



October 27, 2014

***Determine Your Municipal Advocacy Goals
Participate and Vote on December 11th***

NCLM Advocacy Goals Conference
Raleigh Convention Center – Raleigh
December 11, 2014, 8:30 a.m. – 4:00 p.m.

The League urges you to attend the biennial Advocacy Goals Conference, the culmination of the member-driven process to determine legislative and regulatory goals in advance of the upcoming 2015-16 session of the North Carolina General Assembly. The daylong conference will provide League members the opportunity to thoroughly debate legislative issues and to have a direct role in determining League goals. Once established, these goals will help guide the League's Governmental Affairs Team during the legislative session and help legislators understand municipal concerns and priorities. The result will be 25 legislative goals and five regulatory goals for cities and towns to pursue before the General Assembly and the state. Two separate federal goals also will be considered. Also on the agenda will be proposals to streamline the League's Core Municipal Principles.

Please also consider attending a pre-conference reception on the night of Wednesday, December 10 at 6 p.m. The reception will be held in downtown Raleigh at The Oxford at 319 Fayetteville St. To register or learn more about the conference, go to www.nclm.org/agc.

In preparation for the conference, the following documents are enclosed:

- (1) A list of 41 legislative goals, seven regulatory goals and two federal goals recommended by the Board of Directors at its Oct. 12 meeting for consideration by the membership;
- (2) Proposed changes to the Core Municipal Principles, also endorsed by the Board;
- (3) A guide for the League's policy development process;
- (4) A form for submitting additional goal proposals;
- (5) The conference agenda.

As was the case during the previous Advocacy Goals Conference, the submission of additional goal proposals requires the approval by resolution of a municipality's governing board.



Voting Delegates

The League bylaws provide that each member municipality is entitled to one vote at the Advocacy Goals Conference. Each municipality sending delegates to the conference may designate one voting delegate and also may designate one alternate voting delegate. This designation must be provided to League staff prior to the actual start of the conference at 9:30 a.m. on December 11. To register a delegate online, [click here](#).

Managers and clerks please note that municipalities which have pre-registered officials for the conference will still have to designate the municipality's voting and alternate voting delegate. Doing so ahead of the conference will save time for voting delegates on December 11.

Voting delegates may pick up their voting cards and voting devices at the Voting Credentials Desk located at the on-site conference registration area any time from the start of registration, at 8:30 a.m., until the different phases of voting begins, initially at 10 a.m.

General Government / Transportation

1. **Seek or support legislation to generate additional revenues to address growing transportation needs at the state and local level, and enable local governments to enter into alternative financing mechanisms to complete local transportation projects.**
 - **BACKGROUND:** Gov. Pat McCrory has said that he will ask the General Assembly for targeted transportation revenue enhancements during the 2015 legislative session, though he did not specify what those were. The League is part of a coalition organized by the N.C. Chamber of Commerce supporting additional revenues for transportation in the state. This goal, recommended by the Tax & Finance LAC, asks the League to support transportation funding legislation, and also asks for local government authority to enter into alternative financing mechanisms for local transportation projects.
2. **Support legislation authorizing new, fair, transparent and nonpartisan methods of drawing legislative and congressional districts.**
 - **BACKGROUND:** Redistricting, or the redrawing of district boundaries to accommodate for population changes and shifts in order to maintain districts with similar populations, is performed every ten years in North Carolina upon release of census data. The North Carolina General Assembly is tasked with redrawing the boundaries not only for their own seats, but also for the 13 U.S. House of Representatives districts in the state. When redrawing these districts, state legislators must adhere to the state and federal constitutions, the Voting Rights Act and population equality standards, but since the majority party will always have the final word in how the districts are shaped, the new maps have historically favored the party in control of the legislature at the time they were redrawn. Those who support redistricting reform in North Carolina suggest transferring the General Assembly's redistricting authority to an independent board or body that receives public input. Many also suggest removing party registration and voting history data from the initial mapping process.

3. Support legislation providing the funding for state-level incentive programs necessary to keep North Carolina competitive in its efforts to bring additional jobs and economic development to local communities.

- **BACKGROUND:** While the League opposed HB 1224 in 2014 primarily due to its capping of local sales tax rates, much of the debate surrounding the bill regarded provisions funding job-recruiting incentives at the state level. Among the programs that would have received funding under the bill were the Job Development Investments Grants program (JDIG) and a new “closing fund” that state officials could tap into when they needed to provide incentives late in the job recruiting process in order to secure a business’s commitment to bring jobs to North Carolina. Debate on the House floor reflected much of the larger debate regarding state incentives – many are philosophically opposed to incentives, but others view them as a necessary evil when other states and countries that North Carolina competes with for jobs are offering them as well. The League recently joined a number of other governments and organizations in asking Gov. Pat McCrory to call the legislature back for a special session focusing on incentives and film and historic rehabilitation tax credits. Though the Governor has said that he will not do that unless a specific need to do so presents itself, the topic of incentives is likely to come up again in 2015, if not before.

4. Seek legislation that creates stronger mechanisms, such as criminal penalties, for the prevention of illegal dumping into sanitary and storm sewer systems, and other surface waters.

