

To: Members, New Hanover Republican Liberty Caucus

From: Harry Knight, Candidate NHC Commissioner 2022

Date: 3-10-2022

Subject: Candidate Survey Response

Your survey is well thought out and questions are very applicable to today's political environment. However, in most cases the pick and choose answer format is not conducive to an appropriate answer so I have chosen to answer each individually. Those answers are below

1. Do you support local individualized tax break or grants in order to incentivize specific companies to do business in New Hanover County?

Tax breaks/incentives/grants should always be looked as to whether or not they provide an advantage to the tax payers of NHC. If the incentive provides a reasonable return on investment then it should be considered, if it doesn't then it should be rejected

Let's take the recent example, just publicly announced, of the \$500k incentive over 5 years given to Mega Corp. In order to get that incentive Mega Corp needs to hire 300 permanent employees with an average salary of approximately \$62k (this is 50% higher than current NHC median salary). At the end of the day NHC is essentially paying for 1 employee (\$62k salary essentially equals \$100k cost with benefits) to get an additional 59 employees full time employed in our community every year for 5 years. The tax revenue generation of those additional 59 employees (per year for 5 years) more than makes up the cost of the 1 employee by several magnitudes meaning an outstanding return on investment.

Yes, I know many of you will say that Mega Corp doesn't need that money and that is completely true. However in the real world that has absolutely nothing to do with the decision. This is a competition between many communities to get economic development (full time employees in this case). At the end of the day the decision comes down to whether or not you want those employees here in NHC or do you want some other community to incentivize Mega Corp to place them elsewhere. It is a competition whether you like it or not

2. Currently the county-wide sales tax rate is 2.25%. This is in addition to the state sales tax rate of 4.75%. Do you think this is the proper county-wide sales tax rate?

The county wide tax rate should remain the same. A significant portion of county funds is generated from outside visitors using this funding mechanism to pay for basic services enjoyed by all. This means those don't live in NHC are helping to pay for things like Fire, LEO and EMS that we all need and don't have to fund on our own using this mechanism

3. The current county property tax rate is 47.5 cents per \$100 of property value. This is a 1.5 cent decrease over the 2020 county property tax rate. However, since assessed property values have risen dramatically over the last year, many property owners are now paying significantly more in property taxes. What would you do to the county property tax rate?

The county completely inappropriately raised the overall tax rate last year. The county tax rate should be reduced back to the revenue neutral rate of 42.5c/\$100. Last year the county (not counting the various

municipalities) received essentially a 50% bump in tax revenue from outside sources such as Federal and State Grants (various relieve funds). If we count the municipalities that number goes to almost 100%. There was more than sufficient money coming into the county without raising the effective tax rate

Additionally NHC traditionally sees a 10% to 15% tax revenue increase annually due to economic development and the housing market. An annual raise of 10% to 15% is more than sufficient to maintain a balanced budget with increasing individual taxes

**4. The county has received the sum of \$ 1.2T from its sales of the New Hanover Regional Medical Center to Novant. How should those funds be used?**

The wording of the question isn't exactly accurate. The county has not received \$1.2T in funding to spend and never will. As a result of the hospital sale in accordance with NC state law NHC received essentially a public trust valued at \$1.2T the resulting investment proceeds can be used for various activities in and around NHC. That initial principal investment of \$1.2T can never be touched and in fact must be managed such the principle value keeps up with inflation but can never go below the \$1.2T floor

The hospital trust fund is governed by the contract to sell the public entity (the hospital) with the approval of the attorney general which was received with additional requirements contained therein. Those documents form a contract that is 100% enforceable in court. That contract identifies 4 major focus areas that the investment funds can be used for as determined by the fund management team and approved by the trust's Board of Directors. That management structure is just now being put into place and I wouldn't expect any significant funding to start being rolled out until late this year or even into next year although they are starting the funding request process now. Most of the items you list as choices for use of the funds are not legally allowed and will never used for that purpose (e.g. roads, bridges, traditional infrastructure are not an authorized use)

The NHC Board of Commissioners does appoint some members of the Trust Board of Directors but NHC does not have any direct say in how that funding is allocated. In order to change that arrangement you would have to change the contract which simple isn't practical. This would take the legislature to override the contract with a new law governing administration of the fund

**5. Sometimes bonds are necessary to back large county projects. What type of bonds do you espouse using?**

That is completely up to the citizens of NHC as these types of funding take a referendum approved by majority vote of the citizens. An immediately example of the potential positive use for bonds would be to help fund replacement of the Cape Fear Memorial Bridge. That bridge is around 10 years away from being unusable from an engineering standpoint. There is no current funding for replacement of that bridge in the NCDOT budget. If the state legislature got together with Brunswick and New Hanover County I think we can get the funding put into that DOT budget. This is a must do and 10 years is approaching that time required to start the project from scratch

**6. What is your position on short term rental restrictions?**

The county should not have short term rental restrictions. Local municipalities can enact them as their citizens desire (you get the government you vote for) and obviously HOAs could enact them as their members vote for

**7. Currently the County bans the use of tobacco and vaping products on any county property, inside and outside. What is your position on the ban?**

The county should stay out of personal health choices with the exception of smoking indoors. With the well documented health effects of second hand smoke that seems reasonable

8. The County, along with the New Hanover County Dept of Health and Human Services, have placed a number of restrictions on the liberty of the individual and business owners during the COVID crisis. Which type of restrictions do you support if the situation is dire enough?

