

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
AND
CUMBERLAND COUNTY LEGISLATIVE DELEGATION
MARCH 25, 2013 – 7:30 AM
ROOM 119, 117 DICK STREET, FAYETTEVILLE, NC
SPECIAL MEETING
MINUTES

PRESENT: Commissioner Jimmy Keefe, Chairman
Commissioner Jeannette Council, Vice Chair
Commissioner Kenneth Edge
Commissioner Charles Evans
Commissioner Marshall Faircloth
Commissioner Billy King
Commissioner Ed Melvin
James Martin, County Manager
Amy Cannon, Deputy County Manager
James Lawson, Assistant County Manager
Rick Moorefield, County Attorney
Sally Shutt, Public Information Director
Candice H. White, Clerk to the Board
Kellie Beam, Deputy Clerk to the Board

LEGISLATIVE MEMBERS

PRESENT: Representative Marvin W. Lucas, 42nd District
Representative Elmer Floyd, 43rd District
Representative John Szoka, 45th District
Senator Wesley Meredith, 19th District
Senator Ben Clark, 19th District (departed at 8:05 a.m.)

LEGISLATIVE MEMBERS

ABSENT: Representative Rick Glazier, 44th District

1. WELCOME AND INTRODUCTIONS

Chairman Keefe called the meeting to order and thanked members of the local legislative delegation for attending. Chairman Keefe requested that Item 2. and Item 3. be reordered and called for approval of the agenda.

MOTION: Commissioner Faircloth moved to approve the agenda with the adjustment as requested.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (7-0)

Senator Meredith thanked the board of commissioners for organizing the meeting and stated the Senate is beginning work with the Chair of the Appropriations Committee so the state budget is still in flux. Senator Meredith stated the Governor's budget will provide the guidelines for budget formulations by both the Senate and House.

2. NCACC 2013 Legislative Priority: Reinstate ADM and Lottery Funds for School Construction - Senator Ben Clark and Commissioner Kenneth Edge

Senator Clark provided a handout and reviewed lottery and ADM funding for North Carolina public schools. Senator Clark stated for fiscal years 2006-2007 through 2008-2009, capital funding conformed to the law; however, in fiscal year 2009-2010, ADM funds disappeared. Senator Clark stated around that same time, the law that required 100% of lottery funds to support local school construction was evaded. Senator Clark stated notwithstanding the law, the public school building capital fund allocation for fiscal year 2012-2013 was \$100,000,000 which was 23% versus 40%. Senator Clark stated during tax reform, corporate taxes will likely be lowered so the prospect of getting the ADM corporate funds back is slim. Senator Clark stated he would be happy if there was a return to the 40%.

Commissioner Edge explained the North Carolina Association of County Commissioners' legislative process and stated this year, 85% of North Carolina's counties were represented.

3. NCACC 2013 Legislative Priority: Oppose Shift of State Transportation to Counties
Senator Wesley Meredith and Commissioner Kenneth Edge

Commissioner Edge stated the number one goal during this year's legislative goals process was to oppose any shift of state transportation responsibilities to counties. Commissioner Edge stated Cumberland County does not want responsibility for any secondary roads and although some counties in other states traditionally fund responsibilities for secondary roads, North Carolina counties are responsible for the administration of local human services programs and funding educational operating and capital expenses for schools. Commissioner Edge stated he has not heard the General Assembly speak to a shift this year and thereby hopes this is a dead issue.

Commissioner Edge stated since 2009, the General Assembly has redirected the ADM fund's corporate income tax process to offset state dollars for public school operations, costing counties from \$50 to \$100 million each year. Commissioner Edge stated since 2010, the legislature has set the county lottery appropriation below the statutory 40% of net lottery proceeds. Commissioner Edge stated sixty-four counties have dedicated all or part of their lottery funds to school debt service and counties need that money. Commissioner Edge stated counties in North Carolina on average spend 41% of their total budgets on public education and fifty-one counties pledge 100% of their lottery allocations to school debt service. Commissioner Edge stated counties are seeking restoration of the lottery proceeds at 40% of net lottery revenues and anything Cumberland County's legislators can do to make that happen will be appreciated. Commissioner Edge stated the Cumberland County school system has stretched its dollars as far as possible. Commissioner Edge stated counties have done all they can do and state budgets cannot be balanced on the backs of counties.

