

NCLM & NCACC Legislative Update

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**North Carolina Association
of County Commissioners**



2023 Legislative Session



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Lay of the Land



Veto-proof majorities



97 Session Laws enacted so far



13 Vetoes; 8 overridden so far



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The Big Question

Adjournment??



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Enacted Bills of Interest

S.L. 2023-59: Reimburse Late Audit Costs w/Sales Tax Rev.

- Allows LGC to withhold sales tax distributions from cities/counties behind on annual audits
- Appeals process
- Funds withheld monthly until cumulative total of 150% of the audit's cost has been withheld
- Eventually the withheld funds are distributed.



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Enacted Session Laws of Interest

S.L. 2023-45: Probation Modifications/Sheriff Authority

- Section 3 allows county sheriffs' offices to buy food and food service supplies outside of normal contract requirements of G.S. 143-129.
- 35 counties already had this exemption
- Now applies to all 100 counties.



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Introduced Bills Still in Play

S234 Taxpayer Transparency Act

- Status: Passed the Senate; no House action yet
- Requires additional info be mailed to property owners after a revaluation.

S99 Bond Referendum Transparency

- Status: Passed the Senate; no House action yet
- Requires additional language on the ballot re: cost of the bond and property tax changes

Introduced Bills Still in Play

S26 Additional Local Sales Tax for Sampson County

- **Status: ??** Appeared to pass in Senate Rules, but bill status doesn't reflect that action.
- **Would allow Sampson to levy up to an additional 1% LOST without voter referendum**



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Other Introduced Bills

H273 Local Government Budget Process and

H445 Open Meetings Changes

- Status: Neither met crossover deadline

S254 Government Transparency Act of 2023

- Status: Filed but no action

So many property tax bills



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Introduced Bills Still in Play

S675 Land Use Clarification and Changes

- Status: Passed the Senate; Ref to House Rules
- ETJ rollbacks cities in counties 50k pop. or less phased in over two years; ETJ frozen for all others

H409 Regulation of Accessory Dwelling Units

- Status: Passed the House; Stalled in Senate
- Would preempt local zoning by allowing second residence to be built on lots zoned for single-family with few restrictions

Introduced Bills Still in Play

S667 Regulation of Short Term Rentals

- Status: “Stalled” in Senate / No Committee Hearing
- Would prohibit municipalities from regulating short-term rentals and classify them as residential use

H600 Regulatory Reform Act of 2023

- Status: Slowly moving through House and Senate
- Various provisions around stormwater, vegetative buffers, road standards, etc.

Introduced Bills Still in Play

S317 and H562 Addressing the Workforce Housing Crisis

- **Status: Failed to make crossover after effective outreach from municipal leaders; more comprehensive approach needed**
- **S317 would have established statewide mandate on “workforce housing developments” not subject to local regulations**

Introduced Bills Still in Play

H589 Law Enforcement Whistleblowers

- Status: Stalled in the house; did not make crossover
- Job protections for law enforcement whistleblowers

H378 Firefighters Criminal History Record Checks

- Status: Off to the Governor
- Would provide flexibility / alternatives to meet background check mandates from last session

Introduced Bills Still in Play

S515 Water and Sewer Affordability Act

- **Status: Passed Senate; currently in House Rules**
- **Public hearing required when raising water rates for outside customers over 25% above inside customer rates**
- **Must explain how rates, fees, and charges are determined**
- **Helpful to have your Board members go on to the NCGA**

Other Introduced Bills

H140 / S.L. 2023-52 – Civilian Traffic Investigators

- Status: Passed
- Cities may employ civilian staff to investigate crashes / property damage
- No authority to arrest or use police vehicles
- NC Justice Academy will handle training



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Other Introduced Bills

S673 / S.L. 2023-55 – Wastewater Regulatory Relief Act

- Status: Passed
- Provides flexibility / modifies state rules for calculating system's capacity to treat wastewater
- Mainly relieves fast growing areas
- Better enables regional partnerships through assuring legality of system development fees



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Other Introduced Bills

H628 / S.L. 2023-90 Amend On-Site

Wastewater/Environment Statutes

- Status: Passed
- Prohibitions around cities requiring water connections

H488 Code Council Reorg. And Var. Code Amend.

