



HOUSE BILL 557: Municipal Omnibus Bill.

2019-2020 General Assembly

Committee:	House State and Local Government. If favorable, re-refer to Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 22, 2019
Introduced by:	Reps. Ross, Adcock	Prepared by:	Billy R. Godwin Staff Attorney
Analysis of:	PCS to First Edition H557-CSSTxf-33		

OVERVIEW: *The proposed committee substitute (PCS) to House Bill 557 would make changes to various laws affecting municipalities.*

[As introduced, this bill was identical to S504, as introduced by Sens. McKissick, T. Alexander, which is currently in Senate Rules and Operations of the Senate.]

CURRENT LAW / BILL ANALYSIS:

Section 1. The Machinery Act bars cities and counties from maintaining an enforcement action to collect taxes more than ten years past due but it does not relieve the taxpayer of the obligation to collect taxes more than ten years past due.

Section 1 of the PCS, effective when law, would authorize cities and counties to relieve its tax collector of the obligation to collect any taxes more than ten years old that appear uncollectible to the governing body.

Section 2. County boards of commissioners determine, by resolution, the distribution of allocated sales and use taxes among the county and its municipalities that will be in effect during the next succeeding fiscal year. The resolution must be adopted in during the month of April of each year, and must determine whether the per capita distribution method or the ad valorem distribution method will be used. To be effective, a certified copy of the resolution must be delivered to the Secretary of Revenue within 15 calendar days after adoption. If the board fails to adopt a resolution choosing a method of distribution not then in effect in the county, or if a certified copy of the resolution is not timely delivered to the Secretary, the method of distribution then in effect in the county shall continue in effect for the following fiscal year.

Section 2 of the PCS, effective when law and applicable to resolutions adopted on or after that date, would provide that:

- A county board's resolution changing the distribution method for sales taxes must be adopted in November rather than April.
- A county board's resolution changing the distribution method would not become effective unless written notice is provided to the affected municipalities before December 15 in the year of adoption and written notice is provided to the Secretary of Revenue.

Section 3. State law provides that certain contracts for the sale, lease, or that offer to sell or lease, any product or service to a consumer where the contract automatically renews unless the consumer cancels the

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contract, must contain certain disclosures pertaining to the automatic renewal provision. Contracts in violation render the automatic renewal clause void and unenforceable.

Section 3 of the PCS, effective when law, would:

- Exempt from liability, any public officer or employee of a political subdivision who disburses public funds pursuant to a contract rendered void and unenforceable for violating the automatic contract renewal provisions.

Section 4. The Parks and Recreation Trust Fund in the State Treasurer's Office is a special revenue fund consisting of donations, gifts, and devises to the Trust Fund and other monies appropriated to the Trust Fund by the General Assembly. Funds in the Trust Fund are annually appropriated to the North Carolina Parks and Recreation Authority and, unless otherwise specified by the General Assembly or the terms or conditions of a gift or grant, are allocated as follows:

- (1) Sixty-five percent (65%) for the State Parks System or a State recreational forest for capital projects, repairs and renovations of park facilities, and land acquisition.
- (2) Thirty percent (30%) to provide matching funds to local governmental units or public authorities as defined in G.S. 159-7 on a dollar-for-dollar basis for local park and recreation purposes.
- (3) Five percent (5%) for the Coastal and Estuarine Water Beach Access Program.

Section 4 of the PCS, effective July 1, 2019 and applicable to allocations on or after that date, would add tier one counties or local governments located within a tier one county, as an authorized recipient eligible for part of the allocated thirty percent (30%) matching funds from the Parks and Recreation Trust Fund to be used for local park and recreation purposes.

Section 5. The State Housing Authorities Law, Article 1 of Chapter 157 of the General Statutes, authorizes a housing authority to carry out and operate housing projects. A housing project includes the provision of safe and sanitary housing for persons of low income through payment of rent subsidies from any source.

Cities are authorized to undertake programs for the assistance and care of its senior citizens including programs for in-home services, food service, counseling, recreation and transportation, and may appropriate funds for such programs. A senior citizen is one who is at least 60 years old.

Section 5 of the PCS, effective when law, would:

- Add relocation assistance for persons of moderate or low and moderate income to the type of housing projects for which a housing authority may make payments in order to provide safe and sanitary housing.
- Reduce the age of a person's eligibility for senior citizen programs undertaken by a city from age 60 to age 55.

Section 6. Annexation is a method by which a municipality alters its boundary through adoption of an annexation ordinance after following certain prescribed statutory procedures in Article 4A of Chapter 160A of the General Statutes. Statutory annexation may be voluntary or involuntary. Annexation may also be through a local act of the General Assembly. A city may voluntary annex (i) property that is contiguous to the city's boundaries or (ii) property not contiguous to the city's boundaries (known as *satellite* annexation). Either form of voluntary annexation requires the consent of the owners of all real property in area to be annexed. State law authorizes a city to voluntarily annex its own property, however

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a city has no authority to annex property it does not own or have any legal interest in. State law provides that a city has no legal interest in a State-maintained street unless it owns the underlying fee and not just an easement.

Section 6 of the PCS, effective when law, would authorize a city to include in the description of any area to be voluntarily annexed, any adjacent public streets or public street rights-of-way the city does not own.

Section 7. The city council of any city may define any number of service districts in order to finance, provide, or maintain districts for beach erosion control, historic district preservation, downtown or urban revitalization, transit-oriented projects, drainage projects, sewage collection and disposal, off-street parking, watershed improvement, and conversion of private residential streets to public streets. A city may provide the service for which the service district is created with its own forces, or it may contract for provision of the service with another governmental agency, a private agency, or any combination thereof. If a city contracts with a private agency for the provision of services created for historic district preservation or for downtown or urban revitalization, the city must first comply with certain additional procedural requirements including using a bid process, holding a public hearing, and requiring the provider to submit an annual report to the city.

Section 7 of the PCS, effective when law, would clarify that if a city contracts with another governmental agency to provide services for service districts created for historic district preservation, downtown revitalization, or for urban revitalization, the city need not comply with the additional procedural requirements.

Section 8. Cities are authorized to collect system development fees for services imposed with respect to new development to fund costs of capital improvements necessitated by and attributable to the new development, to recoup costs of existing facilities which serve the new development, or a combination of those costs. System development fees may be calculated using the incremental cost method, marginal cost method, combined cost method, or the buy-in method.

Revenue from system development fees calculated using the incremental cost method or marginal cost method, exclusively or as part of the combined cost method, may only be expended only to pay (i) costs of constructing capital improvements, (ii) certain professional fees, and (iii) for the payment of principal and interest on bonds and notes if no construction is planned within five years.

Section 8 of the PCS, effective when law, would authorize system development fees calculated using the combined cost method to be used for (i) previously completed capital improvements for which capacity exists and for (ii) capital rehabilitation projects.

EFFECTIVE DATE: The act has effective dates as set forth above.