

KNAPP - SANDERS

## Local Government Legislative Update

Day 1 October 27, 2015

UNC  
SCHOOL OF GOVERNMENT

## De-coding

|                                    |                                                                                                                                                                       |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| S 123                              | • Senate Bill 123                                                                                                                                                     |
| H 456                              | • House Bill 456                                                                                                                                                      |
| S.L. 2015-789; H 456               | • House Bill 456 was enacted and became S.L. 2015-789                                                                                                                 |
| G.S. 99-111 (S.L. 2014-789; H 456) | • N.C. General Statute Chapter 99, Section 111<br>• The changes in S.L. 2015-789 included either the addition of a new statute or an amendment to an existing statute |

UNC Local Government Legislative Update

## Agenda

|       |                                    |
|-------|------------------------------------|
| 10:10 | Public health                      |
| 10:25 | Social services                    |
| 10:40 | Medicaid reform                    |
| 11:00 | Income tax and sales tax           |
| 11:15 | Local government finance           |
| 11:50 | Purchasing and contracting         |
| 12:15 | Community and economic development |
| 12:30 | Conclude                           |

UNC Local Government Legislative Update

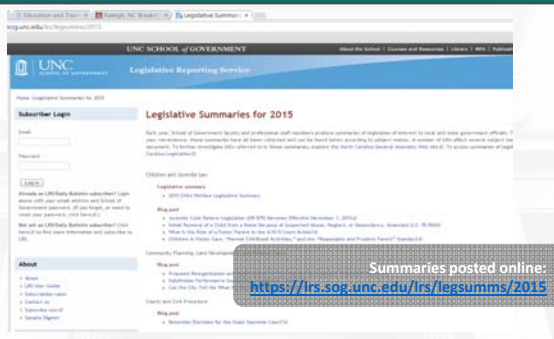
## Public Health



Jill Moore

UNC Local Government Legislative Update

## Materials



UNC Local Government Legislative Update

## Environmental Health (EH): Food

- Food stands
  - May provide tables and up to 8 seats, no further evaluation of on-site wastewater system required
- Pushcarts/mobile food units – large arenas
  - May prepare and serve food on premises of facilities with > 3000 permanent seats
  - If handling raw food items, must have handwashing sink on unit
  - Raw meat, poultry, fish must be prepared in permitted commissary or restaurant
- S.L. 2015-104 (S 7)



UNC Local Government Legislative Update

## EH: Food

- Plans for franchise/chain restaurants
  - If state has reviewed and approved, no local review required. Local health department may suggest revisions to plan but may not require them.
  - S.L. 2015-246 (H 44), sec. 10
- Permits for multiple owners/lessees in same facility
  - Clarifies that local health department may issue permits to operate a food establishment to more than one owner or lessee when more than one establishment is being operated in the same physical location. Each permittee must meet applicable rules.
  - S.L. 2015-\_\_ (H 765), sec. 3.8

## Other Regulatory Reform

- County maintenance of effort requirement repealed
  - Effective July 1, 2014, counties were required to maintain appropriations to local health department at FY 2010-11 levels. This requirement is repealed effective July 1, 2016.
  - S.L. 2015-246 (H 44), sec. 2.5.
- Well permits
  - Well permits deemed to include authorization for installation, construction, maintenance, or repair of electrical wiring, devices, appliances, or equipment by a certified well contractor.
  - Private drinking water well permits may be issued to property owners developing or improving property located in service area for public water if public lines not yet in place. Owner may not be required to connect to public system if lines subsequently extended, so long as well remains compliant and in use.
  - S.L. 2015-246 (H 44), sec. 3.5.

## EH: On-Site Wastewater



- State rules must be amended to:
  - Allow repair areas that accommodate different types of replacement systems.
  - Remove the requirement for a certified operator for a sand lined trench system when drainage is used to lower the water table.
  - Repeal maximum capacity requirements for saprolite systems.
- S.L. 2015-147 (H 705)

## Other Public Health Interest



School health assessments  
(S.L. 2015-222, H 13)



Prohibition on use of tanning beds  
(S.L. 2015-21, H 158)



Epi-pens in child-serving businesses  
(S.L. 2015- 274, H 647)



Regulate sale of e-liquid containers  
(S.L. 2015-141, S 286)



Pilot project: used needle disposal  
(S.L. 2015- \_\_, H 712)



Sudden unexplained deaths from epilepsy  
(S.L. 2015-211, H 814)

