB 927’s proposal to cut the gas tax in exchange for raising other fees, both threatened to reduce or eliminate future municipal street funding. However, in the end, neither of these bills were passed, and the state budget eliminated the formula tying Powell Bill funds to the gas tax, instead making them a direct appropriation from the state going forward.

[SB 159 Corrected Reval./Minimal Refund/Prop. Taxes](#) (Sens. Tarte and Rucho) – Law – SL 2015-266 effective Oct. 1, 2015/**[SB 566 Disposition of Minimal Property Tax Refunds](#)** (Sen. Tarte) – Eligible/Likely Eligible for Short Session

The first portion of SB 159 clarifies the taxation of properties in Mecklenburg County following the controversial 2011 revaluation in which many property owners challenged their valuation. The second part of SB 159 mirrors the language in SB 566. That language allows local governments to adopt a resolution stating that they will not refund property tax overpayments of less than \$15. Instead, those overpayments may be applied to the future tax liability of the taxpayer. Taxpayers may still make an in-person request that the overpayment be refunded to them, in which case the local government will be required to do so.

[SB 193/HB 171 Modify Film Grant Fund](#) (Sens. Lee and Rabon/Reps. Davis, Lewis, Saine, and Iler) – Eligible/Likely Eligible for Short Session/**[SB 204 Reenact Film Credit](#)**(Sen. Lowe) – Eligible/Likely Eligible for Short Session/**[HB 89 Omnibus Economic Development Improvements](#)** (Reps. Hamilton, R. Moore, and Hanes) – Eligible/Likely Eligible for Short Session

Following the conversion of the film tax credit to a grant program, cities chose as one of their legislative goals for the 2015 session sufficient funding to support a competitive film incentive program. Multiple bills that would have achieved this goal in various ways were filed in 2015.

SB 204 and HB 89 would have reenacted the film credit, while SB 193/HB 171 provided additional funding to the film grant program. Ultimately, the issue was handled in the state budget. The House proposed \$40 million in funding for film grants, the Senate initially proposed \$10 million, and the final compromise version of the budget awarded the film grant program \$30 million for each of the next two fiscal years.

SB 284 Infrastructure Assessments/Extend Sunset (Sen. Hartsell) – Law – SL 2015-121 effective June 30, 2015 for assessments made on or after July 1, 2015

SB 284 extends through 2020 local governments’ authority to use a special financing mechanism to more quickly build infrastructure elements such as roads and utility extensions in new developments. At the request of developers and property owners, local governments can levy a special assessment on property owners who benefit from the development and use the proceeds of that assessment to pay back revenue bonds used to install the infrastructure. This authority has already been successfully used in the Town of Hillsborough and is being considered in other communities around the state as well. The League worked with Sen. Fletcher Hartsell on this extension of the authority and thanks the Senator for his support.



Sen. Angela Bryant and NCLM Board member Lamont Wiggins meet during LAC Lobby Days

SB 369 Sales Tax Fairness Act (Sens. Brown, B. Jackson, and Clark) – Eligible/Likely Eligible for Short Session/SB 608 Simple and Fair Formula for Sales Tax Distrib. (Sens. Rucho and Rabon) – Eligible/Likely Eligible for Short Session

Perhaps the most significant issue for cities in the 2015 legislative session was that of sales tax distribution. In the months leading up to session, legislators began discussing the need to look at the state’s sales tax distribution formula and whether it unfairly favored urban communities where the majority of sales took place. Currently, of the two cents of locally levied sales tax, 1 ½ cents are returned to counties based on where the sales tax is generated (known as “point of

sale”). The other ½-cent is returned based on a county’s population, or “per capita” (with some adjustments made). The talk was of making the distribution formula more heavily – if not solely – dependent on the per capita method. After much discussion, two bills addressing this issue were ultimately filed – SB 369 and SB 608. The latter bill, which would have established Fiscal Year 2013-14 sales tax distributions as a baseline total and then directed any sales tax growth beyond that baseline to counties on a per capita basis, never received a hearing. SB 369, on the other hand, went through multiple iterations and was a focus of discussion until nearly the very end of session. In its initial version, SB 369 would have shifted all sales tax distribution to per capita. It would have done so by repealing sales tax as a locally levied revenue and making it a state revenue shared with municipalities. Additionally, the drafting of the original version would have eliminated a hold harmless payment counties make to cities related to the Medicaid swap of 2007 that would have resulted in the loss of upwards of \$120 million to cities. The League met with Sen. Brown multiple times during session, and we appreciate him responding to city concerns about different sales tax reallocation plans. Eventually, sales tax reallocation appeared in HB 117 in conjunction with state incentive funding, and it was subsequently incorporated into the Senate’s budget proposal. The Senate budget would have shifted local sales tax distribution from a 75-25 point of sale-per capita split to an 80-20 per capita-point of sale split, while generating additional revenue through sales tax base expansion and a cap on sales tax refunds for nonprofits. More discussion ensued after the passage of the Senate budget, with the House Finance Committee hearing from mayors and council members representing League leadership and numerous League member cities around the state. House Finance Chairmen Rep. Jason Saine and Rep. Bill Brawley, among others, spoke strongly against sales tax reallocation. Ultimately, the state budget agreed to by the House and Senate expanded the sales tax base and used that revenue – along with a state appropriation – to direct \$84.8 million in additional sales tax revenue to counties that would have gained under Sen. Brown’s plans, without any projected losses for any urban or tourist counties that had been projected to see reduced revenue. The League thanks Rep. Lewis for his leadership in crafting a solution that did not result in any cities losing revenue. We will continue to work on behalf of all cities for local revenue options that benefit everybody.

[SB 607 Taxpayer Protection Act](#) (Sens. Rucho, Meredith, and Brock) – Eligible/Likely Eligible for Short Session

A bill similar to what is commonly known as a Taxpayer Bill of Rights (or TABOR), SB 607 would put a constitutional amendment before voters in the 2016 general election. That amendment would mandate the state maintain an emergency reserve fund, reduce the state’s maximum income tax rate from 10 to 5 percent, and, perhaps most significantly, limit the growth in state spending to a combination of inflation and population growth. Increasing state spending beyond this amount for any reason would require a supermajority of both chambers of the legislature. The bill does not directly impact local governments, but any mandatory limitations

on state spending could have an effect on funding for state grant and loan programs that municipalities utilize. SB 607 passed the Senate but was not taken up by the House prior to the legislature's adjournment.

[SB 682 Modify Sunset Re: Contingent Audits](#) (Sens. Gunn and Clark) – Law -- SL 2015-109 effective June 24, 2015

In 2012, the General Assembly enacted a moratorium on local governments' ability to enter into contingency fee-based audits. That moratorium was to expire in 2015, but SB 682 removed that date to make the moratorium permanent. Local governments had used these audits, where auditors were paid based on a percentage of their findings, as a way to reduce taxpayer risk and avoid paying for audits that ultimately did not find any unpaid revenue.

[SB 700 Limit Sales Tax Refund for Nonprofits](#) (Sens. Wells and Rucho) – Eligible/Likely Eligible for Short Session

SB 700 would have significantly reduced the amount of sales tax nonprofit organizations are exempted from paying, taking it from the current combined state and local limit of \$45 million to \$100,000. Such a reduction would mean increased sales taxes being paid by nonprofit hospitals, universities, and other entities, but the additional revenue would go in part to city governments. SB 700 was not considered this session, but variations on this plan were incorporated into different sales tax reallocation proposals during the session.

Local Bills

[HB 73 Cary Annexation](#) (Rep. Dollar) – Law – SL 2015-77 effective June 30, 2015

[HB 99 Town of Polkton/Dennaxation](#) (Rep. Brody) – Law – SL 2015-78 effective June 30, 2015

[HB 131 Town of Maggie Valley/Deannexation](#) (Rep. Presnell) – Eligible/Likely Eligible for Short Session

[HB 217/SB 265 Clayton Deannexation/Annexation](#) (Rep. Daughtry, Sen. Newton) – Law – SL 2015-83 effective June 30, 2015

[HB 218 Clayton Annexation](#) (Rep. Daughtry) – Law – SL 2015-79 effective June 30, 2015

[HB 266 City of Lenoir/Satellite Annexation](#) (Rep. Robinson) – Law – SL 2015-129 effective June 30, 2015

[HB 353 Wilson's Mills/Satellite Annexations](#) (Rep. Langdon) – Law – SL 2015-80 effective June 15, 2015

[HB 363 High Point/Doughnut Annexations](#) (Rep. Faircloth) – Eligible/Likely Eligible for Short Session

[HB 386 Hope Mills/Spring Lake/Satellite Annexations](#) (Rep. Szoka) – Law – SL 2015-172 effective June 30, 2015

[HB 400 Town of Mint Hill/Annexations](#) (Rep. Brawley) – Law – SL 2015-131 effective June 30, 2015

[HB 411 Town of Angier/Deannexation](#) (Rep. Lewis) – Law – SL 2015-139 effective June 30, 2015

[HB 412 Dunn Annexation/Holly Ridge Annexation](#) (Rep. Lewis) – Law – SL 2015-175 effective August 6, 2015

[HB 426 Town of Weldon/Deannexation](#) (Rep. Wray) – Law – SL 2015-132 effective June 30, 2015

[HB 444 Town of Shallotte/Deannexation](#) (Rep. Iler) – Eligible/Likely Eligible for Short Session

[HB 491 Charlotte/Annexations](#) (Rep. Jeter) – Eligible/Likely Eligible for Short Session

[HB 493 Lake Lure Deannexation](#) (Rep. Hager) – Law – SL 2015-140 effective June 30, 2015

[HB 526 Stanfield Annexation/Locust Deannexation](#) (Rep. Burr) – Law – SL 2015-257 effective Oct. 1, 2015

[SB 58 Yanceyville Satellite Annexation](#) (Sen. Woodard) – Eligible/Likely Eligible for Short Session

[SB 93 Yanceyville Annexation](#) (Sen. Woodard) – Eligible/Likely Eligible for Short Session

[SB 122 Town of Glen Alpine/Voluntary Annexation](#) (Rep. Daniel) – Eligible/Likely Eligible for Short Session

[SB 141 Waynesville Annexation/Referendum](#) (Rep. Davis) – Eligible/Likely Eligible for Short Session

[SB 214 Village of Wesley Chapel/Deannexation](#) (Rep. Tucker) – Eligible/Likely Eligible for Short Session

[SB 218 Franklin/Archdale/Satellite Annexation](#) (Rep. Davis) – Law – SL 2015-81 effective June 17, 2015 and June 30, 2015

[SB 255 Durham Voluntary Annexation Petitions](#) (Sen. McKissick) – Eligible/Likely Eligible for Short Session

[SB 256 Durham Voluntary Annexations/Adjacent Streets](#) (Sen. McKissick) – Law – SL 2015-82 effective June 18, 2015

[SB 264 Clayton Annexation](#) (Sen. Newton) – Eligible/Likely Eligible for Short Session

A number of local annexation and de-annexation bills were filed during the 2015 legislative session, with the overwhelmingly majority being noncontroversial. Once again, a bill was filed in the Town of Maggie Valley against the wishes of the municipality, and in this case, the proposal would create a bad precedent of de-annexing property that has been a part of the town, that the town provides services to, and where some homeowners bought property well after the property had been taken into the town's corporate limits. The bill passed the House, but has not yet been taken up by the Senate. The Senate approved SB 141, which would allow Waynesville to annexation the unincorporated community of Lake Junaluska via referendum, a move favored by

the homeowners' association there in response to failing infrastructure. The bill failed to move in the House, and bill sponsor, Sen. Jim Davis, attempted to attach the measure to another annexation-related bill, HB 526. That bill passed, but the Weaverville-Lake Junaluska provisions were dropped in the negotiations by a conference committee.