- **BACKGROUND:** Illegal dumping into sewer systems can result in clogged or overflowing sewer lines and decreases efficiency of pre-treatment. This can possibly lead to permit violations and fines. Illegal dumping is done to avoid dump fees. Examples of illegal dumping include a commercial vacuum truck dumping its contents of grease, oil, or septic tank effluent into a sewer system; or intentional discharges of septic tank or other waste into commercial grease traps that will lead to the municipal sewer system (including PCBs). Already, NC rules require septic haulers to keep written records of their waste hauls.

5. Seek legislation allowing the people to vote on an amendment to the North Carolina Constitution establishing Home Rule authority for municipal

governments, following the belief that the government closest to the people governs best.

- **BACKGROUND:** North Carolina is one of six states in which the state constitution does not expressly provide “Home Rule” authority for local governments. There are many different types of “home rule” throughout the country. Some provide restrictions on state preemption; others provide a broad local authority; and still others establish local jurisdictional authority which is separate from state charters. In NC, the authority of local governments rests in state statute, and judicial interpretations. NC local governments are creatures of the state and exist at the pleasure of the NC General Assembly (known as “Dillon’s Rule”). Either express or implied authority must be identified in order for a local government to act, and sprinkled throughout Chapter 160A of the NC General Statutes are statements of broad authority for municipal government. Recently, a number of decisions restricting local authority appear to rely more heavily on the use of Dillon’s Rule.

6. Seek legislation to strengthen and/or clarify current state law to more effectively deter and punish perpetrators who damage property, such as by committing vandalism with graffiti, with punishment not to exceed misdemeanor.

- **BACKGROUND:** Some municipalities face ongoing problems with graffiti vandalism. Currently, NCGS § 14-159.21 makes graffiti vandalism a Class 3 misdemeanor, the lowest misdemeanor class prescribed by state statute. North Carolina misdemeanors are categorized as either A1, 1, 2 or 3. Individuals found guilty of a Class 3 misdemeanor face 1-20 days of active, intermediate or community punishment and up to \$200 in fines. Examples of other Class 3 misdemeanors include removal of shopping carts from store premises and misuse of the 911 system. Senate Bill 594 introduced in 2013 would have raised graffiti vandalism to a Class 1 misdemeanor accompanied by a \$500 fine and a 24 hour community service requirement, if the cost to restore the vandalized structure exceeded \$1,000 or if the individual had been convicted of graffiti vandalism two or more times previously. Although the legislation was approved by the full House, it ultimately died in the Senate Rules Committee.

- 7. Support legislation enabling municipalities to access a portion of the proceeds of any statewide transportation bonds.**
 - **BACKGROUND:** In announcing the state's 25-year plan for transportation, Gov. Pat McCrory announced his intention to propose to the legislature in 2015 a \$1 billion bond for transportation projects in the state. Most of the money would be earmarked for specific projects in rural areas. This goal asks that municipalities directly receive some of the money generated by the bond the state issues to address local transportation needs.
- 8. Seek legislation to provide relief for municipal governments who are forced to pay the costs of municipal utility relocation related to NCDOT projects by doing the following: requiring non-municipal units of governments to pay the costs of utility relocations; raising the existing municipal population threshold for the requirement for reimbursement; and limiting reimbursement requirements to the widening of existing rights of way by NCDOT.**
 - **BACKGROUND:** Like nonprofit water or sewer associations/corporations, water and sewer authorities, county rural water public enterprise systems, sanitary districts, and municipalities of greater than 5,500 population to which a water and sewer authority's system was sold/transferred, municipalities with a population of 5,500 or less are not required to pay the relocation costs of city-owned underground utilities that are required to be moved as part of an NCDOT project. However, cities with populations over 5,500 are required to pay the relocation costs for underground utilities, if needed. Towns "borrow" the costs of relocation and are given four years to pay the relocation debt interest-free. Cities are then charged interest (prime plus 1%) on the outstanding balance, and Powell Bill funds are withheld and contributed towards satisfying the debt. This goal attempts to reconfigure the repayment system to provide relief for cities over 5,500 in population.
- 9. Seek legislation removing statutory limitations on funds that can be contributed to DOT projects by municipalities to improve priority level.**
 - **BACKGROUND:** Current policy prohibits municipal use of grant funds and Powell Bill funds for investment in DOT projects to improve priority ranking. Many municipalities rely heavily on Powell Bill funding for road and street

construction, maintenance, and improvement due to budget constraints and road costs. The General Government Legislative Action Committee believed that those cities and towns may be left out of the prioritization process unless they are allowed to use any funds available for contributing to road projects.

10. Support legislation to require the Courts to review gang injunctions issued under NCGS §14-50.43 after one year and extend or modify the injunction upon good cause shown by the parties.

- **BACKGROUND:** In an effort to combat gang activity, cities will sometimes file a lawsuit seeking declaration that the gang is a public nuisance. Such lawsuits may last longer than one year. While the lawsuit is pending, judges may issue an injunction against the gang activity in question. Currently, injunctions on gang activity issued under NCGS § 14-50.43 automatically expire after one year. This fails to take into consideration that the lawsuits seeking to abate gang activity can last longer than one year. This goal would allow any injunction issued against gang activity to remain in place until the lawsuit addressing the gang activity is resolved.