## EH: On-Site Wastewater

- Engineered option permits
  - Person installing septic system may work with a licensed professional engineer (PE) to plan the design, construction, and operation of the system.
  - System must comply with state OSWW rules and local rules if applicable.
  - Notice of intent to construct & completeness review:
    - Owner or PE must give notice of intent to local health department (LHD).
    - Notice contents are specified and include description of facility served, type and location of system, soil evaluation, proof of insurance held by parties including PE, soil scientist, contractors.
    - Within 15 business days, LHD must determine whether notice is complete and request additional information if incomplete. If additional info required, LHD must re-determine if notice is complete within 10 business days after receipt.
    - Inaction within timeframes → notice may be treated as complete.
    - "A determination of completeness means that the notice of intent to construct includes all of the required components."
  - No public liability for systems designed, constructed, and installed pursuant to this option.
- S.L. 2015-\_\_ (H 765), sec. 4.14.

## Social Services

Aimee Wall



## Economic Services

- Child Support Enforcement Incentive Payments
  - State to retain 15% of federal funding
  - New methodology for distribution
  - New county reporting requirements
  - S.L. 2015-241 (H 97; Sec. 12C-7)
- Foster Care Assistance Payments
  - With increase in age to 21, assistance program extended
  - BUT counties held harmless for their share for children 18-21 (50% of nonfederal share in some situations)
  - S.L. 2015-241 (H 97; Sec. 12C-9, amending G.S. 108A-49.1)



## Social Services: Child Welfare

Sara DePasquale



## Economic Services

- Child Care Subsidy Program
  - More children may be eligible because of revised definition of "income unit"
  - Tier 1 and 2 counties eligible for market rate increase 1/16
- Counties may use 2% of subsidy funds for fraud detection and investigation activities
- State must develop plan to require subsidy recipients to cooperate with county child support services programs (plan due 2/16)
- S.L. 2015-241 (H 97; Sec. 12B), S.L. 2015-51 (S 114)



## S.L. 2015-123 (S 578)



- Effective January 1, 2016
- County DSS → NC DHHS
- "Caretaker" → "Caregiver"
- New reporting: G.S. 110-105.4
- Child Maltreatment Registry, G.S. 110-105.6

## Adult Services

- New adult protective services reporting requirement
  - Employees and volunteers in MH/DD/SA facilities must report
  - To DSS, DA, and/or law enforcement
  - If they witness a client become a victim of certain crimes, primarily involving sexual violence or abuse
- Does not change the existing law requiring reporting to DSS
- Does not authorize or require DSS to take action on these reports if adult is not disabled
- S.L. 2015-36 (S 445)



## Notification to Relatives/Others

S.L. 2015-136 (H669), S.L. 2015-135 (S423)

- Resources for Placement and Support
- Relatives
- Other persons with legal custody of "sibling"  
*P.L. 113-183, 42 USC 675(12)*



Throughout case

## Consent to Medical Care, S.L. 2015-136 (H669)



- Routine
- Emergency medical, surgical, mental health
- Testing/evaluation in exigent circumstances



- \*\* Certified Medical Evaluation
- Written Findings: "compelling interest"

## Decision-Making (cont.)

- Placement Provider
  - Normal Childhood Activities
    - Extracurricular, enrichment, social activities (sleepover 24-72 hours)



- Unless court order if not BIC...

## Medical Care Continued

- Parent, guardian, custodian consent or
- Court authorize department if
  - Clear and convincing evidence treatment is BIC
    - Non-routine..."informed consent"

4. The Department Of Social Services is authorized to arrange and consent to:

☐ a. treatment the medical provider recommends in order to cure, alleviate, or prevent the juvenile from suffering physical harm pursuant to 6(d) set forth on the reverse as a ground for nonsecure custody.

☐ b. only the following types of evaluation and/or treatment, after first attempting to obtain consent from the juvenile's parent, guardian, custodian, or caretaker:

- Make records available
- Information sharing by DSS
- Dr. share with DSS and parent
  - unless court order or federal law

## Decision-Making (cont.)

S.L. 2015-135 (S423)

### Reasonable and Prudent Parent

Careful and sensible parental decisions

Health, safety,  
best interests



Encourage  
emotional &  
developmental  
growth

## Decision-Making

S.L. 2015-135 (S423), 2015-136 (H669)

- Custody with DSS
  - DSS Decision-making
    - Generally made by custodian
      - Including educational
      - Unless prohibited by federal law ( ≠ IDEA)
    - Remember, Medical Care Statute



## S.L. 2015-135 (S423)

- Driver's Permit/License
- G.S. 20-11(i), application:
  - Legal custody of DSS, signed by teen and
    - GAL or attorney advocate
    - DSS
    - Court
- Car Insurance