[HB 43 Winston-Salem/Parking Meters](#) (Rep. Conrad) – Eligible/Likely Eligible for Short Session

Although passed by the House and technically eligible for the short session, this legislation was made moot by the passage of a statewide bill, [SB 52 Cities/Mean for Activating Parking Meters](#). Like the statewide bill, the local Winston-Salem bill would allow parking meters to be activated by means other than coins and tokens.

[HB 263 City Elections/Trinity and Greensboro](#) (Rep. Hurley) – Law – SL 2015-138 effective various dates/[SB 36 Greensboro City Council Changes](#) (Sen. Wade) – Eligible/Likely Eligible for Short Session

This legislation – which redrew local council districts, changed election procedures, and shifted council authority and structure – created considerable controversy, with locally-elected officials speaking out against the changes before legislative committees. Legislators speaking in opposition to the bills said voters in those cities should be given a chance to decide the changes via referendum. Nonetheless, after the House failed to act on the Greensboro bill, the Senate added those provisions to the House bill that initially affected on the City of Trinity. The House twice rejected those Senate changes before finally approving the bill. The City of Greensboro and six residents responded to the legislation by filing a lawsuit challenging its constitutionality, and a federal judge has issued an injunction blocking the law from taking effect.



League Executive Director Paul Meyer meets with municipal officials during statewide Listening and Visioning Tour

HB 322/SB 249 Zoning/Recreational Land Req.-Morrisville (Reps. Avila, Adcock, and D. Hall, and Sen. Stein) – Law – SL 2015-130 effective June 30, 2015

The Town of Morrisville is granted the authority under this law to require developers of multi-family housing to provide funding for recreational land to serve those developments. The law allows the town to use the funds for the acquisition and development of recreation, park and open space sites.

HB 347 Graham, Buncombe Occ. Tax/Stokesdale Fire (Rep. West) – Law – SL 2015-128

HB 531 Various Occupancy Tax Changes (Rep. J. Bell) – Law – SL 2015-255

SB 46 Jacksonville Occupancy Tax (Sen. Brown) – Eligible/Likely Eligible for Short Session

SB 140 Lake Santeetlah Occupancy Tax Authorization (Sen. Davis) – Law – SL 2015-102

Four bills were filed during the 2015 session to establish, increase or make other changes to local occupancy taxes. SB 46, which would make a slight change to Jacksonville's occupancy tax law, was the only of the four bills that failed to move through both legislative chambers.

HB 392 Fayetteville Charter/PWC Changes (Rep. Szoka, Floyd, Glazier and Lucas) – Eligible/Likely Eligible for Short Session

Fayetteville House members filed this bill in response to a dispute between the city and the utility which it owns, the Fayetteville Public Works Commission, which is overseen by a separate board appointed by the Fayetteville City Council. Much of the bill, which was opposed by the Fayetteville City Council, dealt with governance changes related to the utility and provided more independence for its administrators and board. The League was particularly concerned – and made those concerns known to legislators – about a provision that would have prohibited the Fayetteville City Council from requiring annexation in exchange for the extension of water and sewer to developments outside the city. The sewer part of the provision was dropped, but water remained. The bill was not taken up by the Senate.

HB 427 Repeal Partisan Elect'n /Lee Cty Ed Bd /Sanford (Rep. Salmon) – Eligible/Likely Eligible for Short Session

This bill would repeal a 2013 law that had created partisan elections for the Sanford City Council and Lee County Board of Education races. It was not considered.



Roxboro Mayor and NCLM LAC member Merylyn Newell and incoming NCLM President Lestine Hutchens, outside U.S. Supreme Court Building during annual National League of Cities Congressional Cities Conference

[SB 705 Ensure Fair Sale of Dorothea Dix Property](#) (Sen. Pate) – Eligible/Likely Eligible for Short Session

Although technically eligible for the legislative short session, this bill is likely moot after the state and the City of Raleigh reached and signed an agreement for the sale of much of the property that once housed the Dorothea Dix state psychiatric hospital. The city plans to turn the property into a destination park. The bill set up several requirements and conditions for the sale, with a minimum price of \$52 million, and how the state would use the proceeds. In fact, the purchase was for \$52 million, and many of the other conditions were also met despite the bill not passing.

General Government

[HB 4 Clarify Unmanned Aircraft System Law](#) (Rep. Torbett) – Eligible/Likely Eligible for Short Session/ [SB 446 Dealer Loaners/Unmanned Aircraft/ Brunswick Co](#) (Sen. Jackson) – Law – SL 2015-232 effective various dates

These bills clarify the rules that would allow state agencies, local governments and law enforcement agencies to operate unmanned, drone aircraft with the approval of the state chief information officer. The legislation continues to anticipate that the Federal Aviation Administration will issue federal rules governing drone flights, which would then allow states to proceed with their own rules. Those rules from the FAA are still expected to be several months away.

HB 49 Independent Redistricting Commission (Rep. Jeter) – Eligible/Likely Eligible/ HB 92 Nonpartisan Redistricting Commission (Rep. Stam) – Eligible/Likely Eligible

Both of these bills, with slightly different approaches, call for the amending of the state constitution to allow for an independent redistricting processes for legislative and congressional districts intended to remove political party influence from the creation of these districts. Proponents of these bills say they are necessary to end gerrymandering that divides communities of interest, creates safe harbors for political incumbents and lessen the influence of moderate voters. The League adopted independent redistricting as a Municipal Advocacy Goal, and as HB 49 was introduced, NCLM Board of Directors member and Morrisville Mayor Pro Tem Liz Johnson joined the sponsors at a news conference to call for the legislation's passage. Despite being sponsored by majority party House members and supported by a bipartisan group of legislators, neither bill was heard this session.

HB 74 Study MPO/RPO Oversight (Rep. Floyd) – Eligible/Likely Eligible for Short Session

The House voted unanimously to approve this bill, but the Senate failed to take it up. It calls for the creation of the 10-member Study Committee on Metropolitan Planning Organizations and Rural Transportation Planning Organizations to examine the structure and role of these organizations, which include municipal officials, in transportation decisions. This study could occur absent this legislation through a separate process.

HB 102 Utility Vehicles/Move Over (Rep. Davis) – Law – SL 2015-26 effective May 21 and Oct. 1, 2015/ SB 295 Move Over/Waste & Recycling Trucks (Sen. Wade) – Dead/Likely Dead

Under this House legislation, refuse, solid waste and recycling vehicles were added to the list of those for which motorists must slow down or move over while passing under the state's emergency vehicle move-over law. Legislators' approval of this bill also allows law enforcement officers, emergency personnel and some other municipal and county employees to operate certain types of all-terrain vehicles on public roadways. A separate Senate bill, which included only the waste and recycling move-over provisions, was not acted on.

HB 148 Insurance Required for Mopeds (Rep. Shepard) – Law – SL 2015-125 effective July 1, 2015 and July 1, 2016

This legislation requires moped operators to have liability and other insurance for the vehicles and subjects them to annual safety inspections. The passage of the new requirements comes one year after the General Assembly approved a bill requiring mopeds to be registered like other motor vehicles. That 2014 law achieved a League Municipal Advocacy Goal, which came about due to concerns by cities and towns that moped operators were involved in accidents but local law enforcement had little means to track those vehicles and their owners.

HB 154 Local Governments in State Health Plan (Rep. Iler) – Law – SL 2015-112 effective June 24, 2015/ HB 122 Add Counties/Towns/Cities – State Health Plan (Rep. Presnell) – Eligible/Likely Eligible for Short Session/ HB 370 Certain Local Govts in State Health Plan (Rep. Whitmire) – Eligible/Likely Eligible for Short Session/ HB 693 Add Towns to State Health Plan (Rep. Brody) – Eligible/Likely Eligible for Short Session/ SB 98 Southport in State Health Plan (Sen. Rabon) – Eligible/Likely Eligible for Short Session/ SB 220 Include Morganton in State Health Plan (Sen. Daniel) – Eligible/Likely Eligible for Short Session/ SB 479 Local Governments in State Health Plan (Sen. Brown) – Dead/Likely Dead

Legislators filed a number of local and two statewide bills that would allow local governments to



seek health coverage for employees under the State Health Plan. Ultimately, the statewide House bill, HB 154, was approved by both chambers and signed into law. The various local bills were either acted upon by only one chamber or not taken up, and the approval of HB 154 may make those other bills moot. Procedurally, those local bills do remain eligible for the short session. HB 154 does limit the total number of local government employees who can be moved into the State Health Plan to 10,000. The State Health Plan also has restrictions for local governments moving into the state system.

League Director of Government Affairs Rose Vaughn Williams talks with lobbyist George Teague during snowy February day at the General Assembly

[HB 156/SB 129 Legal Notices/Require Internet Publication](#) (Rep. Avila, Sen. Sanderson) – Eligible/Likely Eligible for Short Session/ [SB 356 Electronic Ads/Property Seized by Police](#) (Sen. Rabin) – Dead/Likely Dead

The House gave its approval to legislation that would require newspapers to publish statutorily-required legal notices online for no additional charge, while the Senate neither acted on that legislation nor its own companion bill, SB 129. The bills fall far short of a League-supported advocacy goal of allowing municipalities the option to publish legal notices on their own websites in lieu of publication in a newspaper. The two bills were supported by the newspaper industry. Separate legislation, SB 356, would have allowed local law enforcement to advertise seized property sales via website or social media account and without publication in a newspaper. It was not taken up.

[HB 183/SB 373 Repeal Map Act](#) (Reps. R. Brown, Conrad, Lambeth and Watford, and Sens. Krawiec, Daniel and Wells) – Eligible/Likely Eligible for Short Session/ [SB 364 Map Act Revisions](#) (Sen. Rabon) – Dead/Likely Dead/ [SB 654 Map Act/Clarifications](#) (Sen. Lee) – Law – SL 2015-151 effective various dates

House and Senate companion bills that would repeal the state’s Map Act were filed following a state Court of Appeals case in which the court ruled that the 1987 law had the effect of taking land from property owners without paying for it. The existing law had allowed development to be frozen once a road corridor was designated. Aimed at the state Department of Transportation, HB 183 and SB 373 also could have affected municipal governments. The cases that drew public attention to the law involved state-designated road corridors in which construction had not occurred and years had elapsed since the designation. The House approved its version of the Map Act repeal, while the Senate did not act on either the House bill, a companion bill or a separate measure, SB 364, which would have kept the 1987 law but modified it to better protect private property owners’ interests. Yet another bill, SB 654, made clear that the state should indemnify the Wilmington Urban Area Metropolitan Planning Organization for actions it took related to transportation corridor-related actions.