Representative Lucas stated the Governor's proposed budget would reduce class size by one in every school. Representative Lucas asked Commissioner Edge if his preference was not to

acquiesce to the Governor's proposal unless there is capital funding for construction. Commissioner Edge stated when class size is reduced in a county the size of Cumberland, there is a demand for thirty teachers who each have to have a classroom.

Senator Clark stated the law still exists but legislators continue to operate under the "notwithstanding" language. Senator Clark stated the fight will be to conform to the law and do away with the "notwithstanding", and he will be on the lookout.

Representative Szoka stated everyone recognizes this has been an ongoing issue for a number of years and there are a number of bills in the House which address it. Representative Szoka stated he can only speak for the Republican caucus in the House but there is no push to take money from counties and efforts are to get counties back to the statutory 40%. Representative Szoka stated when taking into consideration the economy, the General Assembly cannot extricate itself from this position in one budget. Representative Szoka stated the local delegation is dedicated to helping counties and is going to put a stop to moving money from one pot to another pot behind closed doors. Representative Szoka stated he feels positive action will be taken to unravel some of these problems.

Representative Lucas stated there is a commitment to unraveling problems but the bottom line is revenue and until there is more, matters are not going to get any better.

Senator Meredith stated he cannot speak for the House but the Senate is not going to shift the responsibility to maintain roads to counties. Senator Meredith stated he thinks it is a dead issue. Senator Meredith also stated counties have made decisions based on the state's statutory commitments and the state needs to restore its funding.

Senator Meredith provided a brief overview of state transportation during the former and current sessions and stated \$400 million has been dedicated to replacing or rehabilitating more than 1,200 deficient bridges which helped ease weight restrictions and allowed goods and services to move freely across the state. Senator Meredith stated over \$400 million has been dedicated to resurfacing projects which will help preserve existing roadways. Senator Meredith stated almost \$800 million has been invested in transportation improvement projects, with 98% of the construction work being delivered by the private sector. Senator Meredith stated there is a greater push to use the private sector for state projects in order to help create revenue in counties and cities. Senator Meredith stated an effort has been made to take politics out of the Department of Transportation and look at projects based on merit, and then move dollars to those projects.

Senator Meredith stated the gas tax cap will be lifted in July which will necessitate legislative discussions. Senator Meredith stated he is on the Transportation Committee and a commitment has been made to end the transfer from the Highway Trust Fund to the General Fund so highway dollars can be used just for highway projects.

Chairman Keefe asked legislators to advocate for Cumberland County and oppose tolls on I-95 because tolls could be used as a compromise during discussions about whether to raise the gas tax. Senator Meredith stated he is a co-sponsor of Senate Bill 218-No Toll Tolls on Interstate 95 that has been introduced to do away with tolls for the next ten years. Senator Meredith stated both the Senate and the House are working hard to prevent this from becoming an issue.

Representative Floyd stated consultants made a recommendation for tolls because it appeared to be the most practical way to do improvements on I-95. Representative Floyd stated there is presently \$495 million set aside for road improvements to I-95 with the total project being \$4.4 billion to be completed by 2026. Representative Floyd stated his understanding is that the Governor does not support the concept.

Commissioner Edge stated should taxes on internet sales be allowed, that may be a revenue source for roads.

4. NCACC 2013 Legislative Priority: Oppose Unfunded Mandates and Shifts to Counties
Representative John Szoka and Commissioner Marshall Faircloth

Commissioner Faircloth stated counties understand their role with the state and their responsibility when it comes to the delivery of key services on behalf of the state. Commissioner Faircloth asked that current funding levels remain for county programs and that there be no shift of responsibilities to counties that would result in unfunded mandates.

Representative Szoka stated discussions in the House indicate there is no desire to push things down to counties. Representative Szoka stated counties just avoided a huge unfunded mandate with Medicaid. Representative Szoka stated the overall goal is to make the state more economically competitive in the southeast and this will not be accomplished by penalizing counties or raising taxes.

