

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 557
Committee Substitute Favorable 5/22/19

Short Title: Municipal Omnibus Bill.

(Public)

Sponsors:

Referred to:

April 3, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS CHANGES TO THE LAWS AFFECTING
3 MUNICIPALITIES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-373 is amended by adding a new subsection to read:

6 "(i) Relief from Collecting Unpaid Taxes After Ten Years. – The governing body of any
7 taxing unit may, in its discretion, relieve the tax collector of the charge of taxes owed that are ten
8 or more years past due when it appears to the governing body that such taxes are uncollectible."

9 **SECTION 2.(a)** G.S. 105-472(b) reads as rewritten:

10 "(b) Distribution Between Counties and Cities. – The Secretary shall divide the amount
11 allocated to each taxing county among the county and its municipalities in accordance with the
12 method determined by the county. The board of county commissioners shall, by resolution,
13 choose one of the following methods of distribution:

14 (1) Per Capita Method. – The net proceeds of the tax collected in a taxing county
15 shall be distributed to that county and to the municipalities in the county on a
16 per capita basis according to the total population of the taxing county, plus the
17 total population of the municipalities in the county. In the case of a
18 municipality located in more than one county, only that part of its population
19 living in the taxing county is considered its "total population". In order to
20 make the distribution, the Secretary shall determine a per capita figure by
21 dividing the amount allocated to each taxing county by the total population of
22 that county plus the total population of all municipalities in the county. The
23 Secretary shall then multiply this per capita figure by the population of the
24 taxing county and by the population of each municipality in the county; each
25 respective product shall be the amount to be distributed to the county and to
26 each municipality in the county. To determine the population of each county
27 and each municipality, the Secretary shall use the most recent annual estimate
28 of population certified by the State Budget Officer.

29 (2) Ad Valorem Method. – The net proceeds of the tax collected in a taxing county
30 shall be distributed to that county and the municipalities in the county in
31 proportion to the total amount of ad valorem taxes levied by each on property
32 having a tax situs in the taxing county during the fiscal year next preceding
33 the distribution. For purposes of this section, the amount of the ad valorem
34 taxes levied by a county or municipality includes ad valorem taxes levied by
35 the county or municipality in behalf of a taxing district and collected by the
36 county or municipality. In addition, the amount of taxes levied by a county



1 includes ad valorem taxes levied by a merged school administrative unit
2 described in G.S. 115C-513 in the part of the unit located in the county. In
3 computing the amount of tax proceeds to be distributed to each county and
4 municipality, the amount of any ad valorem taxes levied but not substantially
5 collected shall be ignored. Each county and municipality receiving a
6 distribution of the proceeds of the tax levied under this Article shall in turn
7 immediately share the proceeds with each district in behalf of which the
8 county or municipality levied ad valorem taxes in the proportion that the
9 district levy bears to the total levy of the county or municipality. Any county
10 or municipality that fails to provide the Department of Revenue with
11 information concerning ad valorem taxes levied by it adequate to permit a
12 timely determination of its appropriate share of tax proceeds collected under
13 this Article may be excluded by the Secretary from each monthly distribution
14 with respect to which the information was not provided in a timely manner,
15 and those tax proceeds shall then be distributed only to the remaining counties
16 or municipalities, as appropriate. For the purpose of computing the
17 distribution of the tax under this subsection to any county and the
18 municipalities located in the county for any month with respect to which the
19 property valuation of a public service company is the subject of an appeal and
20 the Department of Revenue is restrained by law from certifying the valuation
21 to the county and the municipalities in the county, the Department shall use
22 the last property valuation of the public service company that has been
23 certified.

24 The board of county commissioners in each taxing county shall, by resolution adopted during
25 the month of ~~April~~ November of each year, determine which of the two foregoing methods of
26 distribution shall be in effect in the county during the next succeeding fiscal year. In order for
27 the resolution to be effective, a certified copy of it must be delivered to the Secretary in Raleigh
28 within 15 calendar days after its adoption. If the board fails to adopt a resolution choosing a
29 method of distribution not then in effect in the county, or if a certified copy of the resolution is
30 not timely delivered to the Secretary, the method of distribution then in effect in the county shall
31 continue in effect for the following fiscal year. Provided, if a board of county commissioners
32 changes the method of distribution from the prior fiscal year, such change from the prior fiscal
33 year shall not become effective unless written notice is provided to the affected municipalities
34 before December 15 in the year of adoption of the resolution and copies of such written notice
35 are submitted to the Secretary. The method of distribution in effect on the first of July of each
36 fiscal year shall apply to every distribution made during that fiscal year."