## Concurrent Permanency Planning S.L. 2015-136 (H669)

### Primary or Secondary?

"Court shall adopt concurrent permanent plans and shall identify the primary and secondary plan"

Reunification unless court order reasonable efforts are not required



Local Government Legislative Update

## Medicaid Reform

Mark Botts



Local Government Legislative Update

## APPLA

S.L. 2015-136 (H669), S.L. 2015-135 (S423)

### • COURT FINDINGS of EACH!

- 16 or 17 years old
- DSS made diligent efforts to place w/parent or relative, guardianship, or adoption
- Compelling reasons exist that not in BIC to place permanently w/ ...
- APPLA is best permanent plan
- If approved, after questioning teen, the teen's desired permanency outcome



Local Government Legislative Update

## Medicaid Reform—S.L. 2015-245 (H 372)

- Effective immediately (Sept. 23, 2015)
  - Establishes the Joint Legislative Oversight Committee on Medicaid and NC Health Choice
  - Creates a new Division of Health Benefits in DHHS
  - Directs the Division of Health Benefits (DHB) to develop a federal waiver application to transform the Medicaid and NC Health Choice systems from a

fee for service system

↓  
managed care system  
prepaid health plan structure



Local Government Legislative Update

## Coming in January 2017

- S.L. 2015-241 (H97)
- Extend Foster Care to 21
- Voluntary participation
  - School, vocation, employment, or disability
- May opt-in after 18 and before 21
- Court Review hearing



Local Government Legislative Update

## Managed Care Through Prepaid Health Plans

- Prepaid Health Plan (PHP)=an entity
  - that enters into a prepaid, capitated contract with DHB
  - for the delivery of all Medicaid and NC Health Choice services, i.e., physical health services, prescription drugs, long-term care and supports, and behavioral health services—"whole care"
  - to all Medicaid and NC Health Choice aid categories—"enrollees" (except those dually eligible for Medicaid and Medicare)
  - in a geographic region defined by DHB—"catchment area"
- Contracts
  - must define goals and measures for quality of care, health outcomes, patient satisfaction, access, and cost
  - cover all administrative functions, e.g., service authorization, claims processing, care and case management, grievances and appeals
- Exclusion
  - Behavioral health services (MH/DD/SA) are excluded from the PHP contracts for the first four years after contracts begin



Local Government Legislative Update

## Providers

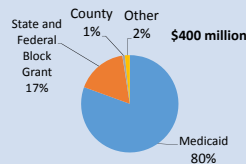
- PHPs must develop and maintain a provider network that meets the needs of its enrollees
  - PHP can exclude providers for failure to meet objective quality standards or refusal to accept network rates
  - PHP must include in its network any provider in its geographic area that is designated by DHB as an "essential provider"
    - Discretionary designation—A provider that offers services not available from others within reasonable distance, or that is a substantial service provider in an insufficiently served region
    - Automatic designation—
      - Federally qualified health centers
      - Rural health centers
      - Free clinics
      - Local health departments
- All providers must submit data through the Health Information Exchange Network (must have an EHR)



Local Government Legislative Update

## When LME/MCOs Go Away . . .

What happens to the State funding for the indigent and uninsured who are not eligible for Medicaid?



What happens to the non-Medicaid functions of an LME/MCO?

- Local service planning with key stakeholders
- Collaborative working relationships with other public agencies
- Community collaborative of crisis/emergency stakeholders
- Coordinate services to juveniles in the juvenile justice system
- Perform multidisciplinary evaluations



Local Government Legislative Update

## Managing Care—Cost and Quality



- Eligible individual?
- Covered service?
- Based on clinical assessment?
- Medically necessary?
- Qualified provider?
- Evidence that treatment helps?
- Other needed services?
- Outcomes over time?



PHP Provider



Local Government Legislative Update

## Questions?



Evaluation: [https://unc.az1.qualtrics.com/SE/?SID=SV\\_3ObuZxeISzXmx8h](https://unc.az1.qualtrics.com/SE/?SID=SV_3ObuZxeISzXmx8h)



Local Government Legislative Update

## Timeline

- March 1, 2016—DHB reports to Oversight Committee
  - June 1, 2016—DHB submits waiver application to Centers for Medicare & Medicaid Services (CMS)
  - Within unknown period—CMS approves NC's plan
  - 18 months after CMS approval—PHP contracts begin and initial recipient enrollment is complete
  - 4 years after contracts begin—LME/MCOs stop managing behavioral health services
- 3-4 years → enrollees receive services through PHPs
- 7-8 years → LME/MCOs cease to exist