5. NCACC 2013 Legislative Priority: Ensure Adequate Mental Health Funding
Commissioner Billy King

Commissioner King stated counties are seeking legislation to ensure that state-funded mental health services are available, accessible and affordable to all residents. Commissioner King stated recent budget cuts have reduced state mental health funding by \$20 million with the anticipation that these funds will recur in 2013. Commissioner King asked that efforts be made to restore mental health funding up to \$20 million. Commissioner King stated this is important to Cumberland County because a large number of mental health patients frequent the county jail and the hospital emergency room for services. Commissioner King stated these individuals will continue to be with the county and continue to be a burden to the community. Commissioner King asked that sufficient state resources fund service provision costs to include sufficient crisis beds and supportive housing.

Representative Lucas stated legislators know they have to do better, they have to fund medical needs and cannot cut drug courts. Representative Lucas stated the only thing he can say for certain is that there is a commitment to change a lot of the Governor's budget.

6. NCACC 2013 Legislative Priority: Preserve the Existing Local Revenue Base
Representative Elmer Floyd and Commissioner Marshall Faircloth

Commissioner Faircloth stated as state leaders consider tax reform, a broadening of the county's revenue base by allowing for greater revenue options is of interest to counties. Commissioner Faircloth stated counties rely heavily on county-levied sales taxes and can ill afford to lose sales

tax revenues or be restricted in the levy of property taxes. Commissioner Faircloth stated because Cumberland County is a retail hub in this area, it has been able to keep property taxes lower than they would have been otherwise.

Representative Floyd stated the House will do all that it can to be sure the funding base is preserved, but no one knows from day to day what the budget will look like with both the House and Senate making changes. Representative Floyd stated it will be the Governor's responsibility to keep the budget intact and because the Governor cannot generate new revenue, the Governor may need to move money around.

Representative Lucas stated most of the county's revenue base is external to the state's jurisdiction, such as federal sequestration and federal budget cuts, and will disproportionately affect the local base in Cumberland County. Representative Lucas stated everyone is pushing uphill and if sequestration does not end soon, the local economy will dip.

Commissioner Edge stated counties are unable to tax internet gambling establishments and/or the machines, and as a result, these businesses are fleeing to the unincorporated areas of the county. Commissioner Edge stated counties need these revenues and would like the playing field to be leveled. Representative Lucas stated internet gambling establishments will likely disappear. Representative Floyd stated although he does not care for internet gambling or even the educational lottery, he feels differently about them as a legislator when he considers the tax stream.

7. NCACC 2013 Hot Topic: Inmate Medical Costs
Commissioner Jeannette Council

Commissioner Council stated counties are legally obligated under federal and state law to provide adequate medical care to inmates incarcerated in jail facilities during their period of incarceration. Commissioner Council stated in order to alleviate this financial strain, counties are seeking legislation that would give them the right to charge the same rate the Division of Adult Correction charges. Commissioner Council stated this would cap county reimbursements rates for in-patient medical services provided to inmates who are Medicaid eligible, similar to state Medicaid eligible prisoners.

Representative Lucas stated the delegation will file the legislation but will need assistance with the appropriate wording. Senator Meredith stated the language will need to be sent to a member of the House by Thursday.

8. Other Items of Business

Chairman Keefe opened the floor for comments.

Commissioner Evans asked for legislative support of "ban the box" on employment applications.

Commissioner Melvin spoke in opposition to the bill that would eliminate the annual North Carolina vehicle safety inspections requirement. Commissioner Melvin stated if the bill passes, it will take away jobs, decrease revenue, and result in vehicle safety problems.

Commissioner Council stated Fayetteville State University (FSU) is part of the Cumberland County community and when discussions ensue about cutting universities, she would like the local delegation to remember that FSU is as an economic engine for the community.

Commissioner Faircloth stated Cumberland County is fortunate to have both parties represented in its local delegation.

Representative Floyd spoke to a child support bill that would be tied to property registration. Representative Floyd stated if an individual has outstanding delinquent child support obligations, the property registration system would assist with reminding them they need to take care of their child support.

Chairman Keefe provided closing remarks and thanked everyone for their contributions to the meeting.

MEETING ADJOURNED: 9:10 AM

Respectfully submitted,

Candice H. White
Clerk to the Board