Infrastructure / Environment / Utilities

11. Oppose legislation that weakens or removes local control over public assets.

- **BACKGROUND:** In the last biennium, legislators showed an increased interest in legislation to remove municipal control over locally owned utility systems and other assets which were in many cases opposed by the affected municipality. This goal would have the League oppose any of these asset transfers or attempts at removal of municipal authority.

12. Seek legislation to strengthen the law regarding municipal decision-making authority of water and sewer provisions beyond municipal limits and ensure the existing municipal water and sewer system is given deference in order to support orderly growth.

- **BACKGROUND:** This goal responds to recent attempts by the state legislature to dictate the municipal provision of water and sewer service to areas outside municipal jurisdiction, such as the series of bills requiring the City of Durham to provide service to the “751 project” outside its corporate limits. The goal also addresses situations in which competing utility systems attempt to expand into areas otherwise associated with a city’s own water and sewer service.

13. Support legislation to enhance the authority of municipalities to own and operate municipal broadband systems in order to create more competition in the broadband market and provide more affordable services to unserved and underserved areas of the state in furtherance of economic development.

- **BACKGROUND:** This goal would have the League support repealing the many restrictions on municipal broadband networks imposed by legislation enacted during the 2011 Long Session. A handful of municipalities became interested in offering broadband after private broadband providers were either unwilling or unable to provide broadband to their residents. The League submitted comments to the FCC in support of preemption of state municipal broadband bans in August.

14. Support measures which maximize the ability of local governments to provide and manage high-quality services, including utilities and public enterprises, to meet the needs of the community.

- **BACKGROUND:** This goal responds to a push by a select group of legislators to review utility management practices of local officials. Specifically, an interim legislative study committee that convened this spring – and will likely meet again this fall – received presentations regarding local financial management of public enterprises such as water, wastewater, electric, and stormwater utilities. Several of the League’s existing Core Municipal Principles, such as the one seeking protection of existing municipal authority or the one supporting measures to allow municipalities to continue growing their communities, could accomplish a similar purpose as this goal.

15. Support legislation which grants statutory vested rights to water and sewer capacity, places time limits on those rights, vests those rights upon full approval of infrastructure engineering plans, and requires the property owner to sign an annexation agreement to reserve that capacity.

- **BACKGROUND:** Many municipalities across the state have policies under which developers may sign agreements to reserve capacity in the municipality’s wastewater collection system. Coming out of the recent economic downturn, statewide development interests stated a desire to have more certainty for this reserved capacity in the form of statutory vested rights to that capacity. This goal would guide the League in the event a legislator introduced such legislation by limiting the time for which such a right to sewer capacity could be held by a developer, stating the point in time at which those rights would vest, and requiring an annexation agreement in exchange for the vested rights. Without time limits, some municipalities would likely reach the maximum discharge amounts their wastewater systems could handle as currently engineered, a situation that would limit any future development potential in that community without an expansion of the wastewater treatment system. Without an agreement for voluntary annexation by the developer, the municipality would not have the benefit of increased property tax collections to accompany the increased level of services provided to that development, including centralized wastewater treatment.

16. Support legislation that recognizes public water supply as a riparian use.

- **BACKGROUND:** This goal addresses the legal rights of cities to use water for the purposes of a public water supply. Traditionally, North Carolina has operated under a “riparian rights” legal framework. Simply, this framework allowed every riparian owner – those who owned land touching a water body – to make reasonable use of the water. Under this framework, judges made the determinations of who had riparian rights to the use of water. Longstanding judicial precedent stated that public water supplies generally did NOT have a riparian right to water. This goal seeks to change that judicial precedent through legislation.

Land Use / Planning

17. Seek legislation to create a cooperative municipal-county planning framework for growth that allows for public participation, orderly development on the urbanizing edges of municipalities, and a streamlined dispute resolution process.

- **BACKGROUND:** The statutory device of an ETJ has not been substantively updated since its creation over a half-century ago when the state was predominantly rural, and the lack of a robust urban planning tool that is suited for modern development now leaves municipalities open to criticism. Now, after an initial blessing by the county commission, a municipality may establish an ETJ and conduct regulatory activities in the ETJ, an area where affected landowners do not directly vote for those municipal officials making those decisions that affect their property. Complaints regarding both Council-level legislative decisions as well as the staff-level enforcement actions have received significant legislative attention in recent years. Other states manage growth in a more comprehensive way to minimize the criticisms now faced by N.C. cities. A typical feature of the systems in these other states is equal involvement of the city and county elected boards in fashioning plans to guide growth and provision of services in urbanizing areas. Also in these states, a state-level authority often reviews these plans and arbitrates disputes. The first goal above seeks to address urban growth and service issues in a more comprehensive way than N.C. law currently allows, thereby addressing criticism of the current process and ensuring more fairness for individual property owners and more thoughtful growth patterns for the larger community.

18. Seek legislation to correct the constitutional issue within the annexation law requiring municipal construction of/payment for water and sewer lines across private property all the way to the home or structure.

- **BACKGROUND:** Annexation reforms in the 2011-12 legislative biennium required a city that undertakes city-initiated annexation to extend water and sewer infrastructure to service a home or structure. Prior to these legislative changes, city-owned water and sewer infrastructure typically ended at the meter in the city-owned right-of-way. This new requirement may violate North Carolina's "exclusive emoluments" constitutional provision, which disallows

governments from providing benefits to private individuals.