Local Government Legislative Update

## Income Tax and Sales Tax

Whitney Afonso



Local Government Legislative Update

## Income Taxes: Background

- Changes to Income Taxes (2013):
  - Personal Income Taxes
    - Change from progressive rate structure
      - 6-7.75%
    - Went to flat structure
      - 5.75%
    - Standard deduction more than doubled
      - Married: From \$6,000 to \$15,000
      - Single: From \$3,000 to \$7,500
    - Eliminated majority of deductions, exemptions, and credits

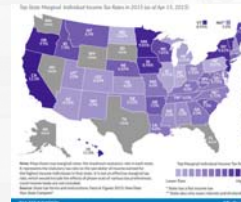
SL 2013-316; HB 998



Local Government Legislative Update

## Income Taxes: New legislation

- Personal Income Taxes:
  - Rate further reduced from 5.75% to 5.499%
  - Standard deduction increased:
    - Married: From \$15,000 to \$15,500
    - Single: From \$7,500 to \$7,750
  - Addition of medical and dental expenses allowed as an itemized deduction
- Impact:
  - More competitive with our neighbors



HB 97



Local Government Legislative Update

## Income Taxes: Background

- Changes to Income Taxes (2013):
  - Corporate Income Taxes
    - Expand R&D credit
    - Eliminate credits
    - Rate reduction (6.9% -> 6%)



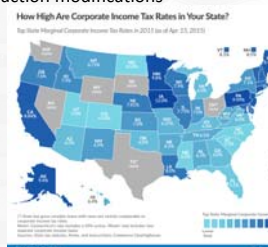
SL 2013-316; HB 998



Local Government Legislative Update

## Income Taxes: New legislation

- Corporate Income Taxes:
  - Rate further reduced from 5% to 4%
  - Elimination of some subtraction modifications
- Impact:
  - Lower than many of our neighbors



HB 97



Local Government Legislative Update

## Income Taxes: Why does this matter?

- Revenue reduction
  - Partially offset by elimination of exemptions
- Goal
  - Make NC more business friendly
  - Increase in-migration
  - Increase growth of state's businesses
  - Reductions (or elimination) of corporate income taxes may increase personal income dramatically
- Less progressive



Local Government Legislative Update

## Sales Taxes: Background

- Pre-2014:
  - State exempts food
  - Local taxes food (2%)
- 2014:
  - Expanded the base:
    - Modular/manufactured homes
    - Nutritional supplements
    - Higher-Ed meals
    - Newspapers
    - Entertainment activities



SL 2013-316; HB 998



Local Government Legislative Update

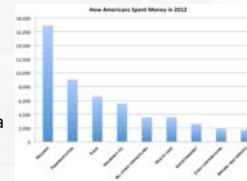
## Sales Taxes: Why does this matter?

- Services have become more important
  - 57% of personal income
  - Up by 35% since 1970
  - Shift from tangible items to services
    - Narrower tax base
- Regressive?
- Result of 2013 legislation:** Increased Revenue
  - Sales tax revenue is up 17% (~\$400 million)



## Sales Tax: Other considerations

- In the last year there has been a great deal of discussion about redistribution of sales taxes
- Proposals:
  - All per capita
  - Return to the half per capita
- NC context:
  - Only state with any per capita
  - Food taxed at local level (2%)
  - Per capita portion earmarked for education capital



## Sales Taxes: New legislation

- Expansion of the base:
  - Repair, maintenance, and installation (RMI)
    - Attempt to not tax retailers that had not previously been in the base
  - Motor vehicle expansion
    - Not for service contract work though
  - Aircraft and jet engines (with a cap)
  - Not retail contractors or real property contractor

HB 97

## Final Thoughts

- Overall, NC's tax policy has been broadening the base and/or lowering the rate
- For more details on the legal changes please join my colleagues at the additional **Finance Legislation Webinar**
- Any questions about other states or implications please contact me: [afonso@sog.unc.edu](mailto:afonso@sog.unc.edu)

## Sales Taxes: New legislation

- Revenue use for local governments:
  - FY2016: \$84,800,000 redistribution
  - Return to local governments
    - 79/100 counties will receive additional revenue
      - Range from:
        - Hyde (0.03%)
        - Harnett (5.17%)
    - 21 counties will get \$0
  - Revenue earmarked:
    - Public Education
    - Community Colleges
    - Economic Development
  - State Revenue
    - ~\$18 million
    - Distributed based on Articles 39, 40, and 42