[HB 276 Agency Participation Procedures Act of 2015](#) (Reps. Ross, Gill, Goodman and McNeill) – Law – SL 2015-168 effective July 23, 2015 and Jan. 1, 2016/ [HB 277 Retirement Admin Changes Act of 2015](#) (Reps. Ross, Gill, Goodman and McNeill) – Law – SL 2015- 164 effective Oct. 1, 2015

HB 276 makes various changes regarding employer participation in the Teacher State Employee Retirement System (TSERS) and Local Government Employee Retirement System (LGERS). It first requires employers that decide to withdraw from the retirement system to repay both TSERS and LGERS their unfunded accrued actuarial liability plus a risk premium, and requires

additional procedures for fiscal notes prepared in connection with a bill that affects participation of an employer in the TSERS or LGERS system. For any employer joining LGERS after Aug. 1, 2010, it also disallows the granting of retirement service credits for the time an employee worked at a local government agency before that agency joined LGERS. Lastly, it allows employers to pay the amount necessary to compensate for an employee's "pension-spiking" in installments that must be completed within one year of the employee's effective date of retirement. HB 277 clarifies the application of the administration of the "1,000-hour rule" by revising the definition of "regularly employed" to exclude temporary employees and Interim City and County managers. "Temporary employment" is defined as limited-term employment that does not exceed 12 months and "statutorily-required interim employment" means appointment as an interim city or county manager for no more than 12 months on a nonrecurring basis. These clarifications should make it more obvious how cities and towns should treat, for benefit purposes, previously retired employees brought back on a temporary basis. The bill also changes the law so that, if an employer is more than 30 days late on its required contributions to TSERS or LGERS, the retirement system board can intercept state appropriations to the employer to make up for the delinquent payments.

[HB 318 Protect North Carolina Workers Act](#) (Reps. Cleveland, Millis, Whitmire and Conrad) – Ratified

Legislators gave final approval to this bill during the last week of the legislative session after a provision was added designed to prevent cities from adopting ordinances or policies giving limited safe haven to undocumented immigrants. The League had worked extensively on the legislation in its earlier iterations to largely keep intact the concessions won last year regarding E-Verify compliance for municipalities' purchase of goods. Without those concessions, cities and towns would have gone back to earlier rules that had created significant red tape for municipalities in confirming that vendors were E-Verify compliant even when making simple purchases. The League-supported language in the bill exempts contracts "solely for the purchase of goods, apparatus, supplies, materials, or equipment." The "sanctuary cities' provisions drew a great deal of media attention to the legislation. Although that term has become commonplace, the policies adopted by U.S. cities that have come under scrutiny have not been uniform. In North Carolina, the handful of local governments who have adopted such policies mainly focused on avoiding immigration status checks for criminal victims and witnesses as a way of encouraging cooperation with law enforcement agencies to solve and prevent crime. To allay criticism from law enforcement agencies, a provision was added to this year's technical corrections bill amending HB 318 so that police could accept certain types of identification to determine a person's identity.

[HB 352 Standard of Proof/Public Safety Dispatchers](#) (Rep. Torbett) – Law – SL 2015-71 effective June 11, 2015

This bill raised the standard of proof for anyone suing a 911 center or any public safety communication dispatcher for any job-related duties. Under previous law, someone suing could prove his or her case by a preponderance of the evidence. The change raises the standard to “clear and convincing evidence,” the same standard that exists for a medical provider in giving emergency care.

[HB 395 Body and Dashboard Cameras/Law Enforcement](#) (Reps. Alexander, Brockman, Floyd and Hanes) – Eligible/Likely Eligible for Short Session/ [HB 713 Body & Dash Cam Recording/Public Access](#) (Reps. Faircloth, Daughtry, Boles and Hurley) – Eligible/Likely Eligible for Short Session/[HB 811 Law Enforcement Body-Worn Camera/Study](#) (Reps. Floyd, Faircloth, Brockman and McNeill – Dead/Likely Dead

These bills continued the public discussion of how police body-worn cameras should be utilized and how their footage should be treated for public records purposes. HB 713, which was approved by the House but not by the Senate, would treat the recordings the same as any other criminal investigation record, meaning it would not be considered a public record. Law enforcement agencies could release the recordings, though, and without consent of the individual officer. HB 395 was not approved by either legislative chamber, but included a \$5 million appropriation in each of the next two fiscal years to provide grants to local law enforcement agencies to pay for the cameras. The budget bill ultimately included \$2.5 million in each of the next two fiscal years for such a grant program.



League officers Lestine Hutchens and Bob Matheny sit down with members of the Capital Press Corps during Town Hall Day

[HB 402 Study Municipal Elections in Even Years](#) (Rep. Ford) – Eligible/Likely Eligible for Short Session

Approved by the House but not acted on by the Senate, this bill would have the Joint Legislative Elections Oversight Committee study whether municipal elections should be held in even-numbered years rather than odd-numbered years, as most North Carolina municipalities currently hold their elections.

[HB 477/ SB 516 LEO Privacy Protection](#) (Reps. Malone, Saine, Faircloth and McNeill, and Sen. Tucker) – Eligible/Likely Eligible for Short Session/ [SB 485 Law Enforcement Privacy/Public Web Sites](#) (Sen. Woodard) -- Dead/Likely Dead/ [SB 699 Protect LEO Home Address/Other Information](#) (Sen. McKissick) – Law – SL 2015-225 effective Oct. 1, 2015

Legislators filed a handful of bills designed to protect the privacy of law enforcement officers and their families in the wake of the 2014 kidnapping of the father of a Wake County prosecutor by gang members. The passage of SB 699 prohibits the release or public sharing of information that could identify a law enforcement officer's residence, emergency contact information or other identifying information like a driver's license number or Social Security number. The bill's passage has led to some concerns regarding compliance related to county tax records.

[HB 506 911 Fund Distribution](#) (Reps. Boles and McNeill) – Dead/Likely Dead/ [HB 730 Next Generation 911](#) (Rep. Saine) – Law – SL 2015-261 effective Sept. 30, 2015 and Jan. 1, 2016/ [SB 571 Expand Uses of 911 Fee](#) (Sen. Bryant, J. Davis and Foushee) – Dead/Likely Dead

These bills affect how 911 fees are spent. HB 506 and SB 571, which were not acted on, would have expanded the traditional types of expenses for which 911 centers could spend 911 Fund disbursements. HB 506 also called for a study of the 911 Board structure and operating standards for 911 centers, also known as Public Safety Answering Points, or PSAPs. HB 730, which was passed into law, begins the process of setting aside money for next-generation 911 service, which would include allowing 911 centers to be contacted via text and other means of digital and mobile communications, and begins to allow disbursements for that purpose.

[HB 512 Amend/Clarify Back-Up PSAP Requirements](#) (Reps. Martin, Steinburg, Saine and B. Brown) – Law – SL 2015-219 effective Aug. 18, 2015

Operators of 911 centers, or Public Safety Answering Points (PSAPs), are required to show only that they have made substantial progress in developing back-up capability under this law passed and signed into law in August. The change, sought by the League, follows 2014 legislation that requires primary 911 centers to have back-up capabilities. The League also gained significant concessions in that 2014 bill so that municipalities would not have to build costly new facilities in order to demonstrate back-up capability. The 2015 legislation prevents 911 funding from

being withheld as long as the 911 center can show substantial progress toward implementing its back-up plan by July 1, 2016.

[HB 552 Graffiti Vandalism](#) (Reps. McGrady, Glazier, B. Brown and J. Bell) – Law – SL 2015-72 effective Dec. 1, 2015

This bill creates the criminal offense of graffiti vandalism, which involves defacing public or private property. Under the law, a first and second offense would be a misdemeanor, but subsequent offenses would be a Class H felony.

[HB 562 Amend Firearm Laws](#) (Rep. Schaffer, Burr, Cleveland and Faircloth) – Law – SL 2015-195

A provision in this bill adds several misdemeanors to the crimes for which a law enforcement agency is required to fingerprint an offender for the purposes of submitting the information to the National Criminal Instant Background Check System. Another provision makes clear that a local government can be sued and held liable for damages if it violates a state law that prohibits ordinances seeking to define the sale, manufacture or ownership of firearms as a nuisance. Some of the most controversial provisions of the bill, including one eliminating local handgun permitting and background checks by county sheriffs, were dropped.

[HB 613 Clarify Signs on Highways and Roads](#) (Reps. Brawley and Floyd) – Eligible/Likely Eligible for Short Session

This bill clarifies that municipalities can enforce state laws regarding the placement of political signs on state roads within their corporate limits. The bill partly addresses concerns of League members regarding situations where both local and state rules exist to address political signs. Unlike a measure considered in 2014, HB 613 would not allow a municipality to enforce its own rules regarding political signs on state roads that run through its corporate limit. This bill was approved by the House, given the OK by a Senate committee and even placed on the Senate's calendar before being withdrawn by its chamber leaders.

[HB 616 Local Governmental Employees' Retirement COLA](#) (Rep. McNeill) -- Eligible/Likely Eligible for Short Session/ **[HB 759 Retirement System COLAs](#)** (Rep. Bell) – Eligible/Likely Eligible for Short Session

As originally filed, both of these bills called for Local Government Employees Retirement System pensioners to receive a 1 percent cost-of-living increase. The legislation was filed despite a decision by the Local Government Employees Retirement System Board of Trustees in January to provide a 0.625 percent COLA to retirees. That increase could be provided by relying solely

on existing funds. Increasing the COLA to 1 percent would mean that local governments' contribution rate for general employees would rise from 6.67 percent of salary to 6.77 percent. HB 616 was approved by the House, but not acted on by the Senate. After the House acted on that bill, a provision in HB 759 affecting the LGERS COLA was dropped.

HB 647 Epi Pens in All Child-Serving Businesses (Reps. McGrady, Avila, Stevens and Glazier) – Ratified

Under this bill, legislators would allow a number of entities, including municipalities that operate youth sports facilities and camps, to receive epinephrine auto-injectors, also known as Epi Pens, to treat acute allergic reactions. Entities receiving the Epi Pens from a pharmacist would be required to designate employees to undergo mandatory training for their use. The bill also confers some immunity from liability for those who use the new authority.

HB 666 WC/Firefighters'/ Presumptive Cancer

(Reps. Saine, Hardister, Boles and Faircloth) – Dead/Likely

Dead This bill would have created a presumption that certain types of cancer occurring in firefighters are occupational diseases and subject to coverage under worker's compensation.

The list of nine

separate types of cancer under the list of occupational diseases had the potential to significantly increase municipalities' workers

compensations costs. The bill was reported "without prejudice" from the House Committee on Pensions and Retirement, but no further action was taken.



