

ATTACHMENT 3

AGENDA #2a

MEMORANDUM

TO: Mayor and Town Council

FROM: W. Calvin Horton, Town Manager
Ralph D. Karpinos, Town Attorney

SUBJECT: Public Hearing on Potential Legislative Requests

DATE: April 8, 2002

The purpose of tonight's hearing is to receive public comment on proposals for inclusion in the Town's Legislative Program for the upcoming "short session" of the North Carolina General Assembly. After tonight's hearing, we recommend that the Council refer comments to the Manager and Attorney for a follow-up report on May 13.

BACKGROUND

At the January 29 Public Forum on the Budget, the Council identified potential issues for discussion with the Legislative Delegation. The Council met with the Legislative Delegation on February 25 to discuss the State's budget shortfall and its impact on the Town. On March 25, the Council adopted a resolution that included various potential issues for discussion with the Delegation and established tonight's hearing for public comment. These items are listed below under the "Potential Issues" section.

The Council is scheduled to meet with the Legislative Delegation at 7:30 a.m. on May 2 at the Sheraton Hotel to review potential legislative requests.

The General Assembly convenes for its "short session" this year on May 28. The deadline for submittal of local bills to Legislative Bill Drafting is 4 p.m. on June 5 for the House and 4 p.m. June 12 for the Senate. Legislative rules require that during this "short session," the principal sponsor of any local bill certify that no public hearing in the Legislature will be required or requested on the bill; that the bill is non-controversial; and that the bill is approved for introduction by each member of the local delegation.

POTENTIAL ISSUES

On March 25, the Council adopted a resolution calling this hearing on potential actions to:

- Protect Town Revenues
- Impose Tax on Tickets to University Athletic Events
- Increase the Beer and Wine Tax
- Impose a Real Estate Transfer Tax

- Impose a Mandatory Program for Recycling of Bottles and Cans
- Establish a Vehicle License Requirement for University Students
- Provide Investment Tax Credits for Developers Who Build Affordable Housing
- Provide Increased State Staffing for Sedimentation and Erosion Control Enforcement (See Attachment 2).

Also on March 25, the Council adopted a resolution endorsing the efforts of the N.C. Metropolitan Coalition in identifying other sources of funds that could be used as alternatives to the Governor's escrow of local revenues (also with Attachment 2). The additional sources identified by the Council were as follows:

- Tobacco Settlement Funds
- Economic Development Fund
- Highway Trust Fund
- Hurricane Floyd Funds
- Sales of Assets.

Notice of tonight's Public Hearing was published in *The Chapel Hill News* on Sunday, March 31, and Wednesday, April 3.

NEXT STEPS

The Council may wish to consider adding items to the proposed list during tonight's discussion.

Following tonight's hearing, the Council will have an opportunity to consider adopting a legislative program on May 13 in order to submit the Town's legislative program prior to the June 5 N.C. House deadline and the June 12 N.C. Senate deadline for local bills.

The May 2 meeting will provide an opportunity for discussion with the Legislative Delegation.

RECOMMENDATION

That the Council refer tonight's public comments to the Manager and Attorney for a follow-up report on May 13.

ATTACHMENTS

5. Announcement of Public Hearing (p. 3).
6. March 25 Memorandum to the Council (p. 4).

**PUBLIC HEARING BY THE CHAPEL HILL TOWN COUNCIL
ON POTENTIAL LEGISLATIVE REQUESTS**

MONDAY, APRIL 8, 2002, AT 7:00 P.M.
Town Council Chambers, Town Hall
306 N. Columbia Street
Chapel Hill, NC 27516

All citizens are invited to attend and speak at a public hearing at 7:00 p.m. on Monday, April 8, 2002, to comment on potential items to be included in the Town Council's Legislative Program for the upcoming short session of the N.C. General Assembly.