## Local Government Finance

Kara Millonzi





## Local Government Finance

- ✓ Preaudits and Disbursements
- ✓ Powell Bill Funds
- ✓ Motor Vehicle License Tax
- ✓ Municipal Service Districts
- ✓ Critical Infrastructure Assessments
- ✓ Legislative Studies



Local Government Legislative Update

## Preaudit Process Triggered When:

- A unit enters into contract or agreement or places an order for goods or services that are accounted for in the budget ordinance or a project ordinance; **AND**
- the unit is obligated to **pay money** by the terms of the contract/agreement/order; **AND**
- (if the appropriation is accounted for in the budget ordinance) the unit anticipates paying at least some of the money in the fiscal year in which the contract/agreement/order entered into.



Local Government Legislative Update

## Preaudits and Disbursements: S.L. 2015-246

- Amends G.S. 159-28 to modernize the preaudit and disbursement requirements and effectively nullify recent court of appeals holdings
- The major change with respect to electronic transactions is not effective until the Local Government Commission (LGC) adopts regulations governing these types of transactions



Local Government Legislative Update

## Preaudit Process

**As of October 1, 2015**

### Finance Officer (or deputy finance officer) must:

1. Check to see if there is an appropriation in budget ordinance or project ordinance for amount due this fiscal year
2. Check to see if sufficient funds remain in the appropriation to cover amount that will come due this fiscal year
3. ~~Memorialize contract/agreement/order in writing~~
4. Affix signed preaudit certificate to "writing" that evidences contract/agreement/order, **if a writing exists**



Local Government Legislative Update

## Preaudit or Disbursement Process?

Are you ordering goods or capital assets, hiring employees, or entering into a contract for construction or services that will require your government to pay money?



Go To  
Preaudit  
Process

Are you paying bills, invoices, payroll, or other monetary claims?



Go To  
Disbursement  
Process



Local Government Legislative Update

## Be Careful!

- Other laws may require that the contract, agreement, order, etc. be in writing.
- For example...
  - All city contracts must be in writing; if not, contracts are void unless ratified by governing board (G.S. 160A-16)
  - All contracts involving sale of goods over \$500 must be in writing (G.S. 25-2-201)
  - Contracts for purchases and construction or repair subject to formal bidding must be in writing (G.S. 143-129(c))



Local Government Legislative Update

## Preaudit Process

**As of October 1, 2015**

**Finance Officer (or deputy finance officer) must:**

1. Check to see if there is an appropriation in budget ordinance or project ordinance for amount due this fiscal year
2. Check to see if sufficient funds remain in the appropriation to cover amount that will come due this fiscal year
3. ~~Memorialize contract/agreement/order in writing~~
4. Affix signed preaudit certificate to "writing" that evidences contract/agreement/order, **if a writing exists\***

**\* there are now exemptions from the preaudit certificate requirement for certain transactions**



Local Government Legislative Update

## Disbursement Process

**Finance Officer (or deputy finance officer) must:**

- Check to make sure amount is payable
- Check to see if there is (still) an appropriation in budget ordinance or project ordinance for amount due
- Check to see if sufficient funds remain in the appropriation to cover amount due
- Affix signed disbursement certificate to check or electronic payment



Local Government Legislative Update

## Exemptions from Preaudit Certificate Requirement\*

- Any obligation that has been approved by the Local Government Commission (LGC)
- Payroll and employee benefits
- Electronic payments (charge card, credit card, gas card, procurement card), **BUT** only if the LGC adopts rules governing these transactions **AND** only if the unit follows the LGC rules

*\*All of these transactions are still subject to the other steps in the preaudit process.*



Local Government Legislative Update

## Disbursement Process

**As of October 1, 2015**

**Finance Officer (or deputy finance officer) must:**

- Check to make sure payment is due and owing
- Check to see if there is (still) an appropriation in budget ordinance or project ordinance for amount due
- Check to see if sufficient funds remain in the appropriation to cover amount due
- Affix signed disbursement certificate to check or electronic payment\*

**\* Some payments are exempt from disbursement certificate requirement**



Local Government Legislative Update

## Preaudit or Disbursement Process?

Are you ordering goods or capital assets, hiring employees, or entering into a contract for construction or services that will require your government to pay money?



**Go To  
Preaudit  
Process**

Are you paying bills, invoices, payroll, or other monetary claims?