19. Oppose legalization of internet sweepstakes operations; however, if internet sweepstakes operations are legalized, support legislation that would protect the land use decision-making authority and authorize municipalities to levy taxes on said operations.

- **BACKGROUND:** In the wake of the video poker ban, video sweepstakes operations proliferated across North Carolina. Cities used zoning powers to restrict where the games could be operated, and taxed the operations and machines under privilege license tax authority. In 2008, the NC General Assembly banned “server based electronic game promotions,” and in 2010 chased industry software and gaming changes by expanding the 2008 ban to machine operations which included “internet sweepstakes.” In December 2012 the North Carolina Supreme Court upheld the constitutionality of the legislation that banned the operations. Despite the ban being upheld, internet sweepstakes cafes continue to operate around the state due to inconsistent prosecution of operators and retooled gaming systems that attempt to work around the law.

20. Seek legislation to reestablish authority for city-initiated annexation of “doughnut holes,” areas of land that are completely surrounded by municipal territory, and categories of right-of-way that have been accepted for maintenance by either a city or the NCDOT and in which there are no registered voters.

- **BACKGROUND:** In the annexation reform bill from 2012, legislative leaders intended to allow cities to retain the authority to involuntarily annex areas completely surrounded by municipal jurisdiction, rather than utilize the referendum process otherwise required for city-initiated annexations. However, this authority was not preserved in the final version of the bill. Annexation of these areas allows for a continuity of municipal services within a city’s larger sphere of jurisdiction.

21. Support legislation that provides municipalities with additional tools/incentives to encourage developers to undertake economic development projects in economically distressed or blighted areas of the city.

- **BACKGROUND:** Tools encouraging additional economic development investment in economically distressed areas has been a goal of several member municipalities in past advocacy goals cycles. Previous goal submissions that may have helped achieve this aim include the establishing of a transferrable tax credit for building reuse projects, and the statewide extension of flexible bidding provisions for Downtown Development Projects to development projects within economically distressed neighborhoods. This goal, as written, does not specify any specific strategies but would have the League support legislation providing any type of additional tool/incentive that would serve to benefit economically distressed or blighted areas.

22. Seek legislation that allows aesthetic-based design standards for residences in and adjacent to existing neighborhoods, including designated historic districts, as well as for all residences when based on public safety.

- **BACKGROUND:** For the last several legislative sessions, development interests have promoted legislation to limit the ability of local governments to regulate via aesthetic-based design standards, especially for one- and two-family residences. While those proposals have not ultimately become law, the League expects to see a similar proposal in the upcoming legislative session. This goal seeks a policy aim that would preserve some existing authority to regulate aesthetic-based design standards. Specifically, the goal prioritizes retaining the ability to impose such standards in existing neighborhoods (infill) and historic districts. In addition, the goal asks for retaining the ability to impose aesthetic-based design standards, such as garage and door placement, when necessary for public safety purposes.

23. Support tree protection legislation.

- **BACKGROUND:** This goal restates the League's Core Municipal Principle on municipal authority, with a specific emphasis on protecting municipal authority to regulate trees. The goal responds to an April proposal by an interim legislative study committee that would have eliminated this local authority. That proposal did not advance in the legislature this session thanks to intense outreach by municipal officials statewide.

24. Seek legislation that reforms the current protest petition process to increase the property owner participation requirements for submitting a petition.

- **BACKGROUND:** Development interests have sought changes to the state's protest petition process for the past few legislative sessions, including an unsuccessful provision from the 2014 legislative session that would have eliminated the protest petition tool altogether. Currently, state law allows certain affected property owners to submit a protest petition in response to a zoning map amendment proposal. Upon receipt of a complete (or "qualified") petition, the council vote must be a supermajority vote of three-fourths in favor of the rezoning in order for the motion to pass. The tool, first included in our statutes in 1923 before modern means of citizen input such as planning commissions, requires either 20% of property owners within the area of the proposed rezoning, or 5% of neighboring property owners, to sign the petition in order for the petition to be qualified. This goal seeks to avoid a complete repeal of the authority – a distinct political reality in 2015 – by proposing to increase the percentages of property owner signatures required in order to qualify a protest petition.

25. Seek legislation authorizing land banks.

- **BACKGROUND:** Land banks help local governments manage vacant, foreclosed, and abandoned property that is either severely tax delinquent or has become a chronic nuisance issue due to repeated violations of health and safety codes. Set up as a public authority or a separate corporate entity from a government, land banks provide special tax and lien foreclosure tools and the ability to manage and sell or otherwise reuse problem properties or districts within a city. While not specifically authorized under current N.C. law, land banks are becoming a more widely-used tool in the revitalization process around the country and are often used in public-private partnerships for the development of stable neighborhoods with widespread tax delinquency and code violation issues. Funding may initially come from a city's general fund, but over time, land banks can become self-funding. This goal would set up a statutory structure to allow a local government to form a straightforward land bank entity.

26. Seek legislation to explicitly authorize local building inspection programs to charge re-inspection fees when more than one re-inspection is required.

