



State Legislative Update

City Council

June 24, 2019

- Big Picture
- Post-Crossover Focus
- 2019 State Legislative Agenda
- State Budget
- Sales Tax Redistribution
- Next Steps

- 2019 long session convened on January 30
- Multiple issues
 - State Budget
 - Medicaid expansion
 - K-12 education, including capital funding for schools
 - Redistricting
 - Natural disaster recovery
- 2019 Crossover Date was May 9
 - Crossover is date by which most bills must be advanced out of house of origin in order to be considered further this session
 - Bills with budgetary or financial implications are exempt from this requirement

POST-CROSSOVER FOCUS

- 2019 State Legislative Agenda
 - Affordable Housing (HB 557)
 - Commercial Service Airport Improvements (HB 966)
 - Minimum Housing Standards (HB 1012)
 - NC Search & Rescue Teams (HB 966)
 - Out-of-State Law Enforcement (SB 191)
 - Stormwater Management
- State Budget (HB 966)
 - State Maintenance Assistance Program
 - Powell Bill
 - Light Rail Policy Provision
- Sales Tax Redistribution (SB 650)

- Affordable Housing

- Clarify State law to expressly authorize providing financial assistance to low and moderate income persons for displacement assistance and gentrification mitigation
- HB 557 (Ross / Adcock), Municipal Omnibus Bill, will next be considered by House Committee on Rules on June 24

- Citizens Review Board

- Secure subpoena power for the Citizens Review Board
- HB 465 (Autry) was not considered by the House Committee on Judiciary prior to Crossover and therefore, cannot be considered further this session

- Commercial Service Airport Improvements
 - Transition occasional annual funding to sustained funding for capital improvements at North Carolina's commercial service airports
 - House: Authorizes and funds program of capital improvements for the ten commercial service airports in the State as proposed by the North Carolina Airports Association
 - \$71 - \$72.5 million recurring, sustained Statewide funding
 - Distributed based on economic impact of the airport
 - CLT would receive ~ \$27 million to \$28 million
 - Senate: Funds \$75 million program for eight airports
 - CLT and Fayetteville would not receive any funding

- Minimum Housing Standards
 - Support legislation strengthening North Carolina minimum housing standards including extending the authority to local governments to conduct testing for and enforcement of remediation of mold
 - While HB 1012 is opposed by the shelter industry, sponsors are still trying to advance the legislation
- NC Search and Rescue Teams
 - Transition occasional annual funding to sustained funding in support of North Carolina Search & Rescue Teams
 - House: One-time funding of \$2.5 million in FY 2020
 - Senate: Mix of one-time and sustained funding for total of \$2.25 million in FY 2020 and \$1 million in FY 2021

- Out-of-State Law Enforcement Officers
 - Secure authorization to utilize out-of-state law enforcement officers during the 2020 Republican National Convention
 - SB 191 (Waddell and Bishop) passed the Senate 46 – 0
 - Calendared for debate in House on June 25
- Stormwater Management
 - Secure modifications to Section 26(b) of S.L. 2018-145 that enable the City to continue to meet its obligations under the Federal Clean Water Act related to the redevelopment provisions under the City's Post Construction Stormwater Ordinance
 - In conversation with members about the statewide implications of this issue





- 2019 Appropriations Act (HB 966 – Johnson)
 - Compromise House – Senate State Budget proposal has been sent to Senate President Pro Tempore and Speaker of the House
 - Introduction of compromise proposal delayed to await input from Governor Cooper
- Focused on several issues in the budget
 - Commercial Service Airport Improvements (legislative priority)
 - NC Search & Rescue Teams (legislative priority)
 - Powell Bill Program
 - State Maintenance Assistance Program
 - Light Rail Construction Policy

- Powell Bill (Local Road Maintenance)
 - House: Increases funding by 10% in FY 2020 and 10% in FY 2021
 - Senate: Maintains funding at current levels
- State Maintenance Assistance Program (Transit)
 - House: Restores funding cut in 2018 budget
 - Senate: Maintains funding at current levels
- Light Rail Construction Policy
 - House: Repeals 10% limit on State participation in light rail construction projects
 - Senate: Maintains current policy

SALES TAX REDISTRIBUTION

- Simplifying NC Local Sales Tax Distribution
 - SB 650 (Brown – Onslow), edition 1
- Makes changes to the methods of distribution of the three core local sales taxes totaling 2%
 - If enacted, phased in over four years starting in FY 2021
 - Article 39: First One-Cent
 - Article 40: First One-Half Cent
 - Article 42: Second One-Half Cent
 - Does not impact the Transit Sales Tax
- Fiscal Impact
 - Estimated loss of revenues is \$2.8 million or 2.5% of the FY 2018 revenue collections from three local sales taxes

SALES TAX REDISTRIBUTION (CONT.)

Method	Current Law	SB 650, edition 1	Impact on City
Allocation	75% Point of Destination / 25% Per Capita	50% Point of Destination / 50% Per Capita	
Adjustment Factor	Yes, applied to Article 40 one-half cent (Mecklenburg = 0.89)	Repealed	
Distribution of 2015 Sales Tax Base Expansion	First \$95 million of base expansion withheld from all 100 counties and redistributed to 79 counties	50% Point of Destination / 50% Per Capita	
Food Sales Tax Distribution	50% per capita / 50% actual distribution in FY 1998	50% Point of Destination / 50% Per Capita	

NEXT STEPS

- Continue working on these issues and others that develop
- Continue monitoring the budget process, including the position of the Governor
- Continue providing weekly legislative reports to Mayor and Council