

# **Bond Case Briefs**

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## **Womble Carlyle: Counties, Towns and Cities Still in the Cross Hairs.**

On Wednesday the Senate rolled out a new PCS for HB 1224 - Economic Development Changes that added what lobbyists for local government groups were expecting to be additional authority over local taxes but was instead a limitation of those powers.

North Carolina operates an economic development funding program called JMAC operated by the Department of Commerce. The fund provides grants to certain approved companies who meet job creation thresholds. The grants have time limits and limits on funding amounts. The bill allows companies in Tier 2 counties (poor) to join Tier 1 counties (poorest) to be eligible. The bill also limits the number of JMAC grants to five whose total cost cannot exceed \$79 million (up from \$69 million). \*\*My experience as a legislative staffer was that the JMAC program was amended only when it needed to fit with an economic development opportunity. Further specifications that indicate a grant recipient is in mind: if a large manufacturer is investing in its manufacturing process - transitioning from coal to natural gas - with additional pollution controls it may be eligible. The bill also grows JMAC by establishing that the Department of Commerce cannot enter into more than five agreements/grants, with total aggregate cost not to exceed \$79 million (was, \$69 million).

Wednesday's new section which surprised local government groups was a provision allowing counties to increase local sales tax in increments of 1/4 %, by referendum to fund education OR local transportation projects, but not both at the same time. The total local sales tax in a jurisdiction must not exceed 2.5%, and the funds cannot be shared with municipalities. This provision proved to be very controversial and the bill was returned to committee for further consideration.

View HB 1224 here: <http://www.ncleg.net/Sessions/2013/Bills/House/PDF/H1224v2.pdf>

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