- **BACKGROUND:** Many local government building inspection departments currently charge re-inspection fees when a builder requests an inspection but

has not adequately prepared the structure for the inspection. Some jurisdictions have implemented a sliding scale for these fees, where the charge for each successive re-inspection increases. Usually, the sliding scale fee structure is intended to deter builders from using inspectors to troubleshoot their workmanship and create a punch list for the builder. However, these fees create a natural tension between builders and local communities, and as a result, the League has learned of legislative interest to limit re-inspection fees. (Note that no legislation on this topic has yet been introduced.) This goal would have the League proactively seek to defuse this tension by seeking explicit authority to charge re-inspection fees in the instance that more than one re-inspection is required for any particular structure.

Tax & Finance

27. Seek legislation to authorize a state bond to provide low-cost loans to local governments and authorities for infrastructure.

- **BACKGROUND:** Grants to assist with funding water, wastewater, and stormwater infrastructure improvements are very limited, which means municipalities must borrow to finance large projects. This goal proposes increasing funds by having the state borrow funds through a general obligation bond and then loan the funds to local governments. The funds would be borrowed at the interest rate available to the state under its AAA bond rating, which would be a lower rate than is available to many cities and towns. Such an approach would not require the State to spend additional money because the debt service on the bonds would be paid by local governments through their repayment of the funds loaned to them. The goal, recommended by the Tax & Finance LAC, includes general infrastructure projects, which could include transportation projects, among other types of projects.

28. Seek legislation providing municipalities with additional local option tax revenue sources to replace the significant revenue lost through elimination of the local privilege license tax.

- **BACKGROUND:** Due to legislation passed during the 2014 session of the General Assembly, municipal authority to levy a local privilege license tax will expire as of July 1, 2015. This has been estimated to cost municipalities at least \$62 million statewide. This goal shares some similarities with another goal recommending modernization and enhancement of the local tax system, but also makes clear that a revenue source to replace the local privilege license tax is needed.

29. Seek legislation to modernize and enhance the existing local tax system by:

- a) **Giving municipalities the authority to levy a sales tax that applies within their corporate limits and is solely a municipal revenue;**
- b) **Expanding the sales tax base to include more services, provided that any accompanying change in the local sales tax rate includes a perpetual hold harmless provision for individual cities and towns;**
- c) **Allowing all municipalities to adopt occupancy taxes and use revenues from those taxes to fund municipal service and infrastructure costs in**

- order to support travel and tourism; and
- d) **Providing all municipalities with additional local option tax revenue sources.**

- **BACKGROUND:** The League membership approved a goal with some similarities to the one above in anticipation of tax reform discussions the General Assembly would undertake in 2013. There are indications that legislators would like to attempt further tax reform in 2015.

30. Seek legislation to alter the current statutes governing distribution of local sales taxes by:

- a) **Establishing alternative methods which counties may use to distribute sales tax revenues, including, but not limited to, a combination of existing distribution formulas and/or new distribution formulas, including factors such as the location of the point of sale;**
- b) **Requiring a one-year delay in implementation when a county changes its method of distributing sales tax revenue; and**
- c) **Requiring a study of the impact of any change in sales tax distribution method, including input from all affected municipalities, before any such change could be implemented.**

- **BACKGROUND:** At the Tax & Finance LAC's spring meeting, members expressed interest in the method counties can use to distribute sales taxes to the cities in their borders, and with the process for changing this distribution method. Currently counties can choose between ad valorem (property value) and per capita (population) distribution methods, and they can make the change in April of any calendar year, with the change taking effect in the next fiscal year. Members of the subcommittee opted to incorporate section b) from the League's existing goals, and recommend the language in parts a) and c) as well.

31. Seek legislation to give municipalities the option to use electronic legal public notices in lieu of publication in a newspaper.

- **BACKGROUND:** Current law requires municipalities to use publication notice to provide public notice in many different situations. Cities and towns can supplement these state mandates through electronic notice on websites and other locations, but are not required to do so. This goal would eliminate the publication notice and authorize electronic notice as sufficient for public

notice.

32. Seek legislation to increase Clean Water Management Trust Fund appropriations and restore the fund's recurring appropriation.

- **BACKGROUND:** The N.C. General Assembly eliminated funding for wastewater or traditional stormwater infrastructure from the Clean Water Management Trust Fund in 2013. Now, local governments may apply to access these funds only for a limited set of purposes, which could include: land acquisition of land with ecological, historical, and cultural significance for the state; innovative stormwater projects; or acquisition of land to provide buffers around military bases. Local government projects receiving awards in September 2014 included stormwater and parks projects.

33. Support legislation to establish a competitive film incentive program and preserve the state historic tax credits.

- **BACKGROUND:** The film production expense credit is designed to make North Carolina competitive with other states as a site for film and television productions. The money spent by production companies during filming is considered to be a boost to the local economy. Every \$1,000,000 of film tax credit is estimated to generate \$230,000 of local sales tax statewide. The credit sunsets as of January 1, 2015. Prior to the start of the 2014 Long Session, the Tax & Finance LAC recommended, and the League's Board of Directors approved, adding extension of the state historic tax credits to this goal. Those historic tax credits are also set to expire on Jan. 1, 2015, and have spurred millions of dollars in local economic development investments in recent years.

