



HOUSE BILL 451: Noncontiguous Expansion of MSDs.

2023-2024 General Assembly

Committee:	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 24, 2023
Introduced by:	Reps. Hardister, Clemmons	Prepared by:	Trina Griffin Staff Attorney
Analysis of:	First Edition		

OVERVIEW: House Bill 451 would permit for the extension of municipal service districts to noncontiguous areas so long as the property owners in the area petition unanimously for the annexation and other requirements are met.

CURRENT LAW: The General Assembly has enacted a process under Article 23 of Chapter 160A for cities to establish municipal service districts. A municipal service district is a defined geographic area within a municipality in which the governing board of the municipality levies an additional property tax in order to provide extra services to that defined geographic area.

A municipality may define one or more service districts for any of the following functions:

- Beach erosion control and flood and hurricane protection works
- Downtown revitalization projects
- Urban revitalization projects
- Transit-oriented development projects
- Drainage projects
- Sewage collection and disposal systems
- Off-street parking facilities
- Watershed improvement, drainage, and water resources development projects

Service districts may be extended, but only to contiguous property that requires the services of the district. Extension of a service district also requires a publicly available report, a subsequent public hearing, and passage of an ordinance.

BILL ANALYSIS: House Bill 451 would create an additional mechanism for the extension of municipal service districts by annexation. Under this new process, the area proposed to be annexed would not have to be contiguous with the boundaries of the service district, but the following conditions would have to be met:

- A petition by 100% of the real property owners of the area to be annexed.
- The nearest point of the satellite area being not more than 1,000 feet from the district.
- The district being able to provide the same services within the proposed satellite area as it does to the rest of the district.
- If a subdivision is included in the area proposed for annexation, the entire subdivision must be included.
- The proposed satellite area, when added to the area within all other satellite corporate limits, may not exceed 10% of the area within the primary corporate limits.

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A publicly available report, a subsequent public hearing, and passage of an ordinance would still be required for extension of municipal service districts via noncontiguous annexation.

EFFECTIVE DATE: This act would be effective when it becomes law.

Billy Godwin and Alex Ramirez, counsel to House Local Government, substantially contributed to this summary.