League President Ronnie Wall opens second of four regional meetings on the future on municipal finance, this one held in Burlington

[HB 680/SB 541 Regulate Transportation Network Companies](#) (Reps. Brawley, Bradford, Hanes and Saine, Sens. Rabon and McKissick) – Law – SL 2015-237 effective Oct. 1, 2015
[SB 414 Regulate Transportation Network Services](#) (Sen. McKissick) – Dead/Likely Dead
[SB 567 Regulate Transportation Network Services](#) (Sen. Tarte) – Dead/Likely Dead

The Senate ultimately moved first to pass one of three bills, SB 541, filed in that chamber to create a statewide scheme of regulation for ride-sharing companies like Uber. The law prevents local governments from imposing additional regulations on the ride-sharing companies, but the League worked with legislators to address the concerns of cities regarding these services and establish a system of state regulation that will benefit municipal residents. Among other things, the new law places requirements for insurance and driver background check on the companies. It also prohibits airports from precluding ride-sharing companies from operating there. Before passage of the bill, ride-sharing services were largely unregulated.

[HB 797 Alarm Registration Info Not Public Record](#) (Reps. S. Martin, Farmer-Butterfield, Stam, Jones) – Law – SL 2015-189 effective August 5, 2015

This bill precludes any city-run alarm registration programs – designed to create a database and registration system for the owners of businesses and/or homes that are equipped with security or fires alarms – from being deemed a public record under the state’s Public Record Law.

[HB 804 Kelsey Smith Act](#) (Reps. Hurley, Glazier, Schaffer and Lambeth) – Eligible/Likely Eligible for Short Session

Under this legislation, law enforcement officials and local 911 center officials could request cell phone location information from private wireless providers without a warrant under certain emergency circumstances. The House approved the bill in April, but the Senate never acted on it, despite calendaring its own, revised version of the bill on three separate dates.

[HB 829 Automatic License Plate Readers](#) (Reps. Turner, Speciale, Hardister and Glazier) – Dead/Likely Dead
[SB 182 Automatic License Plate Readers](#) (Sen. McKissick) – Law – SL 2015-190 effective Dec. 1, 2015

These bills called for setting up regulations for the use of automatic license plate reading technology plate by law enforcement agencies. The Senate bill, which became law, requires law enforcement agencies using these systems, which can collect large amounts of license plate readings and show where specific motorists are, to adopt written policies regarding their use that demonstrate how they will be overseen. The law also requires that any data collected by a law enforcement agency that is not the part of a specific criminal investigation or related to a search warrant be destroyed within 90 days.

HB 836 Election Modifications (Reps. Robinson, Bishop and Fraley) – Law – SL 2015-103 effective various dates

Although mostly affecting local county elections, this legislation contains a provision that repeals any licensing requirements by local governments for any types of going-out-of-business sales. It also clarifies city authority for retaining various types of easements in street and alley closings. Finally, it expands the ability for some municipalities to hold malt beverage and unfortified wine sales elections.

SB 22 Historic Artifact Mgt. and Patriotism Act (Sens. Soucek, Tucker and Davis) – Law – SL 2015-170 effective July 23, 2015 and Dec. 1, 2015

State agencies and local governments are restricted regarding the treatment and movement of monuments on public property under this legislation, which was passed July. The bill started out as one intended to ensure the respectful treatment of the U.S. and North Carolina flags. After the monuments provision was added, the media focused on the legislation in response to public attention regarding the appropriateness of Civil War flags and some monument displays in the wake of the Charleston church shooting. The law allows only limited exceptions for the removal of “objects of remembrance” on public property.

SB 52 Cities/Mean for Activating Parking Meters (Sen. Krawiec) – Law – SL 2015-226 effective August 25, 2015

This law allows all municipalities to utilize parking meters that can be activated by cash, credit cards, debit cards and other electronic payment methods. Previously, North Carolina limited most cities to parking meters that could be activated only by coins or tokens. A handful of municipalities had received authorization for other means of payment through local legislation.

SB 188 Adjust Cap on Turnpike Projects (Sens. Rabon, Meredith, and Ford) – Dead/Likely Dead

This bill would remove the cap on the number of tolled, turnpike projects that the state Turnpike Authority can study, plan or undertake preliminary design work on, while increasing the cap to 11 on the number of projects that it may construct, operate or maintain. Currently, the Turnpike Authority is limited to planning and preliminary design on no more than nine projects.

SB 279 Amend Qualifications/Practice of Counseling (Sen. Barefoot) – Ratified

As originally filed, SB 279 would have not affect municipalities. However, the final days of the legislative session saw provisions added to the bill that would have restricted municipalities’ ability to enact and enforce various types of housing and anti-discrimination ordinances. These

last-minute additions preempting local authority, which had not been seen in any earlier legislation, created significant controversy around the bill, and led to substantial activity by League staff and municipal lobbyists and officials from around the state to try to block the provisions. Ultimately, a House committee vote to not endorse the bill forced the Senate to approve an earlier version without the provisions harmful to municipalities. Read earlier League coverage about the bill and the municipal-related provisions [here](#).

[SB 345 Limit Storation Duration for Damaged Vehicles](#) (Sen. Meredith) – Law – SL 2015-188 effective August 1, 2015

In its original version, this bill would have limited the fees that law enforcement agencies could charge the owners of vehicles impounded as a result of a wreck. In the version approved, it would limit the time that such vehicles can be held absent a court order.



Gov. Pat McCrory chats with NCLM LAC Chair William Pitt during Advocacy Goals Conference

[SB 363 Expand Outdoor Food Service at Public Events](#) (Sen. Fletcher Hartsell) – Eligible/Likely Eligible

In the final days of the legislative session, this bill became a “strip-and-replace” vehicle for proposed legislation that included a provision that would have prevented some small towns and cities from undertaking borrowing projects under certain conditions. Under the provision, the Local Government Commission would have been prohibited from approving debt for

cities and towns with populations under 60,000 for various public facility projects when some financial conditions applied. The provision was rumored to be aimed at stopping a multi-use facility in Rocky Mount. The provision was dropped and the bill did not progress in the face of League and local government opposition.

[SB 633 State and Local Government Transparency Act](#) (Sen. Brock) – Dead/Likely Dead

State agencies and local governments that have Internet web sites would have been required to post various budget, contracting, purchasing and salary information under this bill. The Senate did not act on the bill, but included a provision in its version of the budget bill, [HB 97 2015](#)

[Appropriations](#), intended to accomplish many of the same purposes. In the final version of the state budget, the language ultimately approved calls for State Chief Information Officer to coordinate with counties, cities and schools boards to help facilitate the posting of budget and spending data and to provide that data to the Local Government Commission. Local governments currently provide financial data to the LGC every six months, and that data is published accordingly.

Planning and Land Use

HB 3 Eminent Domain (Reps. McGrady, Stam, Lewis, Goodman) – Eligible/Likely Eligible for Short Session/ SB 74 Eminent Domain (Sen. B. Jackson)—Eligible/Likely Eligible for Short Session

As in the previous two sessions, an effort to amend the N.C. constitution to prohibit private property from being taken by condemnors except for public use stalled in the Senate after an overwhelmingly supportive House vote. This year’s proposed constitutional language, which was nearly identical to bills passed by the House in the last two legislative sessions, directed a jury determination on the question of just compensation at the request of any party. Finally, the bill proposed similar statutory changes as before, eliminating the word “benefit” from the key legal standard of “public use or benefit.”

HB 36/SB 25 Zoning/Design & Aesthetic Controls (Reps. Dollar, Brawley, Jordan and Glazier, and Sens. Gunn, Apodaca, Tarte) – Law – SL 2015-86 effective June 19, 2015

Capitalizing on a pro-property rights sentiment in the House and Senate, development interests succeeded in securing legislation this session that limited cities’ ability to impose aesthetic-based standards on certain residential structures. Passed with overwhelming votes in both chambers, this bill prohibits local governments from requiring aesthetic-based features in one- and two-bedroom dwellings. The law lists these features, which include exterior building color, location and architectural styling of windows and doors, the number and types of rooms, and interior layout of rooms. The law explicitly allows these types of regulations if voluntarily agreed-to by the property owner. In addition, the law allows regulation of these buildings if related to the location of the structure on the lot, use of buffering or screening, and other listed circumstances. The League membership sought changes to this bill, arguing that these types of standards allow local boards to promote economic development in and preserve the character of their communities. After the 98-17 House floor vote, Speaker Tim Moore stated, “This bill is a triumph for property owners of all shapes and sizes, and affirms the General Assembly’s conservative commitment to stand up for limited government.”

HB 51 Justice for Rural Citizens Act (Reps. Pittman, Speciale, Ford)—Dead/Likely Dead

This proposal would have eliminated all existing and future municipal extraterritorial jurisdiction (ETJ) areas statewide, including any ETJs created by local acts, effective January 1, 2016. The measure expanded upon a similar bill filed last session. However, the bill did not receive a committee hearing or otherwise advance this session. Under this bill, any former ETJ area would have become subject to county ordinances and regulations. Such a reversal would have violated the wishes of the many counties that support ETJ as an important planning component. The League opposed this bill.

HB 127 DOT Condemnation Changes (Reps. Stam, Jackson, Bryan)—Dead/Likely Dead

SB 425 DOT Condemnation Changes (Wells, Krawiec, Daniel)—Eligible/Likely Eligible for Short Session

In a rare procedural move, the Senate Transportation Committee stopped HB 127 from advancing in any form for the remainder of the legislative biennium by giving the bill an unfavorable committee report. While technically still eligible for consideration in 2016, the companion Senate bill to HB 127 is not likely to be heard due to the Senate committee's lack of support for HB 127. Similar proposals from each of the last two legislative biennia failed to receive any Senate consideration. The proposal would have incentivized litigation in quick-take condemnation cases, and throughout session, the League's public comments pointed to features of the bill that would enhance plaintiff's attorney fees at the expense of taxpayers. In addition, the measure would have likely delayed public infrastructure projects and driven up borrowing costs during prolonged legal hearings. The N.C. Department of Transportation and local governments use the quick-take condemnation procedure to more quickly bring online public infrastructure such as roads, water and sewer, and airport projects, saving project costs.



Planning & Environment Legislative Action Committee develops priority proposals

HB 201 Zoning Changes/Citizen Input (Reps. Stam, Goodman, Jackson, Fraley) – Law – SL 2015-160, effective August 1, 2015 and applies to zoning ordinance changes initiated on or after that date/ **SB 285 Zoning/Protest Petition Changes** Sens. Woodard, Foushee, McKissick) – Dead/Likely Dead/ **SB 300 Zoning Changes/Majority Rule** (Sens. Wells, Lee, Smith)—Dead/Likely Dead

Legislators in both chambers proposed a trio of bills this session to curtail the authority under which citizens can bring a protest petition before a municipal board. The only one of those proposals to gain a hearing, HB 201, became law with strong support from legislators and Governor McCrory, who stated, “Majority rule should be the case in all governments unless they’re veto overrides and things of that nature.” Prior to its repeal in HB 201, the protest petition process allowed nearby property owners to protest big development changes, such as rezonings, by forcing a three-fourths supermajority vote on city council land use decisions. The new law converts these matters to a simple majority vote in all cases. In place of the petition, the law allows for advance written public comment on any proposed rezoning. The two Senate bills addressed concerns held by some legislators with the former process in different ways; SB 285 lowered the supermajority and raised the threshold of property owner signatures needed to bring a valid petition, while SB 300 repealed the entire statutory section that contained the protest petition authority.