**Go To  
Disbursement  
Process**



Local Government Legislative Update

## Exemptions from Disbursement Certificate Requirement\*

- Payment for any obligation that has been approved by the Local Government Commission (LGC)
- Payroll or any payment for employee benefits
- Electronic funds transfers, **BUT** only if the LGC adopts rules governing these transactions **AND** only if the unit follows the LGC rules

**\* All of these transactions are still subject to the other steps in the disbursement process.**



Local Government Legislative Update

### Powell Bill S.L. 2015-241

- Powell Bill funds no longer tied to gas tax collections; will be subject to state appropriations
  - \$146.5 million appropriated for FY 2015-16 and FY 2016-17
- Municipalities must use Powell Bill revenue **PRIMARILY** for the resurfacing of streets within the corporate limits of the municipality.
- DOT must report to legislature on municipal use of Powell Bill funds.



Local Government Legislative Update

### Critical Infrastructure Assessments: S.L. 2015-121

- Authority to levy critical infrastructure assessments extended until 2020.
- Limits assessment period to a maximum of 25 years.



Local Government Legislative Update

### Motor Vehicle License Tax: S.L. 2015-241

- Effective July 1, 2016, authorizes municipalities to levy up to \$30 per vehicle tax
- Earmarks on revenue:
  - Up to \$5 may be used for any lawful purpose
  - Up to \$5 may be used to fund a public transportation system (if the municipality operates one, as defined in G.S. 105-550)
  - The remainder of the tax proceeds must be used for "maintaining, repairing, constructing, reconstructing, widening, or improving public streets in the municipality that do not form a part of the State highway system"



Local Government Legislative Update

### Legislative Studies: S.L. 2015-241

- Local solid waste management
  - Legislative committee to look at (1) local government authority to enact ordinances concerning collection and processing of solid waste; (2) costs to local governments for providing solid waste collection and processing services; (3) possible impacts of privatization
- School facility needs
  - Contract outside entity to do an independent assessment of school construction needs in school units in 50 counties that have lowest ability to pay for school facilities according to the low-wealth funding formula



Local Government Legislative Update

### Municipal Service Districts (MSD): S.L. 2015-241

- Applies to all MSDs
  - Board must set MSD tax rate each year such that "no accumulation of excess funds beyond that necessary to meet current needs, fund long-range plans and goals, and maintain a reasonable fund balance."
- Applies only to MSDs for **Downtown Revitalization** or **Urban Area Revitalization**
  - Process requirements before entering into a contract with a private entity to "provide services, facilities, functions, or promotional and developmental activities" in a downtown or urban area revitalization MSD.
  - Must solicit input from residents and property owners; use bid process to select private contractor; hold a public hearing on the contract; limit contracts to a maximum of 5 years; specify specific projects/services that private contractor will perform in the contract; require a periodic accounting from private contractor.



Local Government Legislative Update

### Questions?



Evaluation: [https://unc.az1.qualtrics.com/SE/?SID=SV\\_30buZxel5zXmx8h](https://unc.az1.qualtrics.com/SE/?SID=SV_30buZxel5zXmx8h)



Local Government Legislative Update

## Purchasing and Contracting



Norma Houston

UNC Local Government Legislative Update

### E-Verify – 2015

|                                                              | City | County | Other Local Gov't | State Agency |
|--------------------------------------------------------------|------|--------|-------------------|--------------|
| Construction - Formal                                        | ✓    | ✓      | ✓                 | ✓            |
| Construction - Informal                                      | ✓    | ✓      | ✓                 | ✓            |
| Purchase - Formal                                            |      |        |                   |              |
| Purchase - Informal                                          |      |        |                   |              |
| Design Services (Mini-Brooks)                                | ✓    | ✓      | ✓                 | ✓            |
| All Other (services, construction below bid threshold, etc.) | ✓    | ✓      | ✓                 | ✓            |

UNC Local Government Legislative Update

### E-Verify (again . . .)

- Repeals 2014 E-Verify "roll-back"
- Applies to ALL local government contracts except those exempted under the new statute
- Contract deemed compliant if contains provision requiring contractor to comply with E-Verify

**Exempt:**

- Travel expenses
- "Sole" purchase contracts
- Purchases from other governments, State, or GSA contracts
- Piggyback contracts

*H318, Sec.'s 1-10 (awaiting Governor)*

UNC Local Government Legislative Update

### New State IT Department

- ITS becomes Department of Information Technology (cabinet level agency); State CIO is department head
- All IT functions of Cabinet agencies consolidated in new department; controls all IT procurement
- Relationship with local governments:
  - Provide IT support and allow access to Department's services (fee-based)
  - Create procedures for state and local government IT procurement through GSA (Schedule 70)
  - Buy IT goods and services off state IT contracts, including refurbished computers program
  - Give access to state telecommunications and broadband services (fee-based)
- Personal use of state IT contracts is Class 1 misd.