The Council's previous discussions included these potential requests for legislation:

- Protection of Town Revenues
- Tax on Tickets to University Athletic Events
- Beer and Wine Tax
- Real Estate Transfer Tax
- Mandatory Program for Recycling of Bottles and Cans
- Vehicle License Requirement for University Students
- Investment Tax Credits for Developers Who Build Affordable Housing
- Increased State Staffing for Sedimentation and Erosion Control Enforcement.

Comments are also welcome by fax (919-969-2063) or by electronic mail (mayorandcouncil@townofchapelhill.org or manager@townofchapelhill.org).

MEMORANDUM

TO: Mayor and Town Council

FROM: W. Calvin Horton, Town Manager
Ralph D. Karpinos, Town Attorney

SUBJECT: Resolution Calling a Hearing on Potential Legislative Requests

DATE: March 25, 2002

The attached Resolution A would call a public hearing for April 8, 2002, to receive public comment on potential items to be included in the Council's Legislative Program for the upcoming short session of the North Carolina General Assembly. Resolution B would endorse the efforts of the N.C. Metropolitan Coalition.

BACKGROUND

At the January 29 Public Forum on the Budget, the Council identified potential issues for discussion with the Legislative Delegation. These items are listed below under the "Potential Issues" section. The Council's original calendar called for a meeting with the Delegation on February 22, but that meeting was deferred because the General Assembly's "short session" does not start until May 28. The Council met with the Legislative Delegation on February 25 to discuss the State's budget shortfall.

The Council now has the opportunity to call a hearing to receive public comment on the issues the Council wishes to consider including in its Legislative Program. The Council could then review potential legislative requests with the Legislative Delegation.

The General Assembly convenes for its "short session" this year on May 28. The deadline for submittal of local bills to Legislative Bill Drafting is 4 p.m. on June 5 for the House and 4 p.m. June 12 for the Senate. Legislative rules require that during this "short session" the principal sponsor of any local bill certify that no public hearing in the Legislature will be required or requested on the bill; that the bill is non-controversial; and that the bill is approved for introduction by each member of the local delegation.

POTENTIAL ISSUES

On January 29, the Council discussed a number of possible legislative matters for consideration as local bills or issues of State-wide concern. As we understand it, the General Assembly normally does not take action in a "short session" on issues that are deemed to be controversial. It is possible that all of the issues listed below may be deemed controversial this year.

The Council's previous discussions included potential requests for legislation as follows. We have included these items in Resolution A:

Revenues

Protection of Town Revenues

Protection of existing local government revenue sources, including local option sales taxes, utility franchise taxes, intangibles tax reimbursements, beer and wine taxes, business inventory tax reimbursements, and State Fire Protection funds.

Tax on Tickets to University Athletic Events

On February 11, the Council received a petition from Roland Giduz to request a tax on University basketball and football ticket sales to provide additional revenues (Attachment 1).

Beer and Wine Tax

Increase the tax on beer and wine sales and provide greater revenue to cities.

Real Estate Transfer Tax

A Real Estate Transfer Tax would be paid when title of land passes from one owner to another.

Environmental and Transportation Issues

Mandatory Program for Recycling of Bottles and Cans

A State-wide, mandatory program for recycling bottles and cans would increase the quantity of such materials that are recycled.

Vehicle License Requirement for University Students

University students whose residences are in Chapel Hill but whose vehicles are not registered in Orange County would be required to pay a \$25 student vehicle registration fee.

Housing and Community Development Issues

Investment Tax Credits for Developers Who Build Affordable Housing

Tax credits for developers who build affordable housing would provide an incentive to construct additional units.

Increased State Staffing for Sedimentation and Erosion Control Enforcement

The N.C. Sedimentation Control Commission has established rules and regulations to protect the environment from sedimentation and soil erosion. A staff is in place to inspect and enforce the

sedimentation and erosion control laws. However, the staff is limited, with one technician to enforce dam safety, mining regulations and sediment and erosion control for a three-county area including Orange County. We understand that, on average, each construction site within a region will be inspected once every two or three months for sediment and erosion control compliance. It appears that additional staffing will be necessary because of the volume of University development during the next decade.

