

2018 Chatham County Legislative Issues

May 16, 2018 Short Session

ISSUES CONTINUED FROM 2017

Reorganization of Court Districts: Expected to be top priority in Short Session (Renee)

H717 is expected to be pushed hard in the Short Session. The bill would change nearly all court districts in the state, including putting Chatham County into a court district with Randolph instead of Orange County. This would have devastating impact locally, including:

- Total disruption of the court calendars, offices, technology, phone systems, etc. involving moving costs and extensive time and effort.
- Law enforcement agencies and an array of service providers will have to start over in developing relationships with different district attorneys, judges, etc.
- Judges from Randolph County may have no interest in continuing some vital programs here, such as Chatham 360 and Teen Court.
- We would have no public defender unless the General Assembly creates one for Chatham-Randolph.
- Orange & Chatham currently share the same Social Services attorney for child abuse & neglect cases and also share the same roster of parent/caretaker attorneys. This will be a mess.
- Orange & Chatham currently share costs of numerous other programs and positions (child planning facilitator for abuse cases, juvenile court liaison, mental health civil arbitration coordinators, mental health court, family treatment court, drug treatment court, child custody mediation, truancy court, civil arbitration coordination, etc.). We have no such cost sharing history with Randolph County.
- The bar associations in Randolph County have limited relationships with the Chatham County Bar.

UPDATE: The General Assembly attempted to pass this legislation during recent sessions, but pledge to address it in the Short Session.

Local Government Impact Fees: A victory in 2017, but must remain alert (Renee)

The bill that passed in 2017 repealed Orange County's impact fee for schools. The law also set up a statewide authority for water-sewer impact fees and reduced the statute of limitations from 10 to 3 years for court challenges to water-sewer impact fees. However, being the only county in the state with a school impact fee in place, we can be targeted at any time, including a Short Session.

Economic Development Tiers: One bill still alive for 2018 (Renee)

Chatham County's designation as a Tier 3 (wealthy) economic development county continues to be a deterrent and is especially harmful to Siler City, which is a Tier 1 community punished for being in a Tier 3 designated county. Over the years, we have missed out on funding that would greatly help this area take major steps toward economic recovery. For example, Siler City received \$4 million of the \$8.87 million requested of the Golden LEAF Foundation to run water lines to the CAM megasite in Siler City, but the tier designation prevented the town from getting additional funds for wastewater lines to the megasite. In December 2015, the Program Evaluation Division of the General Assembly released a report calling for the dissolution of the economic development tier system, because the "tiers have not been effectively used to get non-economic development funds to the most distressed counties.

UPDATE: The General Assembly has never acted on this report and even has tried to make it worse. SB660, which almost passed both houses last year, originally would have created a new "attainment group" for the "richest" counties, further limiting incentives for counties like Chatham. That provision was removed with great pressure from our two legislators, but the bill still would restrict funds that Chatham County and its towns can receive for economic development incentives. We need to keep pushing to illustrate the unfairness of the entire county carrying the Tier 3 designation. It impedes the ability to market the megasites and Siler City's ability to attract industries. If possible, we would like to remove Siler City from Tier 3 status.

NEW!! We are now working with the Town Manager of Robbins to develop a coalition of other communities impacted by the broken tier system **(two handouts included)**

S126 Redistribution of Art. 40 Sales Tax Based Economic Tiers: Likely to be back 2018 (Renee)

This bill would redistribute Article 40 sales taxes to local governments based on a tier formula that would hurt Chatham County and our towns. We would lose about \$500,000 per year, while Siler City, which would lose an estimated \$60,000 per year, equal to 1.5 cents on the tax rate. The bill passed the Senate and now assigned to the House Finance Committee.