- Status: Vetoed
- Exempts properties from forced sewer connections if capacity does not exist

Strategic Member Services



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SMS: Four Pillars of County Support



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SMS Staff Expertise

4 retired county managers

Retired county finance officer

Retired county budget director

4-person Opioid Settlement Technical Assistance Team

ARPA & broadband technical assistance and guidance

Cohort of recent MPA grads who can work for you...paid and mentored by us



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SMS: Budget and Finance Areas

SMS helps counties with:

- Late audits
- Improving or troubleshooting annual budget process / developing a CIP process
- Finance business process improvement
- MUNIS system optimization
- Training for any county on the UAL
- Recruiting and hiring Finance Officers



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Opioid Settlement:

Newly-Released DOJ Guidance



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MOA: 5 Broad Requirements for Locals

1. Establish and use a special revenue fund.
2. Authorize spending ahead of time.
3. Understand and follow Option A and Option B.
4. Follow all reporting requirements.
5. Hold annual public meeting.



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2. Authorize Spending Ahead of Time

- NC DOJ Memo 7/12/23 with guidance on how to authorize expenditure of opioid settlement funds
- Memo posted under NC DOJ MOA Resource Center:
morepowerfulnc.org/opioid-settlements/nc-memorandum-of-agreement



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2. Authorize Spending Ahead of Time

- Must satisfy both the MOA requirements and state law requirements in order to authorize the expenditure of opioid settlement funds.



NC MOA



Local Government Budget & Fiscal Control Act




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2. Authorize Spending Ahead of Time

The resolution required by the MOA doesn't satisfy the Local Government Budget and Fiscal Control Act



A legal budget ordinance required by the Local Government Budget and Fiscal Control Act doesn't satisfy the MOA's requirements.



**You Need
Both.
NCACC
can help.**

Occupancy Taxes



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Occupancy Tax Updates

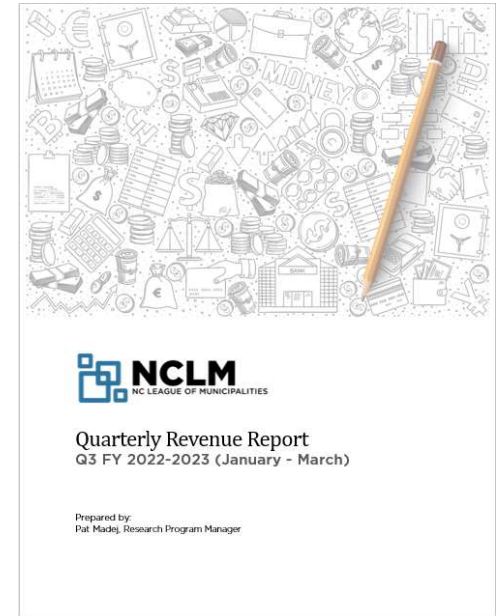
1. Taxes not remitted by the “mystery client” – Baker McKenzie law firm issue from last summer
2. Occupancy tax bills at the legislature
 - 10+ counties
 - 3+ municipalities