HB 255 Building Code Reg. Reform (Reps. Brody, Riddell, Cotham, Watford) – Law – SL 2015-145, effective October 1, 2015

This new law contains a variety of reforms aimed at streamlining the local building inspection process. League staff sought changes during both the House and Senate consideration of the bill, and the final law made many improvements over the original bill. For example, the House dropped a problematic provision that would have eliminated the authority for a local government to conduct plan review for residential development prior to the start of construction, a key component of lower home insurance rates in the state. And with another change, the Senate clarified what constituted a “full inspection,” giving inspectors more guidance about the extent of the inspection that must be performed. Despite these improvements, the League remains concerned about new, vague job performance standards for building inspectors contained in the law, which could affect the ability of local governments to attract qualified individuals to become building inspectors. Other highlights of this new law include: a requirement for local governments to spend all building inspections fee revenue on activities of the inspections program, including administrative cost allocations; a new concept that allows private licensed architects or licensed engineers to perform and seal an inspection, a process that would completely remove liability for that inspection from the local government; an increased dollar threshold for work that requires a building permit, from \$5,000 to \$15,000; a requirement for the

Department of Insurance to post all appeals decisions and interpretations to its website within ten days of issuance; and changes to the Building Code Council.

[HB 304/SB320 Revisions to Outdoor Advertising Laws](#) (Reps. Hager, Collins, J. Bell and Hanes, and Sens. Brown, Rabon and Tarte) – Eligible/Likely Eligible for Short Session

This sweeping proposal would overrule all local rules governing existing billboards. Although once scheduled for a House committee hearing this spring, the bill was removed from that agenda and subsequently was not heard in either chamber. Under the proposal, an existing billboard could be moved from its current location to any other non-residential zone in a city, regardless of a local community's restrictions on location. Further, those relocated billboards could be enlarged, made taller, or converted to digital displays, even if a municipality's ordinance state otherwise. In addition, the proposal would change the calculation for compensation owed to billboard owners during condemnation actions. This change would drastically increase the amounts taxpayers would pay to billboard owners when condemning for public infrastructure projects because it would take into account future earnings the owner might have received if the sign had continued in use. No other class of property owners is given this special consideration in condemnation actions. While both HB 304 and SB 320 contain identical language now, the League anticipates that in the short session, at least one legislative chamber will consider a variation of this bill, which contains other proposed changes to the state's billboards laws and regulatory procedures.

[HB 483 Land-Use Regulatory Changes](#) (Rep. Jordan) – Eligible/Likely Eligible for Short Session

During its only committee debate this session, the bill sponsor described this proposal as one designed to give development interests additional legal advantages when challenging the land use decisions of local governments. Though he allowed a private-sector development attorney to make the bulk of the bill presentation during its committee hearing, the bill sponsor stated that he sponsored the bill because local governments currently held considerable sway over developers that sought rezonings or development agreements. This bill would flip that perceived advantage on its head, greatly expanding the legal remedies available to aggrieved parties and the fees their attorneys could potentially collect by bringing such legal actions. These enhanced remedies, which would incentivize litigation at the expense of the municipal and state taxpayers who would bear the burden of increased court actions, include an ability to bypass review by a local board of adjustment and an automatic award of attorney's fees. The bill cleared the House and is eligible for consideration by the Senate next session.

HB 530/SB 442 Local Gov'ts/Inspect Bldgs & Structures (Reps. Brawley, Brisson, Bumgardner, and Cotham, and Sens. Gunn, Ford and Wade) – Eligible/Likely Eligible for Short Session

For the third biennium in a row, legislators filed a proposal to modify the laws used by municipalities to conduct rental inspections and rental registration programs. This year's proposal, similar to last year's, is intended to restrict cities' ability to operate these programs. Though each local program varies in its implementation, generally, cities use them to force absentee landlords to address repeated criminal and housing violations on their properties, thus increasing the quality of available housing and protecting the public safety of neighboring tenants and property owners. HB 530 would significantly limit the reach of these programs, restricting the geographic areas that they could target, increasing thresholds before properties are subject to the terms of the programs, and eliminating fees that support the programs' administration, among other measures. The League members worked on alternate proposals with the main House bill sponsor this session, and if legislators decided to take up the bill in the Short Session, the League expects a revised version to be heard first in the House.

HB 544 County Sign Ordinance in Cities (Reps. Brawley, Horn, Jeter) – Law SL 2015-166, effective July 23, 2015

This law, arising out of a conflict in Mecklenburg County, makes clear that when municipal boards allow a general county ordinance to apply in the municipality's corporate limits, the board may require any aspects of that county ordinance addressing signage to conform to municipal sign ordinances.

HB 548 Zoning/Modernize & Reorganize (Reps. Bishop, Stam, Bryan, Hamilton) – Eligible/Likely Eligible for Short Session

What began as an unprecedented rewrite of the state's entire land use and planning statutes—into what would be a new Chapter 160D of the state statutes—instead became a study by the time it



NCLM's Sarah Collins presents Municipal Advocacy Goal proposals during Advocacy Goals Conference

passed through the House. The rewrite initiative originated within the N.C. Bar Association's Zoning, Planning, & Land Use Section, which promoted the years-long effort as a "good government" bill. League members worked with the NCBA at the end of that process to spot and remedy any unintended consequences and ensure that the proposal remained policy-neutral. Because the House bill sponsors thought the enormous proposal needed more consideration, they replaced the statutory rewrite language with a study to be performed by an 18-member task force that would include a League representative. The Senate must authorize the study next session for the task force to meet.

HB 708 Preservation of Historic/Heritage Trees (Reps. Hamilton, Torbett) – Eligible/Likely Eligible for Short Session

This measure sought to further cooperation between state agencies and local governments during projects that could imperil trees designated as "historic" or "heritage" by the local government. The House approved the bill in its original filed form, and thanks to that approval, the Senate may consider it next session. The bill details a process by which a local advisory committee would provide information to state agencies regarding the name, location, and "other significant particulars" of historic trees when a state agency proposed a construction project in that local jurisdiction. The bill would also require the state agency to consider this information prior to spending state funds or issuing any approval that would affect those trees.

HB 721 Subdivision Ordinance/Land Develop. Changes (Reps. Bryan, Stam, Bishop, Bradford) – Law – SL 2015-187, effective October 1, 2015 and applies to performance guarantees or extensions of performance guarantees issued on or after that date

This new law clarified the authorities that allow municipalities to effectively recover the costs of incomplete infrastructure. Local governments use financial security measures, or "performance guarantees," to provide assurances that developers will complete necessary infrastructure improvements for new development. With this new law, developers may choose the type of performance guarantee from a list that includes surety bonds, letters of credit, or equivalent measure, which is typically cash. The final measure contained many League-suggested improvements over the original bill. The League suggested a modification to the amount of the performance guarantees, and in response, legislators set it at 125% of the estimated cost of completion, up from the original proposed amount of 110%. Also at the suggestion of the League, the approved version of the bill dropped stormwater-related performance guarantees after originally including them, which will allow municipalities to continue current practices in requiring guarantees for the performance of post-construction stormwater devices. Lastly, the final version of this measure contained an important clarification that would ensure developers completed all public safety-related improvements to newly-developed properties before the local government issued a certificate of occupancy.



Cultural Resources Secretary Susan Kluttz, Gov. Pat McCrory and former Transportation Secretary Tony Tata speak to attendees at 2015 Town Hall Day

[HB 799 Zoning/Changes to Hist. Preserv. Procedures](#) (Reps. Brody, Ager) – Eligible/Likely Eligible for Short Session

This measure received two of its three planned House committee hearings this session, and after hearing from city officials, it underwent significant improvements. The bill, which would revamp some aspects of the historic property approval process, originally would have allowed any party appealing a Board of Adjustment decision in historic district cases to force the local government into binding arbitration, preventing an appeal to Superior Court. A committee vote removed this unprecedented legal remedy as well as an automatic award of attorney’s fees, which, when paired together, would have incentivized litigation at the expense of municipal taxpayers. Another provision of the bill includes a new procedure for any historic district property owner to petition for removal from the district, with the ultimate decision on the petition resting with city council. In discussion of this provision, some House members expressed concerns that it would result in “snaggletooth” or “Swiss cheese” historic districts that lacked a unified character, thereby defeating the purpose of such districts. A different provision of importance in this bill would create a new piece of evidence, called a “renovation report,” for historic property owners to present during disputes. The report would list applicable local historic guidelines and materials that a property owner could use during renovation, and would become part of any litigation record as historic commissions would have to take it into account when considering certificates of appropriateness. Other proposals in this bill include: removal of

current authority that allows a municipality to designate its community appearance commissions as the historic preservation commission; a mechanism to force a historic commission to issue a decision within 180 days of an application; and a ban on Board of Adjustment votes if a Board member also sits on a historic district commission, for appeals of historic commission decisions.

[HB 875 Restrict Municipal Eminent Domain](#) (Reps. Jordan, McGrady, Hunter) – Law – SL 2015-240, effective September 17, 2015

The League opposed the original version of this bill, which applied statewide and would slow down or stop initiatives such as economic development projects. After a House committee voted down the original version of this bill, the primary bill sponsor converted HB 875 to a local act affecting Watauga and Ashe counties. The law, aimed at undermining a multi-million dollar Boone water project that is currently underway, grants the county commissions in the two affected counties the power to veto any condemnation action by a municipality outside its corporate limits, such as the condemnations needed to secure easements for the Boone water lines. Additionally, the bill singled out municipal condemnations, therefore allowing condemnation actions by private condemnors such as private electric and gas utilities or railroads to continue without similar county commission oversight. The bill is likely subject to arguments that it violates the N.C. constitution, as in another pending legal challenge involving a 2014 Boone local bill.

[SB 119 GSC Technical Corrections 2015](#) (Sen. Hartsell) – Law – SL 2015-264, various effective dates

Among dozens of truly technical corrections, Section 56.2 of this law contained a substantive change that sought to tighten local governments' already-restricted authority to regulate hydraulic fracturing activities. Legislators added these provisions to the bill—the last measure voted on before the legislature adjourned—in the middle of the night with no opportunity for public input or review. The new language was not part of any prior proposal this session, but appeared to be aimed at efforts by a handful of county governments to slow or delay hydraulic fracturing in their counties, primarily through the use of moratoria. These provisions revised existing law to invalidate any local ordinance, including land use ordinances, that regulates hydraulic fracturing activities. The law allowed local governments to apply to these activities zoning or land use ordinances of general applicability, including stormwater ordinances mandated by federal law to be implemented by that local jurisdiction, so long as the local government petitioned the state Oil and Gas Commission and the Commission allowed that ordinance to become effective. The law set the effective date of this provision retroactively to June 4, 2014.