Farm Equipment Tax Exemption: Study commission will make recommendations (Renee)

SB615, which became law in 2017, required the Agriculture and Forestry Awareness Study Commission to evaluate the option of providing property tax abatements for aging farm machinery. This commission has looked at whether farm machinery age 10 years or more should be at least partially exempted from property taxes. They discussed what types of equipment might be exempted (tractors only or all farm equipment) and a recommended percentage of exemption. The legislative staff did survey counties to get estimates of impact on local revenues. The estimated property tax revenue loss statewide would be \$14 million if all farm equipment is exempted at 80%. If exempting only tractors, the statewide revenue loss is an estimated \$4.4 million. The commission identified substantial administrative barriers to the exemptions, including inadequate listing forms and problems getting accurate age of equipment.

UPDATE: The commission's proposed legislation should be introduced prior to the Short Session. We will need to be on alert reduce property tax revenues.

Study on Exempting Riparian Buffers from Property Taxes: Fiscal study due May 1 (Renee)

H56 passed and became law over Governor's veto. It covers a wide range of environmental issues, but the big concern was a provision to exempt buffer property from property taxes, which would huge property tax loss. That provision was removed and replaced with a requirement for the Legislative Fiscal Division to analyze the costs and impacts of such an exemption. The staff must report back to the Environmental Review Committee and Revenue Laws Study Committee by May 1, 2018. The battle is not over.

S434 Limits on Local Stream Buffers: Likely to be back in 2018 (Dan)

This bill would severely limit local government authority to enforce buffer requirements that are more stringent than the state minimum. It passed the Senate and was approved by several House committees. It is sitting in House Rules and could be approved quickly.

County Broadband Authority: One bill still alive for 2018 (Debra)

The county's goal is to remove barriers that prevent counties from initiating and/or providing assistance for projects and services that would deliver broadband services to citizens. This includes:

- Remove barriers that prevent counties from obtaining funds for broadband projects.
- Remove restrictions that prevent providers from entering markets that are supposedly covered by other providers to open the market to competitive offerings.
- Extend state funding, grants and loans to ensure all that inadequately served and unserved rural areas are targeted for broadband service to every residence and business.
- Allow local governments to be active partners in broadband initiatives, including allowing them, if willing, to be providers of services.

UPDATE: The NCACC introduced companion bills, but an unrelated bill, H68, is the only one still alive and it focuses solely on towns and cities. The bill would allow public-private partnerships to expand coverage in rural areas. It is possible that we could work with NCACC to amend this bill to include counties. The budget bill did set up a special local government industrial site fund and allows funds to go toward broadband expansion for economic development.

Increased Funds for Home & Community Care Block Grants: Eligible issue for 2018 (Debra)

Chatham County has a goal to increase recurring state funding for the Home & Community Care Block Grant by \$7 million, as recommended by the NC Senior Tar Heel Legislature and other advocates for seniors. State and federal funding for home and community services vital to helping elderly age have not increased since 2008, even as demand is soaring. However, funding home services is a more efficient use of money than paying for seniors to live in residential facilities. DHHS reports about 9,000 seniors waiting for home-delivered meals, in-home personal care, and other services funded by the Home and Community Care Block Grant.

UPDATE: No action was taken on this in 2017, but it is a finance issue that could be brought up in 2018. Two study committees on aging could come back with recommendations on these grants (see below).

Family/Child Protection and Accountability Act: Report is coming (Debra)

Pressure from counties and child advocacy groups successfully fought off an effort to mandate regionalization of child welfare services. Instead, a Child Welfare Working Group was created to study possible options for regional supervision and collaboration among counties regional social services agencies or programs.

UPDATE: The NCACC reports that they believe the working group resolution will be acceptable to counties. We are fine as long as the regional entities provide support, not management.

Regulation Reform: Stalled bills could move in 2018 (Debra)

While a bill reducing penalties for land use violations did become law, several other regulatory reform bills stalled in one house or the other. This includes bills that would: limit local authority to regulate the placement of asphalt plants; limit county solid waste franchise agreements and controls over solid waste flows to landfills outside the county; reduce septic system regulations; and revise the scrap tire tax rate, while expanding the tax base to include used tires. All of these bills are eligible for consideration in 2018.

