



HOUSE BILL 116: Various Local Provisions IV.

2025-2026 General Assembly

Committee:

Introduced by: Rep. B. Jones

Analysis of: Conference Committee Substitute
(H116-CCSCH-1)

Date:

June 25, 2025

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OVERVIEW: *The Conference Committee Substitute to House Bill 116 would make various changes to local laws in North Carolina.*

CURRENT LAW, BILL ANALYSIS, AND EFFECTIVE DATES:

Part I. – Rural Development Authorities

Hertford County Rural Development Authority

Chapter 988 of the 1965 Session Laws created the Rural Development Authority Act. The Act authorizes each covered county to create a separate Rural Development Authority (“RDA”) through passage of a resolution by the county’s governing body. In lieu of creating a Rural Development Authority, the county’s governing body may, by resolution, designate the County Planning Board, the County Economic Development Commission, a Regional Planning Commission, a Regional Economic Development Commission, or a Regional Planning and Economic Development Commission to serve as an RDA for the county.

Effective when it becomes law, Section 1.1 would add Hertford County to the list of counties authorized to create a Rural Development Authority under Chapter 988 of the 1965 Session Laws.

Transylvania Rural Development Authority

Under Section 1 of Article VII of the North Carolina Constitution, the General Assembly is empowered to "provide for the organization and government and the fixing of boundaries of counties, cities and towns, and other governmental subdivisions, and, except as otherwise prohibited by this Constitution, may give such powers and duties to counties, cities and towns, and other governmental subdivisions as it may deem advisable."

Effective when it becomes law, Section 1.2 would establish the Transylvania Rural Development Authority as a separate and independent corporate and public body. The Authority would have nine members who are residents of Transylvania County and appointed for a term of five years by the Transylvania Economic Alliance. All meetings would be open to the public. The Authority would be required to appoint the Transylvania Economic Alliance to operate the Authority. No member or employee of the Authority could have an interest, direct or indirect, in any development project, any property included in a development project, or any materials or services to be furnished for a development project. The Authority would have all the powers and duties granted to a rural development authority established under Chapter 988 of the 1965 Session Laws.

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Part II. – Various Municipal Modifications

Town of Boiling Springs Charter and Occupancy Tax

Charter – The Town of Boiling Springs was incorporated in 1911. The Town of Boiling Springs's Charter was last revised and consolidated in 1953 and was amended via ordinance in 2003. The Town of Boiling Springs operates under a council-manager form of government. The governing body is the Mayor and a five-member Town Council elected in odd-numbered years in nonpartisan elections to serve four-year terms. Members of the Town Council are elected at-large with staggered terms.

Effective when it becomes law, Section 2.1 would replace the current Charter with the updated consolidated Charter provisions concerning the property, affairs, and government of the Town of Boiling Springs.

Occupancy Tax – The Town of Boiling Springs is authorized to levy a 3% room occupancy tax. The tax proceeds are remitted to the Boiling Springs Tourism Development Authority (TDA). At least two-thirds of the proceeds must be used to promote travel and tourism in the Town of Boiling Springs and the remainder for tourism-related expenditures.

Effective July 1, 2025, Section 2.2 would dissolve the TDA and authorize the Town Council to spend the occupancy tax proceeds. The Town of Boiling Springs must use the net proceeds for the same purposes required under current law. All occupancy tax proceeds not expended by July 1, 2025 must be remitted to the Town Council to be used for the same purposes as authorized for the TDA.

Mills River Unified Development Ordinance

Effective when law, Section 2.3 would authorize the Town of Mills River to adopt the UDO initiated by the Town Council in October 2024. Any adoption of the UDO would be required to occur on or before July 1, 2026.

Town of Mooresville and City of Wilmington Property Conveyances

The authority of and procedures for a municipality to sell or dispose of real property is governed by Article 12 of Chapter 160A of the General Statutes. Subject to certain limitations, a city can dispose of real or personal property belonging to the city by:

- Private negotiation and sale – G.S. 160A-266.
- Advertisement for sealed bids – G.S.160A-268.
- Negotiated offer, advertisement, and upset bid – G.S. 160A-269.
- Public auction – G.S. 160A-270.
- Exchange – G.S. 160A-271.

