



# HOUSE BILL 120: Clarify Fire District Funding Eligibility.

2019-2020 General Assembly

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| <b>Committee:</b>     | House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House | <b>Date:</b>        | April 10, 2019       |
| <b>Introduced by:</b> | Reps. Conrad, Howard, Lambeth, Szoka  | <b>Prepared by:</b> | Trina Griffin        |
| <b>Analysis of:</b>   | PCS to Second Edition<br>H120-CSSVf-6   |                     | Committee Co-Counsel |

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**OVERVIEW:** *The Proposed Committee Substitute for House Bill 120 would do the following:*

- *Restrict a board of county commissioners from using the proceeds of a rural fire protection district tax for a fire-protection related service or program that is provided countywide and that is not exclusively used or provided within the district, but clarifies that a county may use sales tax proceeds allocated to a district for this purpose.*
- *Allow a board of county commissioners, upon request, to inspect the records of an incorporated nonprofit volunteer or community fire department that receives proceeds of a rural fire protection district tax.*

*This bill would become effective July 1, 2019, and would apply to taxes levied on or after that date.*

**CURRENT LAW:** Counties have broad authority to levy property taxes to fund fire services within their jurisdictions. The General Assembly has also authorized counties to establish special tax districts for the purpose of funding fire services. There are two kinds of special tax districts: rural fire protection districts, authorized under Article 3A Chapter 69 of the General Statutes, and county fire service districts, authorized under Article 16 of Chapter 153A of the General Statutes.

In order to create a rural fire protection district, a county must receive a petition signed by at least 35% of the residents who have an ownership interest in real property in the district and must hold an election on the question of whether to levy a special property tax to fund fire services within the district. The maximum tax rate is 15¢ per \$100 assessed valuation of property. The proceeds are kept as a special and separate fund used for financing fire suppression or prevention programs or activities in the district, which may include furnishing emergency medical, rescue, and ambulance services. Generally speaking, a rural district's governing board may not expend the tax proceeds from the district to procure services or finance projects outside the district's boundaries.

A board may use various methods for providing fire protection services within a district. The county can establish a county fire department, it can establish a rural fire protection district fire department, it can contract with an incorporated city or town, a nonprofit volunteer or community fire department, or with the Department of Agriculture and Consumer Services, or any combination of these methods.

**BILL ANALYSIS:** The Proposed Committee Substitute for House Bill 120 does the following:

- Places a limitation on a board of county commissioners from using the tax proceeds levied in a rural fire protection district for fire protection that is furnished on a countywide basis. The objective of the change is to require that tax proceeds levied by the district be used exclusively within the district.

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- Clarifies that the board of county commissioners are permitted to use county sales and use tax proceeds, including those that are allocated to a rural fire protection district, for countywide fire protection purposes.
- Authorizes a board of county commissioners, upon request, to inspect the financial books and records of a nonprofit volunteer or community fire department that receives fire district tax proceeds.

**EFFECTIVE DATE:** This act becomes effective July 1, 2019, and applies to taxes levied on or after that date.