NEW ISSUES FOR 2018

County Boundary Changes: Will need local legislation (Renee)

In 2017, the NC Geodetic Survey completed a study of the boundary where Chatham, Harnett and Wake meet. Research included various historic records, plats, deeds and maps. In the process, the group identified the original rock pile with the iron pipe mentioned in the earliest records as the location of the corner for the three counties. The resulting correction of boundaries means that a small number of properties actually fall fully or partly within a different county. All affected property owners have been notified and a public information session was held. All three counties are considering resolutions approving the changes.

REQUEST: Once resolutions approved by the counties, a local bill will need to be introduced to implement the revised boundaries.

Aging Committee Reports: Two new committee reports expected (Debra)

A new Aging Subcommittee has been meeting since November. We are not sure what recommendations they will make, but they have discussed the following: assistance for families caring for family members, particularly with dementia, and support for affordable housing and transportation. A second committee on strategic transportation planning is looking at transportation needs for seniors.

Proposed Amendments to NC State Constitution: Rumors continue (Debra)

The Speaker of the House and others have mentioned the possibility of legislation to call for a statewide vote to amend the state constitution to do away with the election of judges. However, an October 2017 poll by Civitas Institute found that this issue is opposed by more than two-thirds of the people, who are very reluctant to give up voting on judges. It is very unclear as to other proposed amendments that might come up.

COUNTY GOALS UNLIKELY TO BE ADDRESSED IN 2018

Most of these are not eligible for consideration in the Short Session, either because they are not budget related or did not pass one house in 2017.

GOAL – Clarify Sales Tax County Assignment (Renee)

Amend state sales tax legislation to require accurate county assignment of sales tax location for delivered goods so that the correct county is identified and receives the revenue it deserves.

UPDATE: No legislation addressing this issue was introduced in 2017. NCACC will not help with this bill, because it would hurt some counties while helping others.

GOAL - Reinstate the Jordan Lake Rules (Dan)

Begin immediate implementation and enforcement of the Division of Water Quality's recommended 2009 rules to protect the impaired waters of Jordan Lake.

UPDATE: At this time, there are no actions underway by General Assembly to reinstate the rules or other actions to protect the water quality of the lake.

GOAL - Ensure Safety of Coal Ash Removal (Dan)

Require air quality monitoring around all coal ash removal and off-site repository sites while work is being performed and ash is being disturbed, transported, and placed elsewhere. Also, the legislature should define and require health protections of workers on the sites.

UPDATE: Rep. Reives co-sponsored HB687, which addresses much of this goal. However, it never made it out of committee and would not be eligible in 2018.

GOAL – Provide Process to Sever Mineral Rights after Notification (Dan)

Enact legislation to provide a process for extinguishing mineral rights, as recommended by the 2015 Study Report on Compulsory Pooling and Dormant Mineral Rights.

UPDATE: SB203 was introduced but never made it out of any committee. Not eligible for 2018.

GOAL – Ensure Mental Health MCO Accountability at State Level (Debra)

Enact regulations and requirements to hold regional managed care organizations (MCOs) accountable for financial management and effective provision and oversight of services for vulnerable residents with mental health, substance abuse and developmentally disabled people.

UPDATE: The General Assembly and NC Department of Health & Human Services did intervene on Cardinal Innovations' financial irregularities, resulting in DHHS takeover of the Cardinal board. A new Board of Directors more directly accountable to the counties served has been installed, as of the end of January. Health Director Layton Long serves on the new board. This is a good beginning, but county staff met with DHHS leadership to press for specific MCO accountability measures, such as 360 evaluations of all MCOs, stronger community needs assessments and more visibility of how money is spent.

SCHOOL SYSTEM GOAL - Flexibility for School-Year Calendar (Dr. Jordan)

Legislators did express support for this concept as a pilot program, but the bills did not move. Similar language ended up in the House Budget, but later was removed. It is possible that the issue could resurface in 2018.

