

Special Session, Monday, February 2, 2015, 8:00 a.m.
Catawba County Board of Commissioners

The Catawba County Board of Commissioners met in special session on Monday, February 2, 2015, at 8:00 a.m. in the 2nd Floor Meeting Room of the Government Center in Newton, North Carolina. The purpose of this special meeting was for the Board of Commissioners to meet with its Local Legislative Delegation to discuss legislative goals.

Present were Chair Randy Isenhower, Vice-Chair Barbara G. Beatty and Commissioners Katherine W. Barnes, Sherry E. Butler and Dan A. Hunsucker, North Carolina State Representatives Mitchell Setzer and Jay Adams, and North Carolina Senator Andy Wells.

Also present were County Manager J. Thomas Lundy, Assistant County Managers Dewey Harris and Mary Furtado, Social Services Director John Eller, County Attorney Debra Bechtel, IMCA Fellow Megan Dale and County Clerk Barbara Morris.

Chair Randy Isenhower welcomed all and thanked the Legislative Delegation for its attendance. He stated that the basis for the Board's legislative goals was to maintain the current funding, not to ask for much more in the amount of funding and to oppose unfunded mandates.

The following Catawba County Board of Commissioners' legislative goals were discussed with the delegation (note these goals were adopted at the Board's retreat on January 7, 2015):

- **Preserve and expand revenue options**

County governments have limited options for additional revenue sources. Additional sales tax authority would maintain those sources and provide additional opportunities to keep pace with increasing service demands (i.e. we spend 50% of local General Fund for school operating and capital expenditures). One cent on the property tax generates \$1.55 to \$1.6 million. If a 1-cent sales tax was enacted, the Board could reduce property tax and still have net revenue.

Representative Setzer said due to the State's current budget situation, he did not expect approval of new sales taxes – but was not sure about local options. Chair Isenhower stated a local option sales tax would be used to offset property tax. Senator Wells said the tax system had been looked at for years and there were ongoing conversations on how the state tax system should look as well as how the local tax system should look – it was noted that Catawba County benefited from point of sale vs. per capita calculations which benefited most counties. Chair Isenhower pointed out that a sales tax is more voluntary but Commissioner Hunsucker pointed out that it was not voluntary when it came to food, which should be excluded. Chair Isenhower concluded at the end of the discussion that this wasn't the best year to bring this forward.

- **Ensure adequate funding if Medicaid Expansion occurs**

Should Medicaid expansion occur, counties must receive adequate funding for increased staffing levels. Additional physical space would be required to accommodate staff through reconfigured offices and acquisition of another property to accommodate an estimated additional 22 staff (20 eligibility specialists and 2 supervisors) to handle a mandated increase of more than 9000 cases. It is estimated that net costs to accommodate this expansion could range up to \$500,000, depending on how the state would structure reimbursement levels. This amount would grow each year, while the federal reimbursement decreases each year through 2020. It is uncertain who will pick up this share, the County or the State, but the State will determine.

Social Services Director John Eller explained the local impacts if Medicaid expansion occurs – additional staff and capital (building) expense. Senator Wells indicated this was an ongoing conversation but was unaware of the local impact until he received our information. He stated counties needed to be at the table for these discussions.

- **Support Economic Development and Broadband**

Public infrastructure funding, competitive incentives, coordinated efforts to stimulate economic development activities, and community access to critical broadband services are needed in our community. This proposal requests the State maintain sufficient flexibility to compete with other states in recruiting companies without shifting the burden more on local governments. For example, in Catawba County, this would allow the State the flexibility to compete against other states when only one NC county remains in consideration and allow Catawba County and its cities the flexibility to determine appropriate levels of incentive funding on a project-specific basis.

According to NCBroadband, broadband has several benefits including increasing the productivity and efficiency of businesses that utilize Internet through their operations; economic development; affording citizens the opportunity to participate in online education and distance learning; workforce development, and increasing the competitiveness of entrepreneurs. It is estimated that 14% of Catawba County households do not have high-speed internet access.

Discussion revolved around the idea that one size does not fit all when it comes to incentives and more flexibility was needed. As far as Broadband – Senator Wells said there was plenty of fiber in the ground to be used but they don't know where it is located and who it serves. Again stated local assistance at the table was needed on this issue.

- **Support tiered approach for infrastructure funding for the Industrial Development Fund (IDF)**
Support allowing all Tier 1 and 2 counties to be eligible for State IDF funds for infrastructure funding. When IDF legislation was enacted, it did not have significant dollars, therefore restricting the allocation to Tier 1 and the lower 25 of the 40 economically distressed Tier 2 counties. Since this legislation was enacted six years ago, funding has increased but these funds remain unavailable to communities such as Catawba County that have experienced significant manufacturing layoffs and closings, and have a large inventory of available obsolete facilities.

This proposal seeks to allow all Tier 1 and 2 counties to be eligible for IDF infrastructure funding.

Senator Wells said the wealthiest 20 counties have gotten 76% of the incentives; 58% of incentives from 2007-2014 went into two counties – Wake and Mecklenburg. He said the legislature could use some help with the other 98 counties screaming about this. Representative Adams said there was something wrong with spending the incentive and then funding the infrastructure – cannot just depend on a set formula. Chair Isenhower concluded the Tier system needed to have a fresh look to determine its fairness.

- **Support widening of Hwy 16 and Hwy 150**
Widening Highway 16 and Highway 150 would have a beneficial economic impact measured in the \$100s of millions based upon planned development projects consisting of over 2000 housing units, over 600,000 square feet of retail and office/institutional space potentially creating hundreds of full-time service industry jobs as well as hundreds of temporary construction jobs.

New cost calculations regarding the multi-use pathways on 150 were discussed – much lower than the original estimates. Senator Wells asked why the cost was not considered hwy funds?? He said he felt good about Hwy 16 but had concerns about HWY 150 due to the power coming out of Mecklenburg.

- **Maintain current Aviation Fuel Tax**
If the current cap of \$2.5m on sales taxes is allowed to sunset at the end of 2015, Charlotte-Douglas International Airport will have the 5th highest jet fuel tax in the country beginning in 2016, endangering the long-term viability of Charlotte-Douglas as a hub operation.

The Charlotte-Douglas International Airport and its status as a hub is the single most important driver for economic development “lead generation” for Catawba County and the region. Although this is American Airlines’ second largest hub operation, 80% of the traffic does not originate in Charlotte, meaning that cost factors are very influential in maintaining this connectivity.

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Senator Wells said this fits into the tax reform argument – should not tax business input – they can get taxes on tickets, etc.

There was a short discussion on the CDBG infrastructure grants and the lopsided distribution of these funds – eastern vs. western part of the state. Mary Furtado explained that the ranking doesn't favor western counties. Senator Wells and Representative Adams said they had received the info earlier (the map showing the lopsided distribution) and had already started working on this issue with the WPCOG – which they expressed was a great asset.

At 9:15 a.m., Chair Isenhower thanked the Delegation and adjourned the meeting so that the Commissioners could attend the Board's 9:30 meeting.

Randy Isenhower, Chair
Catawba County Board of Commissioners

Barbara E. Morris
County Clerk