*S.L. 2015-241, Part VII-A (H97)*

UNC Local Government Legislative Update

### E-Verify – 2014

|                                                              | City | County | Other Local Gov't | State Agency |
|--------------------------------------------------------------|------|--------|-------------------|--------------|
| Construction - Formal                                        | ✓    | ✓      | ✓                 | ✓            |
| Construction - Informal                                      |      |        |                   | ✓            |
| Purchase - Formal                                            | ✓    | ✓      | ✓                 | ✓            |
| Purchase - Informal                                          |      |        |                   | ✓            |
| Design Services (Mini-Brooks)                                |      |        |                   | ✓            |
| All Other (services, construction below bid threshold, etc.) |      |        |                   | ✓            |

UNC Local Government Legislative Update

### Computer/TV Purchases

- State agencies and local governments prohibited from purchasing computer equipment or TV's from manufacturers not compliant with NC Electronics Management Program (labeling and recycling requirements)
- DEQ posts list of manufacturers' compliance status

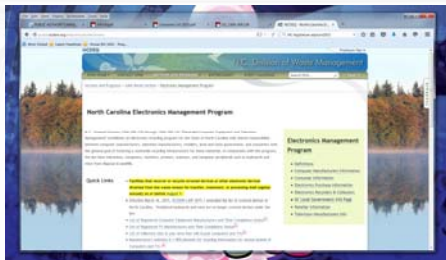


*S.L. 2015-241, Part VII-A (H97)*

UNC Local Government Legislative Update



[www.ncdenr.org](http://www.ncdenr.org) > Sections and Programs > Solid Waste > Electronics Management Program



Local Government Legislative Update

## Construction Notice

- Cities and counties must notify property owners and adjacent property owners of construction projects
  - Only applies to NEW construction; does not include routine maintenance and repair
  - Notice must be in writing at least 15 days before project starts
- Exceptions:
- Emergency
  - Owner requests construction
  - Owner consents to less than 15 days' notice
  - Notice is given at open meeting of the board

*S.L. 2015-246, Sec. 12 (H44); effective 10/1/2015; amended by H765 (awaiting Governor)*



Local Government Legislative Update

## Jail Food

Food and food services supplies for county jails not subject to competitive bidding **ONLY** in these counties:

|          |            |           |            |              |
|----------|------------|-----------|------------|--------------|
| Alamance | Craven     | Guilford  | Madison    | Rockingham   |
| Anson    | Cumberland | Haywood   | Onslow     | Stanly       |
| Beaufort | Currituck  | Henderson | Orange     | Transylvania |
| Caswell  | Dare       | Iredell   | Pamlico    | Yancey       |
| Cherokee | Davidson   | Jones     | Pasquotank | Wake         |
| Chowan   | Granville  | Lincoln   | Randolph   | Washington   |

*S.L. 2015-156 (H58); 2015-157 (H236); 2015-158 (H312)*



Local Government Legislative Update

## Force Account Threshold Increase

Increases thresholds for local government force account exception to:

- Total project cost under \$500,000 *or*
- Total labor cost under \$200,000

Thresholds for state agencies and UNC campuses remain the same



*H924, Sec. 6 (awaiting Governor) effective when act becomes law*



Local Government Legislative Update

## Construction Contracting

Norma Houston



Local Government Legislative Update

## Water and Sewer Construction

- Authorizes water and sewer authorities to enter into reimbursement agreements with developers for infrastructure construction (similar to cities and counties)
- Infrastructure projects must be on Authority's CIP
- Eligible projects include water mains, sanitary sewer lines, lift stations, water pump stations, stormwater lines, and other associated facilities
- Developer must use competitive bidding



*S.L. 2015-207, Sec. 2 (H538)*



Local Government Legislative Update

## Property Disposal



Norma Houston

UNC  
Local Government Legislative Update

## Questions?



Evaluation: [https://unc.az1.qualtrics.com/SE/?SID=SV\\_30buZxe15zXmx8h](https://unc.az1.qualtrics.com/SE/?SID=SV_30buZxe15zXmx8h)

UNC  
Local Government Legislative Update

## Tower Leases

- Leases for siting and operation of a communications tower
- Terms up to 25 years
- Do not have to be treated as sale of property



"Tower" includes structures that support TV, radio, and wireless communications

S.L. 2015-246, Sec. 9 (H44)