Siler City:

A Tier 1 Community in a Tier 3 County

While Chatham County is currently classified as a Tier 3 county, the vast majority of our county is NOT a Tier 3 world. Siler City and much of western Chatham would never qualify as Tier 3 by most standards.

- If Siler City were a county, it would **rank 98th** in median household income.
- Siler City only had 69 new homes built from 2010 to 2015, compared to 504 in 2000-2009.
- More key statistics are noted below.

TIER 3 HURTS ECONOMIC DEVELOPMENT

A very small percentage of very wealthy people living in the fast-growing northeastern quadrant of Chatham County skew the overall picture. Siler City and other western communities have lost thousands of jobs in the past 10-15 years. They pay a big price for being forced into the Tier 3 category:

- **MEGASITES:** Chatham County has two of the largest industry-ready megasites in the state, including the CAM site next to Siler City. The county and Siler City have both committed almost \$1.15 million in funding to further prepare the CAM site. However, the Tier 3 ranking has already led to it receiving reduced funding from the Rural Infrastructure Authority to extend utilities.
- **State Incentives:** Tier 3 means that businesses interested in locating in the Siler City area will only qualify for Tier 3 state incentives, even though it is a Tier 1 community in bad need of business revitalization.



TWO BILLS STILL ALIVE COULD MAKE IT EVEN WORSE

S126: This bill passed the Senate and is in the House Finance Committee. It would change distribution Article 40 sales tax revenues using a formula based on economic tiers. For Chatham County, that would mean a loss of \$500,000 for FY18. Our towns also would be hard hit, including a loss of \$60,000 for Siler City, equal to 1.5 cents on the tax rate. Chatham County and our towns already lose considerable sales tax revenue to surrounding counties.

S660: In 2017, the Senate passed a version that would further slash state economic incentives for job creation in Tier 3 counties. This would be devastating to our megasites and job creation in Chatham. Thanks to our two legislators, bill sponsors removed the creation of a new category for the wealthiest counties, which would have penalized us even more. Versions of the bill are poised to pass in 2018.

Siler City Facts Tells the Story: A Tier 1 Community

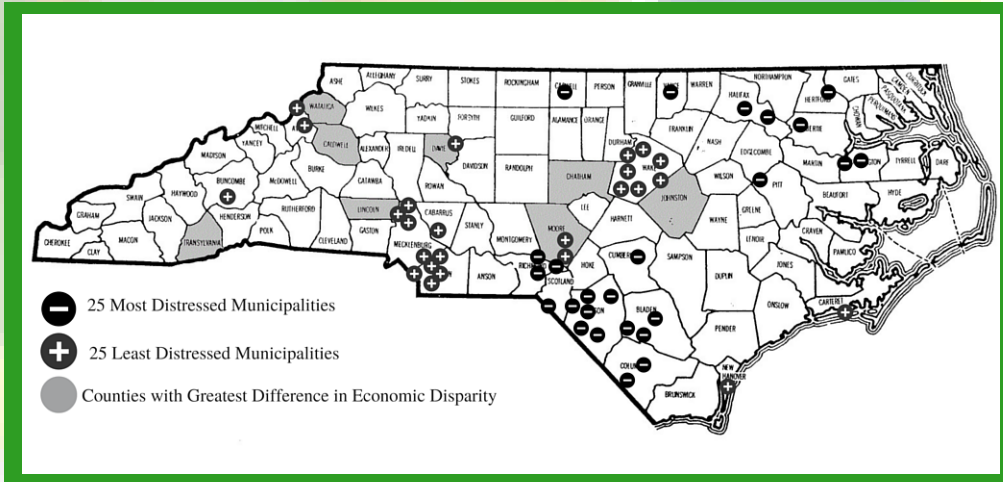
	Siler City	State Average
Median Household Income	\$29,956	\$46,868
Per Capita Income	\$13,898	\$25,920
% of Persons Living in Poverty	26.3%	16.4%
Meantime Travel to Work	28.4 min.	23.9 min.
Average Weekly Wage All Industries	\$701.60 (countywide)	\$909.19

All are based on US Census Profiles 2011-15, except for average weekly wage from QCEW reports.

