CUMBERLAND COUNTY
NORTH CAROLINA

Cumberland County Board of Commissioners
Legislative Delegation Meeting
March 11, 2016
8 a.m.
Room 119, Cumberland County Courthouse

Call to Order

Welcome

Legislative Goals and Issues Discussion

1. **NCACC GOAL: Seek legislation to authorize local option revenue sources already given to any other jurisdiction. (Pg. 2)**

2. **NCACC GOAL: Seek legislation to restore the statutory requirement that 40% of the net lottery proceeds be allocated to counties for school capital needs and increase the annual appropriation of lottery funds until the 40% allocation is restored.**

    - When the N.C. Education Lottery was enacted, 40% of the annual net proceeds were directed to the Public School Building Capital Fund for county school construction needs. Since 2010, the General Assembly has set the county lottery appropriation below the statutory 40% of the net proceeds and has appropriated a flat $100 million, which now represents about 20% of the expected net proceeds.
    - Consequently, counties have lost more than half a billion dollars in school construction funds since the recession, and have been forced to delay construction projects, use their emergency fund balances to make up the debt service losses, or to reduce funding for other essential services.

3. **NCACC GOAL: Oppose unfunded mandates and shifts of state responsibilities to counties.**

4. **CUMBERLAND COUNTY CONCERN: Impact of Builders' Inventory Legislation (Pg. 3)**

5. **CUMBERLAND COUNTY CONCERN: Factors Impacting Administration of Economic Services Programs (Pg. 5)**

6. **OTHER TOPICS**

Adjourn

NCACC Legislative Brief

2016 Goal: Seek legislation to authorize local option revenue sources already given to any other jurisdiction.

Talking Points:

- Counties have the authority to enact sales taxes through five statutory Articles.
- Some of these sales taxes are earmarked for specific purposes such as the Article 43 ¼ cent for public transit (½ cent for six counties).
- Counties are in the best position to understand local needs and should have the flexibility to direct sales tax revenues to local programs such as education and economic development without strings attached.
- Counties are not requesting an increase in the overall statutory cap, just the flexibility to use funds to address local needs within the existing five Articles.

Requested Action: Pass Senate Bill 605 (Various Changes to the Revenue Laws) as currently drafted or substantively similar legislation that gives counties flexibility to enact the appropriate mix of sales tax articles and use the revenues for general purposes.

Background and Goal Status: Through five articles in statute addressing county sales tax authority, 94 counties have the authority to raise up to 2.5 cents of sales tax while six have the authority to raise up to 2.75 cents. Some of the revenues from these Articles are earmarked for specific uses such as public transit funding. Only three counties have approved the Article 43 transit tax, while 29 counties have approved the Article 46 tax for general purposes. House Bill 518 (County Sales Tax Flexibility) was introduced during the long session to achieve the counties' tax and finance goal of providing local option revenue flexibility to all jurisdictions by resolution. The legislature incorporated aspects of this bill into Senate Bill 605 (Various Changes to the Revenue Laws).

Senate Bill 605 would effectively expand the Article 43 transit tax to educational purposes and increase the Article 46 tax from ¼ to ½ cent while keeping the existing statutory cap of 2.5 cents (2.75 for six counties). All of these articles would have to be enacted by public referendum. The bill passed the House with these changes in the final 48 hours of the long session and was not considered by the Senate prior to adjournment; however, it is still eligible for the short session.

County boards are the closest government to the people of North Carolina, and counties are in the best position to understand and respond to local needs. As such, counties should have the flexibility to use local revenues to address local challenges whether they are infrastructure, education, economic development or other needs.

For more information on this issue, please contact: Johanna Reese, (919) 715-8044, johanna.reese@ncacc.org.

JOSEPH R. UTLEY, JR.
Tax Administrator

CUMBERLAND COUNTY
NORTH CAROLINA

OFFICE OF THE TAX ADMINISTRATOR

TO:	**BOARD OF COMMISSIONERS**
FROM:	**JOSEPH R. UTLEY, JR., TAX ADMINISTRATOR**
THROUGH:	**MELISSA C. CARDINALI, ASSISTANT COUNTY MANAGER**
DATE:	**MARCH 3, 2016**
SUBJECT:	**IMPACT OF BUILDERS' INVENTORY LEGISLATION**

BACKGROUND:

The NC General Assembly has approved exempting from property tax the increase in value of real property held for sale by a builder; to the extent the increase is attributable to subdivision or improvements by the builder.

The term builder is defined to mean "A taxpayer engaged in the business of buying real property, making improvements to it, and reselling it.

For both residential and commercial properties, the new exclusion applies to improvements made on or after July 1, 2015, and is effective for the 2016 tax year.

Completed applications must be filed with Cumberland County Tax Administration during the regular listing period ending January 31 of each year. Late applications can be accepted up to the close of the calendar year, but only for "good cause."

Residential Property
The statute excludes from taxation the increase in property value attributable to:

- Construction of a new single family home or duplex
- Subdivision of a parcel for future residential construction
- Non-Structural improvements (grading, streets, utilities, etc.) for future residential construction

To be eligible, the property must continue to be owned by a builder, be held for sale, must not be occupied by a tenant, and must not be used as a model home or for any other commercial purposes. Because the exclusion is aimed at new construction, renovations to an existing residence cannot qualify. The exclusion is limited to three years from the date the property was first listed by the builder.