Environment & Utilities

[HB 44 Local Government Regulatory Reform 2015](#) (Reps. Conrad, Lambeth, Hanes, Terry) – Law -- SL 2015-246 effective multiple dates/ **[SB 617 Local Government Reg. Reform](#)** (Sens. Wade, Brock, B. Jackson) – Dead/Likely Dead/ **[SB 53 Cities/Overgrown Vegetation Notice](#)** (Sens. Krawiec, Lowe) – Eligible/Likely Eligible for Short Session

In addition to the regulatory reform package directed at state regulations, this session saw omnibus reform packages aimed directly at local governments. HB 44, which originally passed the House as a one-page bill, ended up being the final vehicle for these local reform measures after the Senate expanded the bill considerably to include wide-ranging legislation that would affect local government environmental, zoning, and other land-use regulations. The Senate's inclusions in HB 44 mirrored many of the provisions they originally included in SB 617 (their first filed bill regarding local government regulatory reforms), but ultimately what was included in the final version that passed in the last weeks of session represented a compromise that the House and Senate worked many months to reach.

One measure, which was proposed by the League, would modernize and clarify the preaudit certification statute to ease compliance without weakening financial controls. Specifically, the provisions included in the final package reflected advances in technology to accommodate credit cards, gas cards, procurement cards, and other electronic means of remitting payment for obligations. The measure of most concern to cities and towns throughout each version of this bill and also included in HB 760, another regulatory reform bill, was one addressing riparian buffer reforms that would have either restricted the ability of local governments to deviate from state riparian buffer rules or affected the applicability of the state's riparian buffer rules. To the relief of many cities and towns, the final version of the HB 44 allows for local governments to require buffers to comply with and implement other state and federal requirements, but unfortunately still includes limitations on their buffer authority.

Additionally, HB 44 includes a provision requiring local governments to notify property owners and adjacent property owners prior to the commencement of any construction project. A beneficial exception was added to the final version of the bill to allow for notice of a project to be given in any open meeting of the city or county. In addition, at the request of the League, HB 765 included a technical correction to limit the notice requirement only to new projects, not maintenance and repairs of existing facilities such as water lines and roads. Unfortunately, when the House and Senate released their final agreed-upon version of the bill, it included measures not previously seen in any version HB 44 or any other bill, including a provision related to a public water supplier's ability to mandate connection to its system, a common practice that this new law now restricts in various ways. Other changes in the final bill that had not been seen before included provisions that (1) prohibit local governments' from requiring compliance with

regulations and rules of which the legislature had delayed the effective date; and (2) require certification by a city and a property owner that when a city applies or enforces certain ordinance outside its territorial jurisdiction, it is not done under coercion.

The final bill addressed a variety of other reforms that affect cities and towns, including allowing cities to provide different notice options for chronic violators of overgrown vegetation ordinances; prohibiting local government regulation of fence wrap signage at a construction site if the signage is advertising sponsored by a person directly involved in the construction project; extending to include zoning permits the permit choice provisions passed in 2014 that allowed a permit applicant to choose which version of a rule or ordinance would apply if there is a change between the time the application was submitted and the time the decision on the application is made; limiting local governments' regulation of beehives; allowing local governments to lease property for communications towers, facilities, and equipment for up to 25 years; requiring cities to award density credits or severable development rights for parcels split by a dedicated road right-of-way; and limiting a local governments use of a definition of bedroom that exceeds any



*League Executive Director Paul Meyer
talks with reporters*

definition of the same in another statute or rule in the adoption of land use planning ordinances.

**[HB 61 Local Control/Land Application of Biosolids \(Reps. Pittman, Ford, Speciale\)](#) –
Dead/Likely Dead**

The League opposed this bill because it would have limited land application practices of biosolids by allowing county boards to dictate how residuals from wastewater utilities are disposed, disrupting well-established law that

leaves the regulation of biosolids at the state and federal levels. Biosolids are already heavily regulated by the U.S. Environmental Protection Agency and the N.C. Department of Environment and Natural Resources, and this bill could have proven costly for municipal utilities by forcing them to change their treatment processes.

**[HB 186 Cape Fear Water Resources Availability Study](#) (Reps. Catlin, Szoka, Glazier) –
Law – SL 2015-196 effective August 5, 2015**

This bill directs the Environmental Review Commission (ERC) to study water resources in the Cape Fear River Basin. The study will examine the aggregate use of all users of groundwater and surface water, the adequacy of available supply to meet expected long-term needs, the potential

conflicts among users, and ways to enhance coordination among users. The ERC is to report its findings and recommendations to the 2017 General Assembly.

[HB 538 Water and Sewer Related Changes](#) (Rep. Millis) – Law – SL 2015-207 effective August 11, 2015

A provision of concern to cities with wastewater treatment systems was approved quickly when the House unanimously voted to concur with the Senate's amendments to HB 538, which included a late add-on that put a new requirement on wastewater systems to accept liquid condensate from residential heating and cooling systems. Historically, the condensate, or liquid that results from the operation of residential heating and cooling units, is drained outside the house. However, with the recent installation of new high efficiency units that produce more condensate, drain lines have frozen in the winter, resulting in a shut-off of heat for homes and broken drainage lines. These problems led to a push for the liquid to be piped into a residential unit's wastewater collection system. The League opposed requiring wastewater systems to accept this liquid, because of possible issues including (1) the low pH of the condensate; and (2) if a large amount of connections are requested, the increased volume of water requiring treatment could take up needed capacity and be a detriment to a wastewater treatment system's efficiency.

[HB 630 Alternative WQ Protection for Falls Lake](#) (Rep. Yarborough) – Eligible/Likely Eligible for Short Session

This bill would have evaluated whether the SolarBee in-lake nutrient removal devices that are currently being tested in Jordan Lake would also merit testing in Falls Lake. It would have also required the N.C. Department of Environment and Natural Resources (DENR) to reassess the Falls Lake Rules to determine if any portions of the rules are unnecessary. The bill passed the House, but did not receive a hearing in the Senate. Instead, a similar provision appeared in the [final budget package](#) (Sec. 14.5), noting that rules intended to address water quality of impaired water bodies may need to be modified based on the analysis of the of the Jordan Lake project and directing DENR to study how in-lake nutrient removal strategies have the potential to mitigate water quality impairments. In addition, that budget provision extended the Jordan Lake in-lake water quality monitoring and delayed the implementation of the Jordan Lake Rules for an additional three years.

[HB 634 Stormwater/ Built-Up Area Clarification](#) (Rep. Torbett) – Law – SL 2015-149 effective July 16, 2015

This bill adds to the surfaces that are excluded from “built-upon area” calculations for the purposes of implementing stormwater programs, resurrecting a debate from last session over whether the state and local governments should treat gravel-covered surfaces, such as parking lots, as impervious under stormwater laws. The bill specifically exempts (1) a surface of certain-sized stones laid at least 4" thick over a geotextile fabric, treating the material as if water would run though to the ground below; and (2) trails open to the public that meet certain specifications. The League opposed the provision and instead supported retaining the current definition of

“built-upon area” codified in [S.L. 2014-120](#), which resulted from [extensive study](#) by the legislative Environmental Review Commission. League members with local stormwater programs subject to regulatory mandates have compliance concerns over excess stormwater runoff from non-paved surfaces.

[HB 765 Regulatory Reform Act of 2015](#) (Rep. McElraft) – Ratified/ [HB 760 Regulatory Reform Act of 2015](#) (Reps. Millis, J. Bell, Riddell) – Eligible/Likely Eligible for Short Session/ [SB 453 Regulatory Reform Act of 2015](#) (Sens. Wade, Brock, B. Jackson) – Dead/Likely Dead

As seen in previous sessions, legislators used omnibus bills in 2015 to present their many desired regulatory reform measures. Reforms affecting business, state and local government, and environmental regulations showed up in a series of competing bills before legislators focused on HB 765, which passed in the final days of the legislative session. The final package incorporated changes that the League

had sought to a number of provisions that would have proven harmful to municipal infrastructure, public health and environmental programs. Those changes included converting to studies earlier provisions that would have foisted costs for electronics recycling onto municipal taxpayers and would have restricted municipalities in their choices for water, sewer and stormwater piping



Regional meeting on future of municipal finance held in Southport

materials (read previous coverage about these provisions [here](#)). Several sections of HB 765 sought to push forward with overhauling the state's various stormwater programs, including provisions that disallow local stormwater management programs from exceeding the state model program. The final bill addressed other reforms that affect cities and towns, including clarifying what can be required in a special use or conditional use permit; amending the definition of “prospective developer” in brownfields redevelopment laws; extending a sunset date on an existing exclusion from stormwater laws for cluster mailboxes; requiring a study of the state's overall stormwater regulatory scheme; and requiring the study of whether activities related to the construction, maintenance, and removal of linear utility projects should be exempted from certain environmental regulations. Lastly, the bill remedied complications in a measure included in [HB 44 Local Government Regulatory Reform 2015](#) that required local governments to provide

notice of construction projects. Instead, HB 765 would limit the notice requirement only to new projects, not maintenance and repairs of existing facilities such as water lines and roads. Consult past [LeagueLINC Bulletins](#) for more description of these and other regulatory reform items in this bill.

[HB 795 SEPA Reform](#) (Reps. Torbett, Hager, Millis) – Law – SL 2015-90 effective June 19, 2015

This bill revises the State Environmental Policy Act (SEPA) to change which projects that expend public money are required to have a statement of environmental impacts. As a result, the only projects that now require SEPA review are those that (1) have a significant expenditure of public funds, which is defined as being greater than \$10 million; or (2) use public land, which is defined as a land-disturbing activity greater than 10 acres resulting in substantial permanent changes in topography. In addition, the bill lists a number projects that are exempt from any environmental review. To address a potential unintended consequence of the legislation, the N.C. Department of Environment and Natural Resources is directed to establish an environmental assessment process for water and wastewater infrastructure projects that receive loans from North Carolina's two revolving loan funds, but which fall below the \$10 million SEPA threshold. These loan funds pass through federal dollars and to do so it is required that the State have a program that serves as the "functioning equivalent" to the federally required National Environmental Protection Act (NEPA) environmental review.

[HB 874 Cities/Availability Charge/Improved Property](#) (Reps. Jordan, Ross, Setzer, Watford) – Dead/Likely Dead

This bill would have allowed municipalities to charge a periodic fee when a building permit has been issued for a residential or commercial building and the municipality has installed water or sewer lines directly to the property. The bill received favorable committee hearings in the House, but did not pass the chamber in time to make the cross-over deadline.

[SB 88 Pole Attachment Disputes](#) (Sen. Brown) – Law – SL 2015-119 effective June 29, 2015

SB 88 edits the public utilities statutes that require electricity-providing municipalities or membership corporations to allow any communications service provider to utilize its poles, ducts, and conduits at a just, reasonable and nondiscriminatory rate. It specifically provides that any fees charged for pole attachments must be billed separately and cannot be added to a bill for electric service. In addition, the bill grants the N.C. Utilities Commission (NCUC) exclusive jurisdiction over the adjudication of disputes regarding pole attachments. It does clarify that the NCUC will not exercise general rate-making authority over the use of municipal or membership corporation facilities by communication service providers.