GEOGRAPHY OF HOPE

THE N.C. TIER SYSTEM MUST INCLUDE A SUB-COUNTY ANALYSIS

The North Carolina Legislature and North Carolina Department of Commerce have discussed how to improve North Carolina's Tier System. The Department of Commerce has rejected the idea of sub-county analysis, but there is strong evidence that North Carolina's economically distressed communities are overlooked because of current Tier calculation practices.



INCOME DISPARITIES EXIST WITHIN NORTH CAROLINA COUNTIES

- 42% of municipalities have a different Tier designation than the counties in which they are located
- 18% of municipalities have more economic distress than their county.

Greatest Difference Between Municipal and County Level Tier Designations

Municipality	Municipal Tier	County	County Tier
Benson	1	Johnston	3
Boone	1	Watauga	3
Cedar Rock	3	Caldwell	1
Colebee	1	Davie	3
Four Oaks	1	Johnston	3
Kenly	1	Johnston	3
Lincolnton	1	Lincoln	3
Robbins	1	Moore	3
Rosman	1	Transylvania	3
Selma	1	Johnston	3
Siler City	1	Chatham	3
Taylortown	1	Moore	3
Vass	1	Moore	3

Notes:

- Neither the Municipal nor County Tiers designations include the population growth factor.
- Tier designations do not include adjusted measurements

25 Most Distressed Municipalities

Town	Distress Rank	County	Tier
Pembroke	1	Robeson	1
Gibson	2	Scotland	1
Maxton	3	Robeson	1
Red Springs	4	Robeson	1
Rowland	5	Robeson	1
Kelford	6	Bertie	1
Roper	7	Washington	1
Fairmont	8	Robeson	1
Tabor City	9	Columbus	1
Brunswick	10	Columbus	1
Eastover	10	Cumberland	1
Norman	12	Richmond	1
Clarkton	13	Bladen	1
Dobbins Heights	14	Richmond	1
Scotland Neck	15	Halifax	1
Enfield	16	Halifax	1
Henderson	17	Vance	1
Yanceyville	17	Caswell	1
Elizabethtown	19	Bladen	1
Bladenboro	20	Bladen	1
Plymouth	20	Washington	1
St. Pauls	20	Robeson	1
Hoffman	23	Richmond	1
Fountain	24	Pitt	1
Winton	25	Hertford	1

25 Least Distressed Municipalities

Town	Distress Rank	County	Tier
Biltmore Forest	551	Buncombe	3
Holly Springs	550	Wake	3
Cary	549	Wake	3
Apex	548	Wake	3
Morrisville	547	Wake	3
Rolesville	546	Wake	3
Marvin	545	Union	3
Weddington	544	Union	3
Wake Forest	543	Wake	3
Indian Beach	542	Carteret	3
Davidson	541	Mecklenburg	3
Grandfather Village	540	Avery	2
Wesley Chapel	539	Union	3
Knightdale	538	Wake	3
Kure Beach	537	New Hanover	3
Huntersville	536	Mecklenburg	3
Cornelius	535	Mecklenburg	3
Stallings	534	Union	3
Harrisburg	533	Cabarrus	3
Whispering Pines	532	Moore	3
Waxhaw	531	Union	3
Pinehurst	530	Moore	3
Bermuda Run	529	Davie	3
Beech Mountain	528	Avery	2
Matthews	526	Mecklenburg	3

Areas of high economic distress are camouflaged in wealthy counties. The Tier System takes an average score of the required factors and gives the county a ranking regardless of the pockets of poverty that exist. Any change to North Carolina's Tier System that does not take into account intra-county disparity ignores the problem completely.

The General Assembly should address concerns or, at the least, make exceptions for communities penalized under both the current and index-based system.