34. Support legislation which defends the fiscal integrity of the Local Government Employees' Retirement System and its defined benefit structure, promotes reasonable pension reforms that are prospective in nature, and meets the needs of local employees, employers, and retirees.

- **BACKGROUND:** Despite being over 99% funded, pressure is building to convert the LGERS to a traditional 401(k) style pension system, in the wake of anti-public employee sentiment and public pension systems in other states

which have not been well managed or funded. While reforms are needed, a complete overhaul is not warranted in North Carolina.

35. Seek legislation that establishes a revenue source to compensate municipalities for infrastructure damages caused by oil and gas extraction operations and that grants municipalities the authority to require repairs for damaged infrastructure.

- **BACKGROUND:** Over the past few legislative sessions, the N.C. General Assembly passed a series of bills that would allow onshore oil and gas extraction in the state (hydraulic fracturing). While comprehensive, those bills did not establish a revenue source to compensate local governments for damages to infrastructure caused by this new industrial activity. A 2013 League survey of Arkansas cities and towns (chosen because the volume of extraction activities in this state is similar to the volume predicted for North Carolina) found that cities will experience the preponderance of negative impacts from these oil and gas activities as damages to transportation infrastructure such as roads, curbs, gutters, signs, and related infrastructure. This goal asks the legislature to establish a revenue source for the industry to fund these repairs, and it also asks the legislature to give municipalities the explicit authority to contract with individual companies to pay for needed repairs due to that company's industrial activities.

36. Seek legislation to allocate a greater portion of the state's Community Development Block Grant funding for housing purposes.

- **BACKGROUND:** The federal Community Development Block Grant (CDBG) program gives states funding that can be spent on a wide variety of community development purposes, including water/wastewater infrastructure, housing, and public facilities, among others. Local governments that do not receive a direct CDBG allocation from the federal government may apply to the State for these funds in a competitive process. Federal CDBG laws and guidance give states the flexibility to allocate their funds in a manner tailored to their specific needs. Because this decision involves budgetary policy discretion, the N.C. General Assembly ultimately determines the mix of spending purposes. In recent years, legislators have chosen to direct these

funds to water/wastewater infrastructure projects. This goal seeks to redirect some of the state's CDBG funds toward housing-related projects.

37. Seek legislation enhancing municipal authority to collect the property taxes they are legally owed and provide additional options for managing properties that fail to pay their property taxes.

- **BACKGROUND:** In conversations with the League, legislators have expressed that they believe local governments need to have additional methods at their disposal to collect delinquent property taxes. At least one legislator believes North Carolina local government authority should more closely mirror that of South Carolina, where statute gives municipalities the authority, by ordinance, to provide a procedure for collecting delinquent real and personal property taxes, adopt statutory procedure used by counties, or to contract with a county or a firm to collect taxes.

38. Seek legislation to expand grant funding for the development of local recreational facilities.

- **BACKGROUND:** The N.C. Parks & Recreation Trust Fund provides dollar-for-dollar grants to local governments, allowing them to use the funds to acquire land and/or to develop parks and recreational projects. This goal asks for additional funding to this trust fund, as well as any other state funds for recreational purposes.

39. Seek legislation to allow all municipalities to adopt impact fees to pay for growth-related infrastructure and services.

- **BACKGROUND:** Impact fees are one-time public charges applied to new construction that are levied by local governments to pay for the off-site costs associated with the new development. These fees are needed to ensure that developers pay for the full public costs that development imposes on communities. Several studies have shown the local public sector costs of development exceed the local tax revenues derived from the development.

40. Seek legislation preventing municipalities from being additionally charged for services which are already funded through the payment of county property taxes.

- **BACKGROUND:** A number of League member municipalities have recently raised concerns about being additionally charged by their county for services which are provided county-wide. Municipal residents are already contributing to the funding of these services through the payment of the same county taxes that unincorporated residents are paying, but municipal governments are being asked to contribute additional funds for the provision of these services within city limits. This goal would have the League seek statutory clarification on what city governments can be charged for such services.

41. Seek/support legislation to ensure that assessed property values more accurately reflect market values between property revaluations.

- **BACKGROUND:** Current law in North Carolina requires counties to conduct a countywide revaluation of all real property at least every eight years, though many counties use a shorter cycle. For larger counties there is also a provision that they conduct a countywide revaluation when the ratio of sales values to assessed values are higher or lower by more than 15 percent, though as yet no counties have been forced to conduct a revaluation as a result of that provision. Conversations with legislators indicate that they would like to see changes in the property assessment process. This could involve some combination of a mandatory shorter revaluation cycle, a lower threshold for mandatory revaluation mid-cycle, or greater involvement from the state in the assessment process, among other options.