[SB 305 NCEMPA Asset Sale](#) (Sens. Newton, Pate, Bryant) – Law – SL 2015-3 effective April 2, 2015/ [HB 265 NCEMPA Asset Sale](#) (Reps. Collins, S. Martin, Stam, Pierce) – Dead/Likely Dead

In an attempt to lower power bills in 32 cities and towns in eastern North Carolina, this legislation allowed the N.C. Eastern Municipal Power Agency (NCEMPA) to move forward with a deal to sell its shares in four power plants back to Duke Energy. Specifically, SB 305 enacted changes needed to effectuate the sale of ownership interest of a municipal power agency in electric generation facilities to an investor-owned utility, providing cost recovery for the public utility that purchases the assets. Additionally, the bill authorized municipal power agencies to (1) enter into support contracts if seeking to sell generation assets and (2) issue bonds for the financing costs of a generation project that is sold or the financing of collateral posting requirements of replacement power supply arrangements. Under the sale, NCEMPA member cities continued to own and operate their own distribution assets.

[SB 397 Open & Fair Competition/Water & Wastewater](#) (Sens. Sanderson, Rabin) – Dead/Likely Dead

Opposed by the League, this bill would have prohibited public entities that sought state funding for water, wastewater, or stormwater projects from using their best professional judgment in the selection of piping materials. In doing so, this proposal would override local standards and specifications that have been developed over time based on past experience. Because material selection can be location- and application-sensitive, the League members argued that local



Discussions on vision for cities for 2030 continue at CityVision 2015 held in Winston-Salem

conditions and requirements should be the primary factors when considering pipe materials on any project. While the Senate did not vote on this bill to advance it by the key "crossover" deadline earlier this session, the chamber made two more attempts to move the provision by including it in various regulatory reform measures. First, the provision appeared in the Senate's local government regulatory reform

package, [HB 44 Local Government Regulatory Reform 2015](#). The League spoke against this provision during its initial committee hearing and [successfully secured the removal of](#) that language during the committee discussion. However, within three weeks of that action, the Senate resurrected this provision again, this time in [HB 765 Regulatory Reform Act of 2015](#), and amended the provision so that it would apply to all water, wastewater, or stormwater projects,

not just those for which state funding was used. Fortunately, due to the League and a coalition of stakeholders working in opposition of this provision, in the final version of HB 765 the piping preference provision was converted into study.

SB 547 Interconnection of Public Water Systems (Sen. Hartsell) – Dead/Likely Dead

As originally proposed, SB 547 would have allowed the N.C. Department of Environment and Natural Resources (DENR) to mandate local water systems to interconnect with nearby systems as a condition for system construction or alteration. With the help of the League, the bill was amended to include provisions that encourage water systems to look toward future interconnection by allowing DENR to serve a role in identifying and facilitating eventual voluntary interconnections of public water systems through information gathering, but would not mandate any interconnections. SB 547 did not pass the House, but language identical to the negotiated revised version was included in the [final budget package](#) (Section 14.14A).



League members are recognized in the House gallery on Town Hall Day 2015

APPENDIX I

Index of all bills mentioned in this Bulletin

Bill Number	Bill Title	Status	Bulletin Section
HB 97	2015 Appropriations Act	Law	Tax & Finance
HB 506	911 Fund Distribution	Dead	General Government
HB 122	Add Counties/Towns/Cities-State Health Plan	Eligible	General Government
HB 693	Add Towns to State Health Plan	Eligible	General Government
SB 188	Adjust Cap on Turnpike Projects	Dead	General Government
HB 276	Agency Participation Procedures Act of 2015	Law	General Government
HB 797	Alarm Registration Info Not Public Record	Law	General Government
HB 630	Alternative WQ Protection for Falls Lake	Eligible	Environment & Utilities
HB 562	Amend Firearms Laws	Law	General Government
SB 279	Amend Qualifications/Practice of Counseling	Ratified	General Government
HB 512	Amend/Clarify Back-Up PSAP Requirements	Law	General Government
HB 829	Automatic License Plate Readers	Dead	General Government
SB 182	Automatic License Plate Readers	Law	General Government
HB 713	Body & Dash Cam Recording/Public Access	Eligible	General Government
HB 395	Body and Dashboard Cameras/Law Enforcement	Eligible	General Government
HB 255	Building Code Reg. Reform	Law	Planning & Land Use
HB 186	Cape Fear Water Resources Availability Study	Law	Environment & Utilities
HB 73	Cary Annexation	Law	Local Bills
HB 370	Certain Local Govts in State Health Plan	Eligible	General Government
HB 491	Charlotte/Annexations	Eligible	Local Bills
HB 229	Church Tax Exemption/Driving Privileges	Law	Tax & Finance
HB 874	Cities/Availability Charge/Improved Property	Dead	Environment & Utilities
HB 362	Cities/Business Registration	Dead	Tax & Finance
SB 52	Cities/Means For Activating Parking Meters	Law	General Government
SB 53	Cities/Overgrown Vegetation Notice	Eligible	Environment & Utilities
HB 263	City Elections/Trinity and Greensboro	Law	Local Bills
HB 266	City of Lenoir/Satellite Annexation	Law	Local Bills
HB 613	Clarify Signs on Highways and Roads	Eligible	General Government
HB 4	Clarify Unmanned Aircraft system Law	Eligible	General Government
HB 218	Clayton Annexation	Law	Local Bills
SB 264	Clayton Annexation	Eligible	Local Bills
HB 217	Clayton Deannexation/Annexation	Law	Local Bills
SB 265	Clayton Deannexation/Annexation	Law	Local Bills

HB 943	Connect NC Bond Act Of 2015	Law	Tax & Finance
SB 159	Corrected Reval./Minimal Refunds/Prop. Taxes	Law	Tax & Finance
HB 430	County Omnibus Legislation	Dead	General Government
SB 391	County Omnibus Legislation	Eligible	Tax & Finance
HB 730	Next Generation 911	Law	Tax & Finance
HB 518	County Sales Tax Flexibility	Dead	Tax & Finance
HB 544	County Sign Ordinance in Cities	Law	Planning & Land Use
HB 903	County Tax Flexibility/Municipal Rev Opts	Dead	Tax & Finance
SB 446	Dealer Loaners/Unmanned Aircraft/Brunswick Co. (part II deals with local gov authority for drones)	Law	General Government
SB 566	Disposition of Minimal Property Tax Refunds	Eligible	Tax & Finance
SB 425	DOT Condemnation Changes	Eligible	Planning & Land Use
HB 127	DOT Condemnation Changes	Dead	Planning & Land Use
HB 771	DOT/Utility Relocation Costs	Eligible	Tax & Finance
HB 412	Dunn Annexation/Holly Ridge Annexation	Law	Local Bills
HB 507	Durham Privilege License Tax	Dead	Tax & Finance
SB 255	Durham Voluntary Annexation Petitions	Eligible	Local Bills
SB 256	Durham Voluntary Annexations/Adjacent streets	Law	Local Bills
SB 342	Econ. Dev./JDIG Extension	Eligible	Tax & Finance
SB 340	Econ. Dev./Job Catalyst Fund	Eligible	Tax & Finance
SB 338	Economic Development/Tax Modifications	Eligible	Tax & Finance
HB 836	Election Modifications	Law	General Government
SB 356	Electronic Ads/Property Seized by Police	Dead	General Government
HB 3	Eminent Domain	Eligible	Planning & Land Use
SB 74	Eminent Domain	Eligible	Planning & Land Use
SB 705	Ensure Fair sale of Dorothea Dix Property	Eligible	Local Bills
HB 647	Epi Pens in All Child-Serving Businesses	Ratified	General Government
HB 168	Exempt Builders' Inventory	Law	Tax & Finance
SB 321	Exempt Builders' Inventory	Law	Tax & Finance
SB 363	Expand Outdoor Food Service at Public Events	Eligible	General Government
SB 571	Expand Uses of 911 Fee	Dead	General Government
HB 392	Fayetteville Charter/PWC Changes	Eligible	Local Bills
SB 218	Franklin/Archdale/Satellite Annexation	Law	Local Bills
HB 552	Graffiti Vandalism	Law	General Government
HB 347	Graham, Buncombe Occ. Tax/Stokesdale Fire	Law	Local Bills
SB 36	Greensboro City Council Changes	Eligible	Local Bills
SB 119	GSC Technical Corrections	Law	Environment & Utilities

HB 470	Harnett Municipal Privilege License Tax	Dead	Tax & Finance
HB 363	High Point/Doughnut Annexations	Eligible	Local Bills
SB 22	Historic Artifact Mgt. and Patriotism Act	Law	General Government
HB 386	Hope Mills/Spring Lake/Satellite Annexations	Law	Local Bills
SB 220	Include Morganton in State Health Plan	Eligible	General Government
SB 326	Increase JDIG Program Funding	Eligible	Tax & Finance
HB 49	Independent Redistricting Commission	Eligible	General Government
SB 28	Independent Redistricting Commission	Eligible	General Government
SB 284	Infrastructure Assessments/Extend sunset	Law	Tax & Finance
HB 148	Insurance Required for Mopeds	Law	General Government
SB 547	Interconnection of Public Water systems	Dead	Environment & Utilities
SB 20	IRC Update/Motor Fuel Tax Changes	Law	Tax & Finance
SB 46	Jacksonville Occupancy Tax	Eligible	Local Bills
HB 51	Justice for Rural Citizens Act	Dead	Planning & Land Use
HB 804	Kelsey Smith Act	Eligible	General Government
HB 493	Lake Lure Deannexation	Law	Local Bills
SB 140	Lake Santeetlah Occupancy Tax Authorization	Law	Local Bills
HB 483	Land-Use Regulatory Changes	Eligible	Planning & Land Use
HB 811	Law Enforcement Body-Worn Camera/Study	Dead	General Government
SB 485	Law Enforcement Privacy/Public Web Sites	Dead	General Government
HB 156	Legal Notices/Require Internet Publication	Eligible	General Government
SB 129	Legal Notices/Require Internet Publication	Eligible	General Government
HB 477	LEO Privacy Protection	Eligible	General Government
SB 516	LEO Privacy Protection	Eligible	General Government
SB 700	Limit Sales Tax Refund for Nonprofits	Eligible	Tax & Finance
SB 345	Limit Storage Duration for Damaged Vehicle	Law	General Government
HB 61	Local Control/Land Application of Biosolids	Dead	Environment & Utilities
SB 617	Local Government Reg Reform	Dead	Environment & Utilities
HB 44	Local Government Regulatory Reform 2015	Law	Environment & Utilities
HB 616	Local Governmental Employees' Retire. COLA	Eligible	Tax & Finance
HB 154	Local Governments in State Health Plan	Law	General Government
SB 479	Local Governments in Statehealth Plan	Dead	General Government
HB 530	Local Gov'ts/Inspect Bldgs & Structures	Eligible	Planning & Land Use
SB 442	Local Gov'ts/Inspect Bldgs & Structures	Eligible	Planning & Land Use
SB 472	Local Incentives for Historic Rehabilitation	Law	Tax & Finance
SB 364	Map Act Revisions	Dead	General Government
SB 654	Map Act/Clarifications	Law	General Government

