



HOUSE BILL 158: Special Assessments/Critical Infrastructure.

2017-2018 General Assembly

Committee:	House Finance. If favorable, re-refer to State and Local Government II	Date:	February 23, 2017
Introduced by:	Reps. Saine, Williams, Strickland, Reives	Prepared by:	Trina Griffin
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 158 would authorize counties and cities to fund a critical infrastructure project with funds from private parties that may be reimbursed through the imposition of assessments. Identical language was approved by the House during the 2016 Session, but the bill did not become law.*

[As introduced, this bill was identical to S118, as introduced by Sens. Lee, Rabon, Tucker, which is currently in Senate Rules and Operations of the Senate.]

BILL ANALYSIS: House Bill 158 would allow counties and cities to fund a critical infrastructure project with funds from private parties that may be reimbursed through the imposition of assessments.

CURRENT LAW: Counties and cities have the ability to impose assessments against benefitted property to pay for certain public infrastructure improvements, such as sidewalks. As a general rule, the assessment must be paid in full at the time it is assessed, but in no event may the assessment period exceed 10 years. In 2008, the General Assembly created a new financing tool that allowed counties and cities to impose special assessments to help finance long-term public infrastructure projects. Under this assessment-based financing tool, the assessments are paid in annual installments over a period not to exceed 25 years.

The assessment-based financing may be used for any purpose for which project development financing may be used. Those purposes include water and sewer systems, public transportation facilities, school facilities, gas systems, electric systems, industrial parks, parks and recreation facilities, and streets and sidewalks. Special assessments may be pledged as additional security for project development financing debt instruments as well as revenue bond financing debt instruments. If the assessment is pledged to secure financing, the city or county must covenant to enforce the payment of assessments.¹

A county or city may only use special assessment-based financing if it receives a petition for the project to be financed through assessments that meets a two-prong test:

- The petition must be signed by a majority of the owners of the property assessed. For purposes of determining a majority, each parcel of property is given one vote. The sole owner of a parcel is given one vote. Multiple owners of a parcel are given a percentage vote equal to one vote multiplied by a fraction, the numerator of which is one and the denominator of which is the total number of owners of the parcel.

¹ Unpaid assessments bear interest at a rate fixed in the assessment resolution. A county or city may foreclose assessment liens under procedures provided by law for the foreclosure of property tax liens.

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- And those owners must represent ownership of at least 66% of the assessed value of the property to be assessed.² For purposes of determining whether the assessed value represented by those signing the petition constitute at least 66% of the assessed value of all real property to be assessed, 100% of the assessed value of property owned by one person is included in the calculation. For property owned by more than one person, that person's proportionate share of the assessed value of that property is included in the calculation.

The county board of commissioners or city must adopt a preliminary assessment resolution that describes the project, the proposed basis for making the assessment, and information concerning the cost of the work and the terms of payment of the assessment. The proposed basis for making the assessment method must assess property according to the benefits conferred upon it by the project for which the assessment is made. In making that determination, it is permissible to measure benefits by how the property is used. If the use of the property changes, the assessment on that property may be adjusted over time so long as the total amount of all the assessments is sufficient to pay the cost of the project after the adjustment is made. The county or city must hold a public hearing on the matter, prepare a preliminary assessment roll, and publish a confirmation of the assessment roll once it is adopted. An owner of property against which an assessment is made may file a notice of appeal to the General Court of Justice if the owner is dissatisfied with the amount of the assessment.

EFFECTIVE DATE: This act becomes effective June 30, 2017, and applies to assessments made on or after that date.

² For example, if there are 21 owners involved and 10 hold 67% of the assessed value of the property to be assessed, at least one of the other 11 owners would have to sign the petition for the county or city to be able to impose the special assessments. Likewise, if 21 owners are involved and one owner owns 67% of the assessed value of the property, that one owner would have to be one of the signatures on the petition for the county or city to impose the special assessments.