37 **SECTION 2.(b)** This section is effective when it becomes law and applies to
38 resolutions determining the method of distribution adopted on or after that date.

39 **SECTION 3.** G.S. 75-41(e) reads as rewritten:

40 "(e) A violation of this section renders the automatic renewal clause void and
41 unenforceable. Nothing in this section creates liability for any public officer or employee of a
42 political subdivision of the State for disbursement of public funds pursuant to a contract rendered
43 void under this subsection."

44 **SECTION 4.(a)** G.S. 143B-135.56(b)(2) reads as rewritten:

45 "(2) Thirty percent (30%) to provide matching funds to local governmental units
46 or public authorities as defined in G.S. 159-7 on a dollar-for-dollar basis for
47 local park and recreation ~~purposes.~~ purposes, to local governmental units
48 identified as a tier one area as defined in G.S. 143B-437.08, or to a local
49 governmental unit located within a tier one area as defined in
50 G.S. 143B-437.08. The appraised value of land that is donated to a local
51 government unit or public authority may be applied to the matching

1 requirement of this subdivision. These funds shall be allocated by the North
2 Carolina Parks and Recreation Authority based on criteria patterned after the
3 Open Project Selection Process established for the Land and Water
4 Conservation Fund administered by the National Park Service of the United
5 States Department of the Interior."

6 **SECTION 4.(b)** This section becomes effective July 1, 2019, and applies to
7 allocations on or after that date.

8 **SECTION 5.(a)** G.S. 157-3(12) reads as rewritten:

9 "(12) "Housing project" shall include all real and personal property, buildings and
10 improvements, stores, offices, lands for farming and gardening, and
11 community facilities acquired or constructed or to be acquired or constructed
12 pursuant to a single plan or ~~undertaking;undertaking~~ to do any of the
13 following:

- 14 a. To demolish, clear, remove, alter or repair unsanitary or unsafe
15 ~~housing; and/orhousing.~~
16 b. To provide safe and sanitary dwelling accommodations for persons of
17 low income, or moderate income, or low and moderate ~~income;~~
18 ~~and/orincome.~~
19 c. To provide safe and sanitary housing for persons of low income, or
20 moderate income, or low and moderate income, through payment of
21 either or both of the following from any source:
22 1. rent subsidies from any source; and/orRent subsidies.
23 2. Relocation assistance.
24 d. To provide grants, loans, interest supplements and other programs of
25 financial assistance (including rent subsidies in furtherance of a
26 program of home ownership) to persons of low income, or moderate
27 income, or low and moderate income, so that such persons may
28 become owners of their own housing or rehabilitate their own ~~housing;~~
29 ~~and/orhousing.~~
30 e. To provide grants, loans, interest supplements and other programs of
31 financial assistance to public or private developers of housing for
32 persons of low income, or moderate income, or low and moderate
33 income.

34 "Housing project" also includes any project that provides housing for
35 persons of other than low or moderate income, as long as at least twenty
36 percent (20%) of the units in the project are set aside for the exclusive use of
37 persons of low income.

38 The term "housing project" may also be applied to the planning of the
39 buildings and improvements, the acquisition of property, the demolition of
40 existing structures, the construction, reconstruction, alteration and repair of
41 the improvements and all other work in connection therewith."

42 **SECTION 5.(b)** G.S. 160A-497 reads as rewritten:

43 **"§ 160A-497. Senior citizens programs.**

44 (a) Any city or county may undertake programs for the assistance and care of its senior
45 citizens including but not limited to programs for in-home services, food service, counseling,
46 recreation and transportation, and may appropriate funds for such programs.

47 (b) Any city council or county may contract with any other governmental agency, or with
48 any public or private association, corporation or organization in undertaking senior citizens
49 programs, and may appropriate funds to any such governmental agency, or to any such public or
50 private association, corporation or organization for the purpose of carrying out such programs.
51 In the event funds appropriated for the purposes of this section are turned over to any agency or

1 organization other than the city or county for expenditure, no such expenditure shall be made
2 until the city or county has approved it, and all such expenditures shall be accounted for by the
3 agency or organization at the end of the fiscal year for which they were appropriated.

4 (c) For purposes of this section, the words "senior citizens" shall mean citizens of a city
5 or county who are at least ~~60~~55 years of age."

6 **SECTION 6.(a)** G.S. 160A-31(i) reads as rewritten:

7 "(i) A municipality has no authority to adopt a resolution or petition itself under this Part
8 for annexation of property it does not own or have any legal interest in. For the purpose of this
9 subsection, a municipality has no legal interest in a State-maintained street unless it owns the
10 underlying fee and not just an easement. Notwithstanding this subsection, a municipality may
11 include in the description of the area to be annexed any adjacent public streets or public street
12 rights-of-way in an annexation ordinance adopted pursuant to this section."