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Q3 Revenue Update



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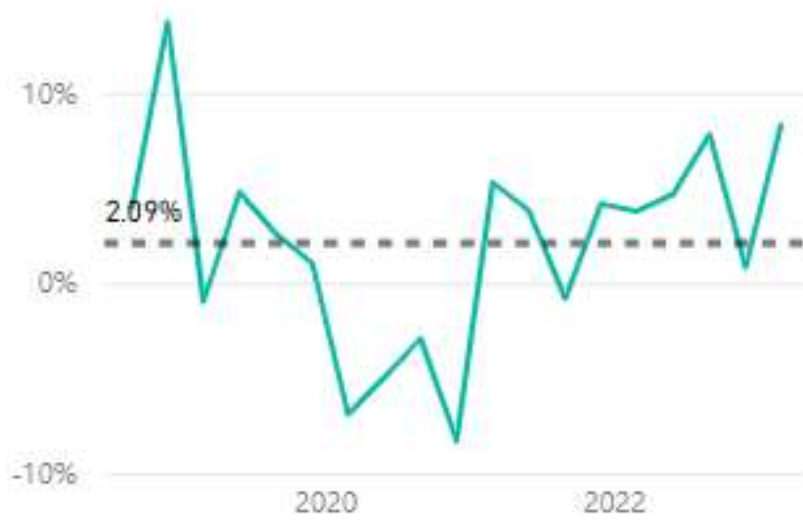
Sales Tax

Gross & Net Sales Tax Collections (by Sales Month)

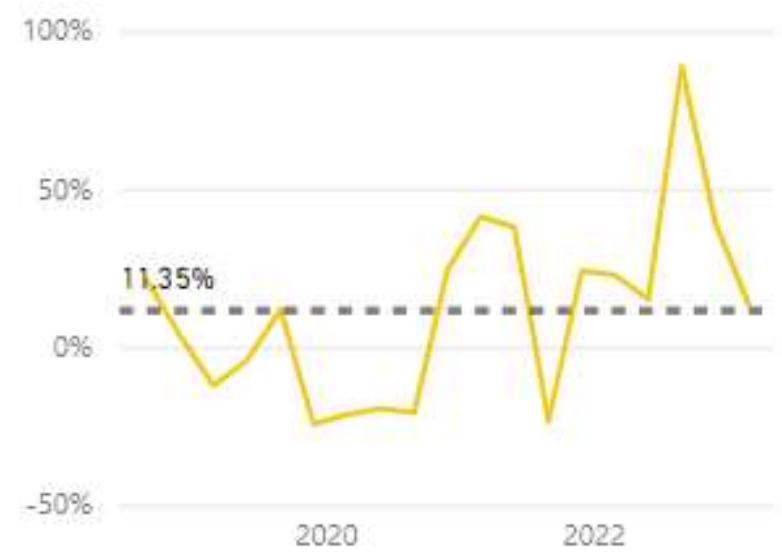
FY.FQ	Gross Collections	Gross Collections % Change YOY	Net Collections	Net Collections % Change YOY
FY22-23-FQ3	\$1,343,121,927	9.17%	\$1,266,935,287	8.79%
09-Mar	\$499,393,863	6.54%	\$481,305,692	6.19%
08-Feb	\$413,356,542	8.48%	\$354,613,397	1.06%
07-Jan	\$430,371,523	13.09%	\$431,016,197	19.58%