Effective when law, Section 2.4 would amend the Charter of the Town of Mooresville to permit the Town, with or without consideration, and upon the terms it deems wise, to convey property for (i) affordable housing for low- and moderate-income persons, (ii) housing for veterans, and (iii) housing for emergency responders. Town property acquired through eminent domain may not be conveyed under the section. Any conveyance under the section may be made only pursuant to a resolution of the Town Board of Commissioners adopted at a regular or special meeting.

Effective when law, Section 2.5 would amend the Charter of the City of Wilmington to authorize the City to convey real property without the need to comply with Article 12 of Chapter 160A of the General Statutes, if the City Council approves the sale, exchange, or transfer of the fee or any lesser interest in real property either by public sale or by negotiated private sale, conditioned upon any covenants, conditions, or restrictions, or a combination of them, to the transfer. Any transfer under this authority must be in

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furtherance of adopted City policies or plans for the area and must be done by resolution adopted by the City Council.

Sections 2.4 and 2.5 would be effective when they become law.

Part III. – Various County Modifications

Temporarily Modify Distribution and Use of Local Sales and Use Tax Allocated to Buncombe County and Make Technical Changes to Buncombe School Capital Fund Commission

Local Sales Tax – Generally, the net proceeds of the first one cent of local sales and use tax are allocated to each taxing county and further divided among the taxing county and its municipalities in accordance with either the per capita method or the ad valorem method, as determined by the taxing county. Under the ad valorem method, proceeds are further shared with taxing districts to the extent the county levies a special district tax on behalf of said districts. The net proceeds of this tax may be used for any public purpose.

Buncombe County has a local modification regarding the distribution and use of the net proceeds of the first one cent of local sales tax (Article 39 proceeds).¹ While one-half is allocated to the county and its municipalities in accordance with the ad valorem method and may be used for any public purpose, the other half is paid directly to and managed by the Buncombe School Capital Fund Commission (Commission). These funds are placed in a capital reserve fund to be used to finance public school capital construction, improvement, and renovation projects, or to retire any indebtedness for these purposes. The Commission must consider the capital needs of both the Buncombe County School System and the Asheville City School System, prioritize those needs, and recommend projects to be funded. Moneys in the fund are subject to appropriation; the Commission must disburse moneys from the fund to the board of commissioners, upon written request and after the adoption of an ordinance in response to a written request from the appropriate board of education indicating it is prepared to enter into a contract for a capital project.

Section 3.1 would modify, for two years, the distribution and use of one-half of the Article 39 net proceeds that are otherwise paid to the Commission. First, the proceeds would be paid directly to the county rather than the Commission. Second, the proceeds could be used for both school capital outlay and school operating expenses, whereas use of these funds is currently limited to school capital only. The Commission would continue to serve in an advisory capacity to the board with respect to capital expenditures. However, the use of funds would ultimately be at the direction of the board and not under the control of the Commission.

Section 3.1 would be effective when it becomes law and apply to the Article 39 net proceeds distributed to Buncombe County on or after July 1, 2025, and would expire on June 30, 2027.

Buncombe School Capital Fund Commission Technical Changes – Chapters 134 and 534 of the 1983 Session Laws, as amended by S.L. 2016-19, established the Buncombe School Capital Fund Commission and provide for an ongoing local modification regarding the use and distribution of local sales and use tax proceeds (Articles 39, 40, and 42) allocated to Buncombe County. The 2016 Session Law amended only S.L. 1983-134 and failed to engross the changes made by S.L. 1983-534.

Effective when it becomes law, Section 3.2 would properly engross the session laws, recodify them as engrossed, and eliminate "leftover" language that was not properly deleted as part of the 2016 changes.

¹ Buncombe County also has a local modification with respect to the use of the net proceeds derived from the Article 40 and Article 42 local sales and use tax, but the use of those proceeds is not being modified by this Part.

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Allow Mitchell and Yancey Counties to Sign Memorandums of Understanding with Unico County

G.S. 160A-288 provides that, unless otherwise limited by local ordinance, the head of any law enforcement agency can temporarily provide assistance to another law enforcement agency upon written request. Law enforcement agencies can cooperate with law enforcement agencies from other states pursuant to G.S. 160A-288, subject to certain restrictions.

Effective when it becomes law, Section 3.3 would allow the Mitchell County Sheriff's Office and the Yancey County Sheriff's Office to enter into memorandums of understanding with the Unicoi County, Tennessee, Sheriff's Office to engage across state lines in law enforcement special operations missions and cooperative law enforcement actions. Any memorandum of understanding entered into pursuant to this section would specify the manner in which liability claims for damage to persons or property due to law enforcement special operations missions and cooperative law enforcement actions would be shared or assigned.