13 **SECTION 6.(b)** G.S. 160A-58.2 reads as rewritten:

14 "**§ 160A-58.2. Public hearing.**

15 (a) Upon receipt of a petition for annexation under this Part, the city council shall cause
16 the city clerk to investigate the petition, and to certify the results of his investigation. If the clerk
17 certifies that upon investigation the petition appears to be valid, the council shall fix a date for a
18 public hearing on the annexation. Notice of the hearing shall be published once at least 10 days
19 before the date of hearing.

20 (b) At the hearing, any person residing in or owning property in the area proposed for
21 annexation and any resident of the annexing city may appear and be heard on the questions of
22 the sufficiency of the petition and the desirability of the annexation. If the council then finds and
23 determines that (i) the area described in the petition meets all of the standards set out in
24 G.S. 160A-58.1(b), (ii) the petition bears the signatures of all of the owners of real property
25 within the area proposed for annexation (except those not required to sign by G.S. 160A-58.1(a)),
26 (iii) the petition is otherwise valid, and (iv) the public health, safety and welfare of the inhabitants
27 of the city and of the area proposed for annexation will be best served by the annexation, the
28 council may adopt an ordinance annexing the area described in the petition. The ordinance may
29 be made effective immediately or on any specified date within six months from the date of
30 passage.

31 (c) Notwithstanding G.S. 160A-58.1(a)(2), a municipality may include in the description
32 of the area to be annexed any adjacent public streets or public street rights-of-way in an
33 annexation ordinance adopted pursuant to this section."

34 **SECTION 6.(c)** G.S. 160A-58.7(b) reads as rewritten:

35 "(b) A city has no authority to adopt a resolution or petition itself under this Part for
36 annexation of property it does not own or have any legal interest in. For the purpose of this
37 subsection, a city has no legal interest in a State-maintained street unless it owns the underlying
38 fee and not just an easement. Notwithstanding this subsection, a municipality may include in the
39 description of the area to be annexed any adjacent public streets or public street rights-of-way in
40 an annexation ordinance adopted pursuant to this section."

41 **SECTION 7.** G.S. 160A-536(d1) reads as rewritten:

42 "(d1) Additional Requirements for Certain Contracts. – In addition to the requirements of
43 subsection (d) of this section, if the city enters into a contract with ~~a private agency~~ any person
44 or entity other than its own forces or another governmental agency for a service district under
45 subdivision (a)(1a), (2), or (2a) of this section, the city shall comply with all of the following:

- 46 (1) The city shall solicit input from the residents and property owners as to the
47 needs of the service district prior to entering into the contract.
- 48 (2) Prior to entering into, or the renewal of, any contract under this section, the
49 city shall use a bid process to determine which ~~private agency~~ person or entity
50 other than its own forces or another governmental agency is best suited to
51 achieve the needs of the service district. The city shall determine criteria for

1 selection of the ~~private agency~~ person or entity other than its own forces or
2 another governmental agency and shall select a ~~private agency~~ in accordance
3 with those criteria. If the city determines that a multiyear contract with a
4 ~~private agency~~ person or entity other than its own forces or another
5 governmental agency is in the best interest of the city and the service district,
6 the city may enter into a multiyear contract not to exceed five years in length.

7 (3) The city shall hold a public hearing prior to entering into the contract, which
8 shall be noticed by publication in a newspaper of general circulation, for at
9 least two successive weeks prior to the public hearing, in the service district.

10 (4) The city shall require the ~~private agency~~ person or entity other than its own
11 forces or another governmental agency with which the city contracted to
12 report annually to the city, by presentation in a city council meeting and in
13 written report, regarding the needs of the service district, completed projects,
14 and pending projects. Prior to the annual report, the ~~private agency~~ person or
15 entity other than its own forces or another governmental agency shall seek
16 input of the property owners and residents of the service district regarding
17 needs for the upcoming year.

18 (5) The contract shall specify the scope of services to be provided by the ~~private~~
19 agency, person or entity other than its own forces or another governmental
20 agency. Any changes to the scope of services shall be approved by the city
21 council."

22 **SECTION 8.** G.S. 162A-211 is amended by adding a new subsection to read:

23 "(a1) Revenue from system development fees calculated using the combined cost method
24 may be expended for previously completed capital improvements for which capacity exists and
25 for capital rehabilitation projects."

26 **SECTION 9.** Except as otherwise provided, this act is effective when it becomes
27 law.