Specific to the evolving COVID issue politicians should stay out of it. An individual's actions should be based solely on their knowledge with consultation of their doctor. As we have seen, there are many unintended consequences to taking actions based on political grandstanding. We have spent the last 2.5 years pretending to protect adults while damaging our children. Our children is our future and we should work to protect them even if it means adults take more risk. School closures and mask mandates should have never been implemented, this did damage and absolutely no measurable good for our children.

Individuals and businesses can implement any restrictions they want (no shirt, no shoes, not service principle) and enjoy or suffer the consequences of those decisions

9. What do you believe the County's role should be in defending its citizens right to keep and bear arms?

The sheriff and county are absolutely responsible for enforcing the current laws as they are currently written on the books. With respect to some potential future legislation that might be considered unconstitutional the county should become a "Sanctuary County". How the county can implement this principle – write an ordinance that any future gun control legislation that is passed, the sheriff is not allowed to spend any funding on enforcement until that legislation is determined to be constitutional

10. Civil asset forfeiture is the process where law enforcement seizes the assets of suspected criminals. North Carolina state law prohibits state and local government from permanently keeping these assets unless the suspected criminal is actually convicted in a court of criminal law. However, law enforcement agencies within New Hanover County participate in the Equitable Sharing Program with US Department of Justice. As a result, local law enforcement will request that the federal government seize these assets permanently from a suspected criminal, and then the local law enforcement agency receives up to 80% of the asset's value in return. Participation in this program has resulted in many individuals losing substantial amounts of money, and other valuable assets, without ever being convicted of (or sometimes ever being charged with) a crime. Should New Hanover County pass a local ordinance barring local law enforcement participation in the federal Equitable Sharing Program?

As a general principle no citizen should permanently lose assets unless convicted in a court of law with the exception of assets seized for evidence while it makes its way through the courts. As you stated in the question NC state law makes this a requirement.

With respect to the federal program I am unaware of a case in New Hanover County where an individual lost assets without a court case in progress. Additionally once a federal LEO steps in with federal charges (meaning a significant potential crime) local LEO essentially lose jurisdiction until the Federal Case is resolved. No, assets seized as evidence in a Federal Case shouldn't be allocated until that case is resolved meaning NHC LEO agencies shouldn't be able to get funding from that program until the case is actually resolved.

11. What is your position regarding the use of body cameras by local law enforcement agencies?

Body Cameras should be used. No, evidence in a court case shouldn't necessarily be made public ASAP as that might hinder the prosecution and/or the defense denying a suspect their right to a speedy trial. I know it is usually desirable by the public to see all of the evidence ASAP but public opinion is not how the justice system works. The justice system works when a judge/jury decides the case based on actual facts (evidence). Public opinion has no place in that before the verdict.

12. Currently there is a significant shortage of affordable housing within New Hanover County. What measures (if any) would you take to address this?

Affordable Housing is a real issue in NHC and needs to be addressed by solving the actual root cause of the problem. Housing prices is one of the few remaining almost pure free market driven mechanisms. Currently the local housing market looks like the following

- Demand is roughly 50% higher than 2 years previous
- Housing supply is literally 15% of a normal market from 2 years ago
- NHC has extremely limited space left in order to provide housing. Only about 7% of NHC is actually not currently built on and about half of that 7% isn't going to be available for sale/development in the next decade

With a dramatically increased demand coupled with a dramatically decreased supply housing affordability is going to continue to be an issue for the foreseeable future. You can't supply affordable housing without housing which means we will have to find means to increase density to meet the demand. Like it or not failure to do so will absolutely result in housing prices (rents) to continue to increase rapidly

13. With the drastic and continuing population increase in New Hanover County, many feel that the infrastructure within the county is dragging far behind. What measures (if any) would you take to address this?

See my answer above. You might not like it but facts are real things. The demand for housing in NHC is not going to change in the foreseeable future. Restricting housing will have an absolute negative impact on our working citizens as many will not be able to afford to live here. Commercial Development (businesses) despite the public grumbling does very little to task resources and is the economic engine to provide the means to pay for infrastructure

Yes, infrastructure is absolutely behind. New Hanover County doesn't actually own any infrastructure with the exception of water and sewer which has seen much improvement over the last several years. Roads and bridges are behind the curve and we need to work with the legislature to get funding and the resulting roads/bridges projects completed

14. The large increase in development within the county has left very little green space and may have environmental consequences. What (if anything) should be done?

Affordable Housing, Economic Development, Environmental Protection and Green Space are all important and all interrelated. You can not just pick one. You have to pick all 4 and do it in a balanced manner.

15. Please list your top 3 priorities that you will work on, if elected.

- Schools and our Children. They are our future
- Safe and livable Communities
- Taxes (your money) effect use for infrastructure and sustainable economic development