UNC  
Local Government Legislative Update

## Community & Economic Development



Tyler Mulligan

UNC  
Local Government Legislative Update

## Donating Service Animals

Law enforcement service animals may be donated to the animal's handler **ONLY** in the following cities:

- Raleigh
- Municipalities in Mecklenburg County (*not the county*)



S.L. 2015-174 (H199)

UNC  
Local Government Legislative Update

## Economic Development Powers of Local Governments "Clarified"

- S.L. 2015- 277; S 472 modified G.S. 158- 7.1:
  - Discretionary language removed
  - New board determination required for every appropriation
  - New public hearing required for every appropriation
  - Historic rehab included



UNC  
Local Government Legislative Update

## G.S. 158-7.1: Discretion Removed, More Process Imposed

### • Before:

- “Each county and city ... is authorized to make appropriations for the purposes of aiding and encouraging the location of manufacturing enterprises ... and locating industrial and commercial plants ... or other purposes which, in the discretion of the governing body ...
- “... will increase the population, taxable property, agricultural industries and business prospects of any city or county.”
- Notice and public hearing prior to approving incentives and real estate activities



Local Government Legislative Update

## G.S. 158-7.1: Discretion Removed, More Process Imposed

### • After

- “Each county and city ... is authorized to make appropriations for the purposes of aiding and encouraging the location of manufacturing enterprises ... and locating industrial and commercial plants ... or other purposes which, in the discretion of the governing body economic development purposes.
- Board must determine that appropriation “will increase the population, taxable property, agricultural industries, employment, industrial output, or and business prospects of any the city or county.”
- Notice and public hearing prior to approving incentives and real estate activities any appropriation



Local Government Legislative Update

## G.S. 158-7.1: Discretion Removed, More Process Imposed

### • After

- “Each county and city ... is authorized to make appropriations for the purposes of aiding and encouraging the location of manufacturing enterprises ... and locating industrial and commercial plants ... or other purposes which, in the discretion of the governing body economic development purposes.
- “... will increase the population, taxable property, agricultural industries and business prospects of any city or county.”
- Notice and public hearing prior to approving incentives and real estate activities



Local Government Legislative Update

## G.S. 158-7.1: Historic Rehab

- “A county or city may make grants or loans for the rehabilitation of commercial or noncommercial historic structures, whether the structure is publicly or privately owned.”
- Still subject to statutory and constitutional limits
  - Statute requires jobs
  - No gifts
  - *Maready* and public purpose of economic development
- Historic Preservation Commission statutes



Local Government Legislative Update

## G.S. 158-7.1: Discretion Removed, More Process Imposed

### • After

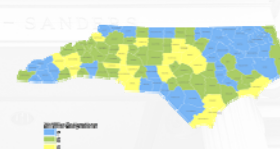
- “Each county and city ... is authorized to make appropriations for the purposes of aiding and encouraging the location of manufacturing enterprises ... and locating industrial and commercial plants ... or other purposes which, in the discretion of the governing body economic development purposes.
- Board must determine that appropriation “will increase the population, taxable property, agricultural industries, employment, industrial output, or and business prospects of any the city or county.”
- Notice and public hearing prior to approving incentives and real estate activities



Local Government Legislative Update

## State Economic Development Incentives Reauthorized

- State historic rehabilitation tax credit
- Recruitment incentives
  - JDIG
  - OneNC Fund
- Certain development tiers favored



Local Government Legislative Update

## Questions?



Evaluation: [https://unc.az1.qualtrics.com/SE/?SID=SV\\_3ObuZxeI5zXmx8h](https://unc.az1.qualtrics.com/SE/?SID=SV_3ObuZxeI5zXmx8h)

UNC  
Local Government Legislative Update

## Legislative Reporting Service



- Subscription information
  - <https://lrs.sog.unc.edu/>
- Questions?
  - Christine Wunsche, LRS Director
  - 919.733.2484 (Raleigh)
  - 919.962-9180 (Chapel Hill)
  - [wunsche@sog.unc.edu](mailto:wunsche@sog.unc.edu)
- Follow LRS on Twitter for NCGA updates
  - @sog\_lrs



UNC  
Local Government Legislative Update

## Evaluation

Thanks for joining us today.

Please take a moment to complete our short evaluation. Your feedback is invaluable.

Evaluation:  
[https://unc.az1.qualtrics.com/SE/?SID=SV\\_3ObuZxeI5zXmx8h](https://unc.az1.qualtrics.com/SE/?SID=SV_3ObuZxeI5zXmx8h)

UNC  
Local Government Legislative Update