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Commercial Property

Unlike residential property, commercial property may benefit from the new exclusion for a maximum of five years rather than three. The commercial property exclusion covers only the increase in value attributable to subdivision or non-structural improvements (grading, streets, and utilities). Any improvement that requires issuance of a building permit terminates eligibility for the exclusion.

As of February 29, 2016, it appears that the impact on Cumberland County for the 2016 tax year will be approximately $102,108. Since this is the first year of the Builder's Inventory program we don't have a clear history to know what the full impact will be in future years.

Applications Approved: 117

County	Rate	Value Excluded	Revenue Loss
Cumberland County	(0.74)	$12,633,868	$ 93,491
Fire District	(0.10)	$5,302,982	$ 5,303
Special Fire District	(0.0125)	$5,302,982	$ 663
Recreation Tax	(.05)	$5,302,982	$ 2,651
Total			$ 102,108

RECOMMENDATION/PROPOSED ACTION:

This presentation was provided for information purposes only.

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CUMBERLAND COUNTY CONCERN:
Factors Impacting Administration of Economic Services Programs

Attachment: Presentation by Cumberland County DSS Director Brenda Jackson

NC FAST Background: Medicaid cases increased 35 percent and Food & Nutrition cases 75 percent between July 2008 and June 2013 statewide. Departments of Social Services are facing many challenges as they try to meet federal timeliness and quality standards in these areas. Cumberland County has hired additional staff and approved overtime in an effort to improve our rates.

Challenges include: the implementation of the Affordable Care Act; USDA deadline for timeliness and quality for Food & Nutrition; and the functionality of NC FAST.

Requested Action: Improve the functionality and reliability of NC FAST.

Able-Bodied Adults without Dependents Work Requirement Background: North Carolina passed legislation (HB318) prohibiting time limit waivers for food and nutrition benefits for Able-Bodied Adults without Dependents (ABAWDs) required to meet work requirements in order to receive those benefits. The statewide waiver in place since 2008 ended in January for 23 counties implementing ABAWD requirements. The remaining 77 counties will implement the work requirements effective July 1, 2016.

In Cumberland County, about 1,300 adults would be affected. This will have an impact on our homeless population whose only financial assistance is FNS.

NC DHHS is strongly encouraging counties to implement Employment and Training programs to support the FNS recipients in finding work and meeting the time-limit requirements.

Requested Action: Provide resources to support employment and training programs to assist recipients in finding work.

Cumberland County Department of Social Services

Presentation to the Board of Commissioners

FACTORS IMPACTING ADMINISTRATION OF ECONOMIC SERVICES PROGRAMS

(SYNOPSIS OF DHHS LETTER DATED FEBRUARY 17, 2016)

PRESENTED BY
BRENDA REID JACKSON, DIRECTOR
FRIDAY, MARCH 11, 2016

Challenges

Medicaid

- 35% increase since 2008 Economic Recession
- Federal CMS Warnings for Timeliness & Quality
- Federally Required Implementation of Affordable Care Act (ACA)
  - Annual Open Enrollment
  - New Modified Adjustable Gross Income (MAGI) Requirements
  - Mandated 1095 Tax Forms
  - Longer recertification process (ex parte)

Cumberland County Department Of Social Services
Factors Impacting Administration
of Economic Services Programs

Challenges

- Food & Nutrition Services (Food Stamps)
  - 75% increase since 2008 Economic Recession
  - USDA Warnings for Timeliness & Quality
    - $80 million statewide ($2 million for Cumberland County)
  - Applications Generated by Tax Preparation Companies ex. Intuit Turbo Tax
- Federally Required No Wrong Door
  - Electronic Application Submission
    - Incomplete applications
    - Burden on county to verify information

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Cumberland County Department Of Social Services
Factors Impacting Administration
of Economic Services Programs

Challenges

- North Carolina Families Accessing Services through Technology (NC FAST)
  - More comprehensive rule-based system
  - Requires more data to be collected
  - System roll-out & defects creating additional work
  - Impact of further program roll outs; for example, child care, energy assistance, child protective services and adult services

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Cumberland County Department Of Social Services
Factors Impacting Administration
of Economic Services Programs

Request

- Improve the functionality and reliability of NC FAST

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Cumberland County Department Of Social Services
Factors Impacting Administration
of Economic Services Programs

Challenges

Legislation

- ABAWD is an unfunded state mandate (HB318)
  - State required implementation of Able Bodied Adults Without Dependents (ABAWD) Program
    - 3-6 months benefit limit
    - Employment & Training Program
  - Approximately 1,303 potential cases
  - Impact on homeless population whose only financial assistance is FNS-Food Stamps
  - Resources needed to support an Employment & Training Program; for example, bus passes, work-related expenses

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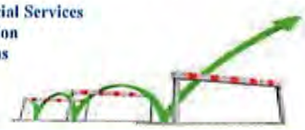
Cumberland County Department Of Social Services
Factors Impacting Administration
of Economic Services Programs



Request

- Provide resources to support employment and training programs

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Cumberland County Department Of Social Services
Factors Impacting Administration
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Requests

- Other
  - Medicaid Determination PED Study
  - Child Welfare System Study
  - NC Social Services Consortium's Legislative Agenda

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Cumberland County Department Of Social Services
Factors Impacting Administration
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Questions and Answers

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