Allow Onslow County to Delegate Rezoning Authority

Article 6 of Chapter 160D of the General Statutes provides the procedure for local governments to adopt and amend development regulations and zoning maps. For zoning map amendments, the role of the planning board is limited to review and comment on whether the proposed zoning map amendment is consistent with any comprehensive plan or other plan that is applicable and to provide written recommendations to the governing board. Final decisions on zoning map amendments are made by the governing board after a public hearing and adoption of a statement on whether the amendment is consistent with a comprehensive plan or land-use plan.

Effective when it becomes law, Section 3.5 would authorize the Onslow County Board of Commissioners to delegate to the Onslow County Planning Board the authority to make the final decision on zoning map amendments including the authority to conduct the required hearing and adopt the required consistency statement.

Part IV. – Boards of Education – Partisan Elections

Columbus County Board of Education

The Columbus County Board of Education consists of five members, each representing a single-member residency district. The member filling the seat must reside in the district, but elections for all five seats are conducted county-wide. Columbus County Board of Education members are elected in even-numbered years at the time of the general election to serve staggered four-year terms. Elections are conducted using the nonpartisan plurality method.

Vacancies are filled by the remaining members of the Columbus County Board of Education by appointment of a person to serve the remainder of the unexpired term. The vacancy must be filled by an individual residing in the residency district of the vacating member.

Gaston County Board of Education

The Gaston County Board of Education consists of nine members. Two members are elected from the county at large. Seven members are elected from six residency districts, with two members elected from the Gastonia Township district, and one member elected from each of the other districts. The residency districts used are the same residency districts used for the Gaston County Board of Commissioners. For the residency districts, the member filling the seat must reside in the district, but elections for the seats are conducted county-wide. Gaston County Board of Education members are elected in even-numbered years at the time of the general election to serve staggered four-year terms. Elections are conducted using the nonpartisan plurality method.

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Vacancies are filled by the remaining members of the Gaston County Board of Education by the appointment of a person to serve until the next election of members to the Board, at which time the remaining unexpired term of the vacating member is filled by election. If a replacement is not chosen within 90 days after the vacancy occurs, then the vacancy is filled by the Gaston County Board of Commissioners. If a vacancy occurs in one of the residency districts, then the vacancy must be filled by an individual residing in the residency district of the vacating member.

Scotland County Board of Education

The Scotland County Board of Education consists of eight members, with five members elected from the Stewartsville residency district and three members elected from a residency district consisting of the remaining townships in Scotland County. The member filling the seat must reside in the district, but elections for all eight seats are conducted county-wide. Scotland County Board of Education members are elected in even-numbered years at the time of the general election to serve staggered-four year terms. Elections are conducted on a nonpartisan basis.

Vacancies are filled by the remaining members of the Scotland County Board of Education by appointment of a person to serve the remainder of the unexpired term. The vacancy must be filled by an individual residing in the residency district of the vacating member.

Johnston County Board of Education

The Johnston County Board of Education consists of seven members, each representing a single-member residency district. The member filling the seat must reside in the district, but elections for all seven seats are conducted county-wide. Johnston County Board of Education members are elected in even-numbered years at the time of the general election to serve staggered four-year terms. Elections are conducted using the nonpartisan primary and election method. If three or more candidates qualify to run for each district in any election year, a primary is held. The two candidates receiving the highest number of votes in that primary for each district are nominated for the general election. No second primary is allowed. If less than three candidates qualify to run for each district in any election year, no primary is held.

Vacancies are filled by the remaining members of the Johnston County Board of Education by appointment of a person to serve the remainder of the unexpired term. The vacancy must be filled by an individual residing in the residency district of the vacating member.

Effective beginning with the 2026 elections, Part IV would change the method of election for members of the Columbus County Board of Education, Gaston County Board of Education, Scotland County Board, and Johnston County Board of Education from nonpartisan to partisan. Beginning in 2026, to fill a vacancy on each of these boards, the remaining members of the respective Board would appoint a qualified person to fill the vacancy. However, if the vacating member was a nominee of a political party, the respective Board would be required to appoint the nominee of that political party's executive committee if the nomination is made within 30 days of the vacancy occurring.

Erika Churchill, Jessica Sammons, William Brewer, and Nick Giddings, Staff Attorneys with the Legislative Analysis Division, substantially contributed to this summary.