Regulatory Goals

- 1. Support solutions addressing nutrient impairment in waters that: are based on current site-specific data and analysis, demonstrate use impairment, assign responsibility proportionate to the source of impairment, and equitably hold accountable all contributors to the impairment.**
 - **BACKGROUND:** The N.C. Division of Water Resources continues to pursue watershed-scale nutrient regulation across the state. Next, it will target strategies for High Rock Lake, the middle Cape Fear River, and the Albemarle Sound. This goal lists factors to consider when addressing nutrient impairment of waters on a statewide level.
- 2. Seek policies that provide flexibility when implementing programs guided by water quality standards adopted through the triennial review process.**
 - **BACKGROUND:** After adoption of surface water quality standards through the federally-mandated triennial review process, states must then implement those standards by translating the numbers into NPDES wastewater permits. The policies followed by DENR when implementing these standards produce results that are outliers for the rest of the EPA Region 4 states. Revisions to these policies would reduce the financial impact of the revised water quality standards, while still protecting aquatic life in the receiving streams.
- 3. Seek updated regulatory procedures that would provide more openness, transparency, flexibility, and use of current site-specific data for development of the impaired waters list and the system of rating water bodies.**
 - **BACKGROUND:** This goal addresses principles on which to base any suggestions for two regulatory procedures of significant impact to N.C. municipalities: the 303(d) list and the stream classification system. Specifically for stream classifications, scientific studies have repeatedly demonstrated that urban streams will never achieve the standards of rural streams, even if all development and human impacts are removed from the area. Therefore, this goal addresses the fundamental differences in stream characteristics between urban and rural streams, and seeks the ability to have different regulatory standards applied to these two types of streams. Currently, all water bodies in North Carolina are evaluated under the same

stream “use support” system.

4. **Seek administrative changes to water, wastewater, and stormwater infrastructure funding programs to prioritize public projects that: repair, rehabilitate, or replace existing failing infrastructure; reduce nonpoint source pollution, even when a permit condition requires the measures; protect or improve the quality of drinking water sources; assist systems in managing assets; contain a long-range planning component; incentivize innovative projects; or address impaired waters.**
 - **BACKGROUND:** All three Regulatory Action Committee (RAC) subcommittees requested a rewritten infrastructure funding goal that focused on WHAT funds could be spent on rather than WHERE to obtain funds. This goal presumes that existing infrastructure funding programs will remain funded.
5. **Support legislation to create a legal framework that recognizes the rights of local government to allocations from public trust water resources in an amount adequate to meet the community’s long-range water supply needs.**
 - **BACKGROUND:** This goal addresses the topic of water allocation and preservation of existing municipal withdrawals and that an allocation should be adequate to supply the maximum plant design capacity of the water treatment plant.
6. **Seek legislation that restores and clarifies municipalities’ ability to create stream, wetland, nutrient and buffer mitigation banks and provides methods and procedures for doing so.**
 - **BACKGROUND:** After a 2011 law, if a city or town did not have a stream, buffer, or wetland mitigation banking program in place prior to July 1, 2011, it could not create one. If forced to use a private mitigation bank, the local government often doesn’t benefit because the mitigation takes place outside its jurisdiction. A municipal mitigation bank could prioritize urban stream mitigation.

7. **Seek legislation requiring a finding of affordability to the community when issuing permits enforcing provisions of state or federal clean water laws.**
 - **BACKGROUND:** Missouri passed an Affordability Act (HB 89) that sets standards for MO's Department of Natural Resources to conduct an affordability analysis and issue an affordability finding when issuing permits with new discharge requirements or enforcing provisions of clean water laws pertaining to sanitary systems, stormwater systems, and treatment works.

Federal Goals

1. Oppose federal regulatory changes that expand the jurisdictional reach of the Clean Water Act.

- **BACKGROUND:** On April 21, 2014, the EPA and the Army Corps of Engineers published a new rule attempting to clarify which waters are subject to the Clean Water Act (CWA). The proposed rule would change the CWA definition of "Waters of the U.S.," which is used to determine whether individual water bodies are jurisdictional under the CWA and thereby subject to permitting and other CWA requirements. Expanding the waters that come under regulation by the Clean Water Act could mean further costs to those developing land with those waters on it, including municipalities and developers.

2. Support legislation allowing municipalities to collect the sales tax they are currently owed on purchases from Internet-based retailers.

- **BACKGROUND:** In recent years the U.S. Congress has considered the Marketplace Fairness Act, which would give local governments the authority to collect the sales tax on purchases from Internet-based retailers that they are currently owed. Current law requires those taxes to be paid, but it does not give local governments the authority to collect them. The Marketplace Fairness Act passed the U.S. Senate this year but was not considered by the U.S. House of Representatives. Passage of the legislation is a federal advocacy priority for the National League of Cities (see below).

NLC Priority: NLC calls on Congress to pass the Marketplace Fairness Act to place brick-and-mortar community businesses on a level playing field with online retailers and afford consumers more choice through fair competition. Allowing local governments the flexibility to collect the taxes already owed to them on remote online purchases removes an unfair disadvantage for local businesses, while helping cities close budget gaps. Collecting owed sales taxes means more money for basic services, such as roads and police officers, without increasing the overall federal deficit.

The following principles provide a foundation to advocate for excellence in N.C. municipal government, with the objective of giving elected officials the ability to create a high quality of life for hometowns to provide economic opportunity, and to attract businesses, residents, and visitors.

Authority

Preserve existing municipal authority

The League supports a broad construction of municipal powers, and therefore stands opposed to legislation preempting municipal authority and to measures designed to otherwise erode local control of significant municipal issues.