SB 193	Modify Film Grant Fund	Eligible	Tax & Finance
HB 171	Modify Film Grant Fund	Eligible	Tax & Finance
SB 682	Modify Sunset Re: Contingent Audits	Law	Tax & Finance
SB 295	Move Over/Waste & Recycling Trucks	Dead	General Government
HB 117	NC Competes Act	Law	Tax & Finance
HB 265	NCEMPA Asset Sale	Dead	Environment & Utilities
SB 305	NCEMPA Asset Sale	Law	General Government
HB 152	New Historic Preservation Tax Credit	Eligible	Tax & Finance
HB 730	Next Generation 911	Law	Tax & Finance
HB 92	Nonpartisan Redistricting Commission	Eligible	General Government
HB 89	Omnibus Economic Development Improvements	Eligible	Tax & Finance
HB 920	Omnibus Economic Development Improvements	Eligible	Tax & Finance
SB 397	Open & Fair Competition/Water & Wastewater	Dead	Environment & Utilities
HB 203	Phaseout of Fuel Tax	Eligible	Tax & Finance
SB 88	Pole Attachment Disputes	Law	Environment & Utilities
HB 708	Preservation of Historic/Heritage Trees	Eligible	Planning & Land Use
SB 699	Protect LEO Home Address/Other Information	Law	General Government
HB 318	Protect North Carolina Workers Act	Ratified	General Government
SB 204	Reenact Film Credit	Eligible	Tax & Finance
SB 202	Reenact Preservation Rehab Tax Credits	Eligible	Tax & Finance
HB 927	Reestablish NC as the "Good Roads State"	Eligible	Tax & Finance
HB 128	Referendum for Certain Local Debt	Dead	Tax & Finance
HB 680	Regulate Transportation Network Companies	Law	General Government
SB 541	Regulate Transportation Network Companies	Law	General Government
SB 567	Regulate Transportation Network Companies	Dead	General Government
SB 414	Regulate Transportation Network services	Dead	General Government
HB 760	Regulatory Reform Act of 2015	Eligible	Environment & Utilities
HB 765	Regulatory Reform Act of 2015	Ratified	Environment & Utilities
SB 453	Regulatory Reform Act of 2015	Dead	Environment & Utilities
HB 739	Repeal Business License Fees	Eligible	Tax & Finance
HB 183	Repeal Map Act	Eligible	General Government
SB 373	Repeal Map Act	Eligible	General Government
HB 427	Repeal Partisan Elect'n/Lee Cty Ed Bd/Sanford	Eligible	Local Bills
HB 875	Restrict Municipal Eminent Domain	Law	Planning & Land Use
HB 277	Retirement Admin. Changes Act of 2015.- AB	Law	General Government

HB 759	Retirement system COLAs	Eligible	General Government
HB 304	Revisions to Outdoor Advertising Laws	Eligible	Planning & Land Use
SB 320	Revisions to Outdoor Advertising Laws	Eligible	Planning & Land Use
SB 369	Sales Tax Fairness Act	Eligible	Tax & Finance
HB 795	SEPA Reform	Law	Environment & Utilities
SB 608	Simple and Fair Formula for Sales Tax Distrib	Eligible	Tax & Finance
HB 108	Site and Building Development Fund	Eligible	Tax & Finance
SB 98	Southport in State Health Plan	Eligible	General Government
HB 352	Standard of Proof/Public safety Dispatchers	Law	General Government
HB 526	Stanfield Annexation/Locust Deannexation	Law	Local Bills
SB 633	State and Local Gov. Transparency Act	Dead	General Government
HB 634	Stormwater/Built-Upon Area Clarification	Law	Environment & Utilities
HB 74	Study MPO/RPO Oversight	Eligible	General Government
HB 402	Study Municipal Elections in Even Years	Eligible	General Government
HB 721	Subdivision Ordinance/Land Develop. Changes	Law	Planning & Land Use
SB 607	Taxpayer Protection Act	Eligible	Tax & Finance
HB 411	Town of Angier/Deannexation	Law	Local Bills
SB 122	Town of Glen Alpine/Voluntary Annexation	Eligible	Local Bills
HB 131	Town of Maggie Valley/Deannexation	Eligible	Local Bills
HB 400	Town of Mint Hill/Annexations	Law	Local Bills
HB 99	Town of Polkton/Deannexation	Law	Local Bills
HB 444	Town of Shallotte/Deannexation	Eligible	Local Bills
HB 426	Town of Weldon/Deannexation	Law	Local Bills
HB 102	Utility Vehicles/Move-Over Changes	Law	General Government
SB 605	Various Changes to the Revenue Laws	Eligible	Tax & Finance
HB 531	Various Occupancy Tax Changes	Law	Local Bills
SB 214	Village of Wesley Chapel/Deannexation	Eligible	Local Bills
HB 538	Water and sewer service Related Changes	Law	Environment & Utilities
SB 141	Waynesville Annexation/Referendum	Eligible	Local Bills
HB 666	WC/Firefighters'/Presumptive Cancer	Dead	General Government
HB 353	Wilson's Mills/Satellite Annexations	Law	Local Bills
HB 43	Winston-Salem/Parking Meters	Eligible	Local Bills
SB 93	Yanceyville Annexation	Eligible	Local Bills
SB 58	Yanceyville Satellite Annexation	Eligible	Local Bills
HB 201	Zoning Changes/Citizen Input	Law	Planning & Land Use
SB 300	Zoning Changes/Majority Rule	Dead	Planning & Land Use
HB 799	Zoning/Changes to Hist. Preserv. Procedures	Eligible	Planning & Land Use
SB 25	Zoning/Design & Aesthetic Controls	Law	Planning & Land Use
HB 36	Zoning/Design and Aesthetic Controls	Law	Planning & Land Use
HB 548	Zoning/Modernize & Reorganize	Eligible	Planning & Land Use

SB 285	Zoning/Protest Petition Changes	Dead	Planning & Land Use
HB 322	Zoning/Recreational Land Req.-Morrisville	Law	Local Bills
SB 249	Zoning/Recreational Land Req.-Morrisville	Law	Local Bills

APPENDIX II

2015 Municipal Advocacy Goals

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, following the belief that the government closest to the people governs best.
- Seek legislation to strengthen the law regarding municipal decision-making authority of public enterprise service provisions beyond municipal limits and ensure the existing municipal public enterprise service system is given deference in order to support orderly growth.
- Support measures which maximize the ability of local governments to provide and manage high-quality services, including utilities and public enterprises, to meet the needs of the community, and oppose legislation that weakens or removes local control over public assets.
- Seek legislation to create a cooperative municipal-county planning framework for growth that allows for public participation, orderly development on the urbanizing edges of municipalities, and a streamlined dispute resolution process.
- Support legislation authorizing new, fair, transparent and nonpartisan methods of drawing legislative and congressional districts.
- 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 that allows aesthetic-based design standards for residences and commercial properties in and adjacent to existing neighborhoods, including designated historic districts, as well as for all structures when based on public safety.

Preserve Municipalities' Fiscal Health

- Seek legislation to modernize and enhance the existing 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;
 - Allowing all municipalities to adopt occupancy taxes and use revenues from those taxes to fund municipal service and infrastructure costs in order to support travel and tourism;
 - Providing all municipalities with additional local option tax revenue sources, including to replace the significant revenue lost through elimination of the local privilege license tax; and
 - Providing a uniform state rate of tax on sales by internet-based retailers to facilitate and encourage passage of federal marketplace fairness legislation, with a reasonable method of distribution from the state to local government.
- Seek legislation providing municipalities with additional local option tax revenue sources to replace the significant revenue lost through elimination of the local privilege license tax.
 - Seek legislation to alter the current statutes governing distribution of local sales taxes by:
 - Establishing alternative methods which counties may use to distribute sales tax revenues, including, but not limited to, a combination of existing distribution formulas and/or new distribution formulas, including factors such as the location of the point of sale;
 - Requiring a one-year delay in implementation when a county changes its method of distributing sales tax revenue; and
 - Requiring a study of the impact of any change in sales tax distribution method, including input from all affected municipalities, before any such change could be implemented.

Promote Economic Growth and Vibrant Municipalities

- Support legislation providing the funding for state-level incentive programs necessary to keep North Carolina competitive in its efforts to bring additional jobs and economic development to local communities.
- Support legislation that provides municipalities with additional tools/incentives to encourage developers to undertake economic development projects in economically distressed or blighted areas of a city, such as land banks and other tools.
- Support legislation to establish a competitive film incentive program and preserve the state historic tax credits.
- Oppose legalization of internet sweepstakes operations; however, if internet sweepstakes operations are legalized, support legislation that would protect the land

use decision-making authority and authorize municipalities to levy taxes on said operations.

- Seek legislation preventing municipalities from being additionally charged for services which are already funded through the payment of county property taxes.
- 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 legislation to give municipalities the option to use electronic legal public notices in lieu of publication in a newspaper.
- 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.

Strengthen Our Public Infrastructure

- Seek or support legislation to generate additional revenues to address growing transportation needs at the state and local level, and enable local governments to enter into alternative financing mechanisms to complete local transportation projects.
- Support legislation enabling municipalities to access a portion of the proceeds of any statewide transportation bonds.
- Oppose legislation that weakens or removes local control over public assets.
- Seek legislation to authorize a state bond to provide low-cost loans to local governments and authorities for infrastructure.
- Seek legislation to increase Clean Water Management Trust Fund appropriations and restore the fund's recurring appropriation.
- Seek legislation that will restore the dedicated funding source for the Parks & Recreation Trust Fund to maintain funding for land acquisition and development of municipal recreation facilities.
- 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.

Create Transparent and Flexible Regulation

- Seek more open, transparent and flexible regulatory procedures that support solutions addressing nutrient impairment in waters based on current site-specific data and analysis, demonstrate use impairment, assign responsibility proportionate to the source of impairment, and 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 administrative changes to water, wastewater, and stormwater infrastructure funding programs to prioritize public projects that: repair, rehabilitate, or replace existing failing infrastructure; reduce nonpoint source pollution, even when a permit condition requires the measures; protect or improve the quality of drinking water sources; assist systems in managing assets; contain a long-range planning components; incentivize innovative projects; or address impaired waters.
- Support legislation to create a legal framework that recognizes the rights of municipal government to allocations from navigable and non-navigable waterway resources in an amount adequate to meet the community's long-range water supply needs.
- Seek legislation that restores and clarifies municipalities' ability create stream, wetland, nutrient and buffer mitigation banks and provides methods and procedures for doing so.

Seek Common Sense Federal Action

- Seek clarification of the EPA's proposed definition of "waters of the United States" to address municipalities' concerns, including the following:
 - Exempting from jurisdictional waters human-made ditches.
 - Exempting from jurisdictional waters Municipal Separate Storm Sewer Systems (MS4s).
- Support legislation allowing municipalities to collect the sales tax they are currently owed on purchases from Internet-based retailers.

NC LEAGUE
OF MUNICIPALITIES
Good government. Great hometowns.

APPENDIX III

The League's Governmental Affairs Team



From left: Scott Mooneyham, Erin Wynia, Vickie Miller, Chris Nida, Karen Waddell, Sarah Collins and Rose Vaughn Williams

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 represented in the General Assembly, before state agencies during the regulatory process, and elsewhere. If you have any questions, please do not hesitate to contact any team member.

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