N.C. METROPOLITAN COALITION ISSUES

The N.C. Metropolitan Coalition, together with the N.C. League of Municipalities and the N.C. Association of County Commissioners, has announced its opposition to Governor Easley's escrow of local revenues to balance the State's Fiscal 2001-02 budget. When the Coalition members met with the Governor on February 13, the Governor invited the local government representatives to identify other options to meet his obligation to balance the State budget. The Coalition formed a State Budget Task Force to review other options and identified other sources of funds that could be used as alternatives to the Governor's escrow of local revenues.

We have included this list as Attachment 2. The list includes the following alternative revenue sources:

- Tobacco Settlement Funds
- Economic Development Fund
- Highway Trust Fund
- University Overhead Receipts
- Hurricane Floyd Funds
- Sales of Assets.

The Council may wish to consider endorsing these efforts in the accompanying Resolution B.

NEXT STEPS

The Council may wish to consider adding items to the list of those included in the proposed Resolution A or deleting some of those already listed.

Following the hearing on April 8, the Council will have an opportunity to consider adopting a legislative program on April 22 or May 13 in order to submit the Town's legislative program prior to the June 5 N.C. House deadline and the June 12 N.C. Senate deadline for local bills. The Council also may wish to schedule a meeting with the Legislative Delegation.

RECOMMENDATION

That the Council adopt the attached Resolution A calling a public hearing for April 8, 2002, to receive comment from the public prior to considering adoption of a legislative program for the Town, with whatever revisions the Council determines.

The Council may also wish to adopt Resolution B, endorsing the efforts of the N.C. Metropolitan Coalition.

ATTACHMENT

1. February 11, 2002 Petition from Roland Giduz (p. 7).
2. N.C. Metropolitan Coalition Information from March 20, 2002 (beginning with email from Beau Mills (p. 9).

RESOLUTION A**A RESOLUTION CALLING A PUBLIC HEARING FOR APRIL 8, 2002, TO RECEIVE PUBLIC COMMENT ON PROPOSALS FOR CONSIDERATION AS PART OF THE TOWN OF CHAPEL HILL'S LEGISLATIVE PROGRAM FOR THE UPCOMING SESSION OF THE NORTH CAROLINA GENERAL ASSEMBLY (2002-03-25/R-2a)**

BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council calls a public hearing for April 8, 2002, at 7 p.m. in the Council Chambers of Town Hall on the following proposed items for consideration as part of its Legislative Program for the upcoming session of the General Assembly:

- Protection of Town Revenues
- Tax on Tickets to University Athletic Events
- Beer and Wine Tax
- Real Estate Transfer Tax
- Mandatory Program for Recycling of Bottles and Cans
- Vehicle License Requirement for University Students
- Investment Tax Credits for Developers Who Build Affordable Housing
- Increased State Staffing for Sedimentation and Erosion Control Enforcement

This the 25th day of March, 2002.

RESOLUTION B**A RESOLUTION ENDORSING THE EFFORTS OF THE N.C. METROPOLITAN COALITION STATE BUDGET TASK FORCE IN IDENTIFYING ALTERNATIVE REVENUE SOURCES TO BALANCE THE STATE'S BUDGET SHORTFALL (2002-03-25/R-2b)**

WHEREAS, the N.C. Metropolitan Coalition, together with the N.C. League of Municipalities and the N.C. Association of County Commissioners, has announced its opposition to Governor Easley's escrow of local revenues to balance the State's Fiscal 2001-02 budget; and

WHEREAS, the Coalition formed a State Budget Task Force to review other options and identified other sources of funds that could be used as alternatives to the Governor's escrow of local revenues; and

WHEREAS, the Coalition State Budget Task Force identified the following as alternative revenue sources:

- Tobacco Settlement Funds
- Economic Development Fund
- Highway Trust Fund
- Hurricane Floyd Funds
- Sales of Assets.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council hereby endorses the efforts of the N.C. Metropolitan Coalition State Budget Task Force in identifying alternative sources of revenue to balance the State's budget shortfall.

This the 25th day of March, 2002.

Amended 3-26-02.