Revenues

Protect local revenue streams

The League supports measures to ensure the fiscal stability of cities, including the preservation of existing local revenue sources. In addition, the League supports the equitable distribution of state-collected revenues, the autonomy of local elected officials to determine the best use of their revenues, and the authorization of replacement revenues for repealed fiscal authorities.

Mandates

Minimize state and federal mandates

The League opposes requirements by the state and federal governments to appropriate funds for particular programs or functions, or to make specific management decisions, that were not voluntarily agreed to by the local elected body. The League only supports mandates to expend monies if the directive is accompanied by implementation funds.

Open Government and Ethical Conduct

Promote open government and ethical conduct

The League supports the principle of openness in government, with reasonable exceptions when such limitations are in the public interest, for all levels of government. Further, the League supports adherence to the

highest standards of ethical conduct by elected and appointed officials at all levels of government.

Liability

Limit imposition of liability

The League opposes proposals placing burdensome liability upon municipalities, including measures that seek to erode well-established principles of immunity or other defenses.

Growth

Support responsible growth and economic development policies

The League supports the ability of local officials to target their resources toward the specific investments needed in their communities to grow and attract jobs. To that end, the League supports initiatives and policies that contribute to making N.C. hometowns more attractive places to live, work, and visit, while respecting the rights of current residents.

Regulation

Support science-based, equitable, cost-effective, flexible regulatory solutions.

The League supports providing regulatory agencies sufficient funding and flexibility for program implementation. Further, the League supports an inclusive process for developing regulations that apply to municipalities. This process should prioritize the most critical concerns, allow localized solutions, account for compliance costs, eliminate duplicative regulations, apply proportionally to all contributors of pollution, and avoid layering with safety factors and conservative assumptions that are not based on a reasonable risk management approach.

Long-Term NCLM Policy Development

(even-numbered years)

Source of Ideas

LAC/RAC Visioning
January-October

NCLM Members
May-August

Narrow Down Ideas

LAC/RAC vote
August-September

- Debate
- Reject/Add
- Amend

Recommend Ideas

Board recommends advocacy goals proposals
Mid-October

- Debate
- Reject/Add
- Amend

Member review
October-December

Finalize Ideas

***Next Conference
December 11, 2014*

Advocacy Goals Conference

(December, even-numbered years)

- Entire membership considers proposals
- Debate
- Reject/Add
- Amend

Advocacy Goal Submission Form

In addition to the goals that have come through the complete policy development process, additional goals are eligible for consideration by the Goals Review Committee (NCLM Executive Committee, plus 2014 policy committee chairs), and voting delegates at the conference. A form for submitting additional goals is below. Additional goals will only be accepted for consideration if they are approved by resolution by the governing body of a municipality. Resolutions must explicitly state that the governing body is proposing an additional goal for consideration at the Advocacy Goals Conference.

Proposals for additional goals will be presented to the Goals Review Committee, which will determine whether the goal should be considered at the Advocacy Goals Conference. If you wish to submit an additional goal for consideration at the Conference, please return this form along with a copy of the adopted resolution to the address, fax number, or email below:

Chris Nida
Director of Research and Policy Analysis
NCLM
215 N. Dawson Street
Raleigh, NC 27603

Fax: (919) 301-1012
Email: cnida@nclm.org

Proposals must be received in the League office no later than close of business Monday, December 1, 2014.

PROPOSED GOAL

The League will seek/support* legislation to _____

EXPLANATION

Please explain the intent of the goal and why the League should adopt it:

** Please circle either seek or support to indicate whether you wish the League to actively seek legislation to implement this goal, or merely to support legislation if it is offered by others.*

Name: _____

Title: _____

Municipality: _____

Email: _____ Phone: _____

2014 Advocacy Goals Conference
Raleigh Convention Center

Below is a preliminary agenda for the N.C. League of Municipalities' Advocacy Goals Conference, to be held Thursday, Dec. 11, 2014, at the Raleigh Convention Center. At the conference the League membership will come together to debate, discuss, and ultimately adopt the League's legislative, regulatory, and federal advocacy priorities for the 2015-2016 biennium. We hope attendees will also be able to join us in downtown Raleigh the night before at 6 p.m., Wednesday, Dec. 10, for a pre-conference reception. Legislative and key state agency officials will also be invited to Wednesday night's reception.

8:30 a.m.	Registration open/light refreshments available
9:30-9:40	Welcome and introductions
9:40-10:00	Staff explanation of proposed regulatory goals
10:00-10:15	Regulatory goal setting and prioritization
10:15-11:00	Staff explanation of proposed legislative goals
11:00-11:15	Break
11:15-11:30	Staff explanation of proposed legislative goals (cont.)
11:30-12:00	Goal Setting: Infrastructure/Environment/Utilities
12:00-12:30	Goal Setting: Land Use/Planning
12:30-1:30	Lunch - Key Legislative Leaders Invited to Speak
1:30-2:00	Goal Setting: General Government/Transportation
2:00-2:30	Goal Setting: Tax & Finance
2:30-2:45	Break
2:45-3:15	Legislative goal prioritization
3:15-3:30	Federal goal setting and adoption
3:30-3:45	Adoption of Core Municipal Principles
3:45-4:00	Adoption of Municipal Advocacy Goals

* Note: Governor Pat McCrory has been invited to join the conference and address the League membership.