Electric and Gas

Electricity Tax Distributions

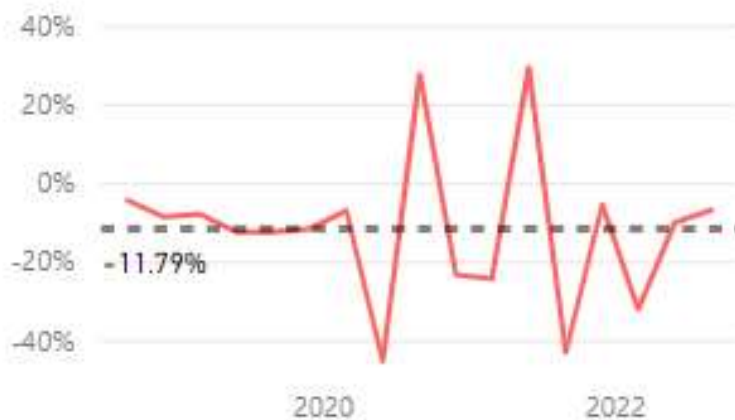


Natural Gas Tax Distributions



Telecommunications and Video

Telecommunications Tax Distributions

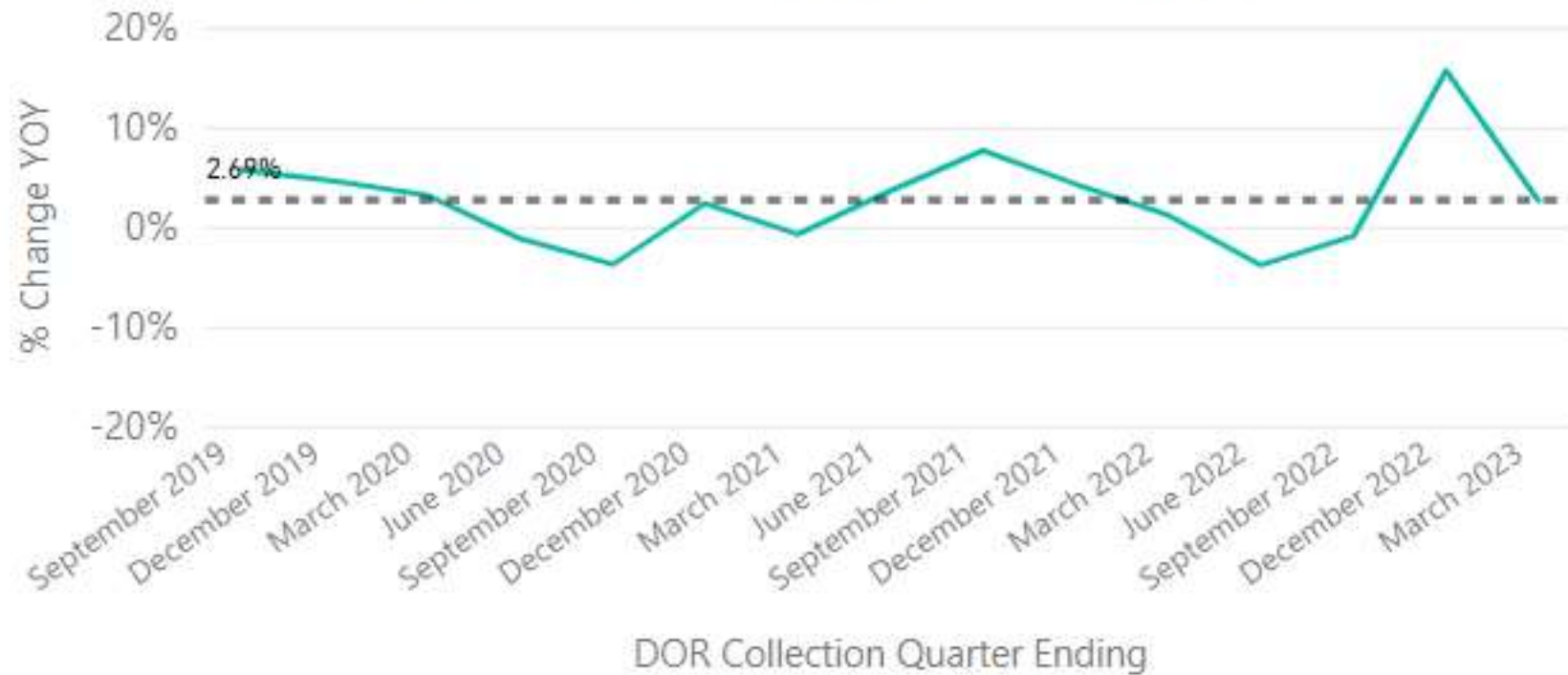


Video Programming Tax Distributions



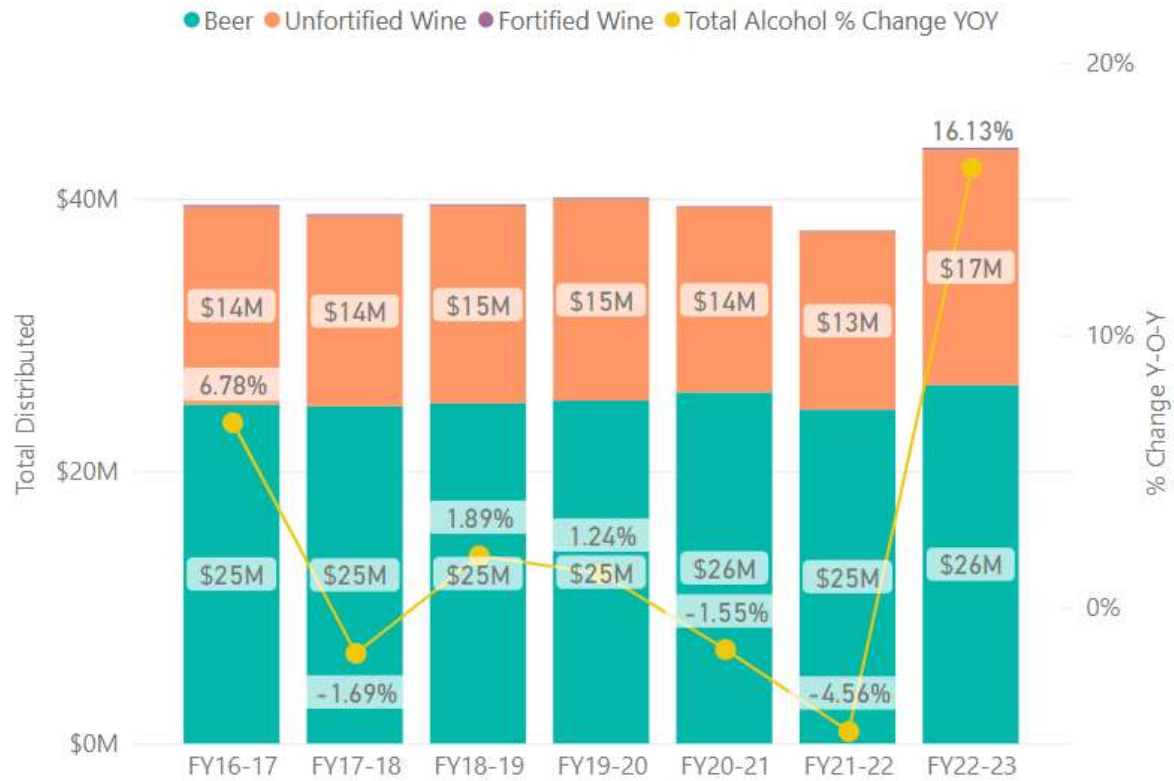
Solid Waste

Solid Waste Tax, Quarterly YoY % Change



Beer & Wine

Annual Beer & Wine Tax Distribution (Y-O-Y Change)



Powell Bill

Annual Powell Bill Distribution by Year



Year-Over-Year % Change

Year	PB YOY % Change
2022	-2.73%
2021	20.03%
2020	-10.09%
2019	0.10%
2018	-0.15%
2017	0.22%
2016	-0.31%
2015	0.31%
2014	1.17%

➤ Currently at least an additional \$15.5M for two years in both House / Senate budgets

NCLM: ARP Technical Assistance

- Field-based staff available to meet 1-on-1 on ARP needs
 - Reporting, policies, Treasury requirements, etc.
- Inquiries can always be directed to arp@nclm.org
- Direct assistance and subject matter specific help both available



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NCLM: Municipal Accounting Services (MAS)

Goals

- Improve technological and financial resilience for municipalities in MAS
- Provide a regular accounting resource
- Improve “year-end-readiness” of MAS municipalities – aim to have on-time financial statements and audits performed
- Create sustainable programs NCLM members need – “move the bar”



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