



HOUSE BILL 183: Various Local Provisions II.

2025-2026 General Assembly

Committee:	Senate State and Local Government. If favorable, re-refer to Rules and Operations of the Senate	Date:	May 22, 2025
Introduced by:	Rep. Clampitt	Prepared by:	Nicholas Giddings
Analysis of:	PCS to Second Edition H183-CSBA-11		Staff Attorney

OVERVIEW: *The PCS to House Bill 183 would make various changes to local laws in North Carolina.*

[As introduced, this bill was identical to S146, as introduced by Sen. Corbin, which is currently in Senate Rules and Operations of the Senate.]

CURRENT LAW/BILL ANALYSIS/EFFECTIVE DATES:

PART I – RESTRICT WAKE SURFING IN LAKE GLENVILLE

Part I would make wake surfing on the waters of Lake Glenville in Jackson County within 200 feet of the shoreline or any structure, moored vessel, kayak, canoe, paddleboard, or swimmer a Class 1 misdemeanor. Wake surfing would be defined as the operation of a motorboat to which weight has been added in the stern via water-filled tanks or other ballasts for the purpose of creating an artificially enlarged wake that is or is intended to be surfed on by another person towed behind the motorboat.

The offense would be enforceable by law enforcement officers of the Wildlife Resources Commission, sheriffs, deputy sheriffs, and other peace officers with general subject matter jurisdiction and punishable by a fine of not less than \$100 in addition to any other punishment prescribed for the offense.

This Part would become effective October 1, 2025, and would apply to offenses committed on or after that date.

PART II – 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."

Part II 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

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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 Session Laws of 1965.

Part II would be effective when it becomes law.

PART III – 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.

Part III would add Hertford County to the list of counties authorized to create a Rural Development Authority under Chapter 988 of the 1965 Session Laws.

Part III would be effective when it becomes law.

PARTS IV AND V – 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.

Part IV would create a new Section 11.4 in 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 Part. Any conveyance under the Part may be made only pursuant to a resolution of the Town Board of Commissioners adopted at a regular or special meeting.

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

Parts IV and V would be effective when they become law.

PART VI – ALLOW ONSLOW COUNTY TO DELEGATE REZONING AUTHORITY

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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.

Part VI 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 VI would be effective when it becomes law.

PART VII – HENDERSONVILLE PUBLIC ENTERPRISE CHANGES

Section 7.1 would amend the City of Hendersonville's authority to operate public enterprises under G.S. 160A-312 as follows:

- Remove the provisions shielding the city from liability for damages to those outside the city limits for failure to furnish public enterprise services.
- Require that the city adopt rules that:
 - Apply equally to the public enterprise system both within and outside the city's corporate limits.
 - May not apply differing treatment within and outside the city limits.
 - Make access to public enterprise services available within and outside the city limits equally.
 - May prioritize the continuation of the provision of services based on the availability of excess capacity to provide the service.
 - May be enforced with the remedies available under the law.
- Require the city to account for a public enterprise in a separate fund and would prohibit the transfer of money from that fund to another fund except for construction or replacement of assets for that public enterprise.

Sections 7.2 and 7.3 would require that in voluntary annexations, including satellite annexations, the owner petitioning for voluntary annexation must provide a statement that the petition is not based on a representation by the municipality that a public enterprise service available outside the corporate limits of the municipality would be withheld from the owner's property without the petition for annexation.

Part VII would become effective June 30, 2025. Section 7.1 would apply to FY 2025-2026 and thereafter. Any assets, liabilities, or equity of a public enterprise operated or held by the city during FY 2025-2026 would have to be transferred to the separate fund provided for in Section 7.1. Sections 7.2 and 7.3 would apply to petitions for annexation received on or after June 30, 2025.

PART VIII – MILLS RIVER UNIFIED DEVELOPMENT ORDINANCE

Part VIII would authorize the Town of Mills River to adopt the UDO initiated by the Town Council in October 2024. Part VIII would be effective when it becomes law. Any adoption of the UDO would be required to occur on or before July 1, 2026.

PART IX – HENDERSON COUNTY UDO DEFINITIONS

Part IX would authorize Henderson County, notwithstanding certain statutory prohibitions that may conflict, to amend definitions within its UDO to eliminate or modify uses by right in all zoning districts. Part IX would be effective when it becomes law. Any amendment of the UDO must occur on or before October 1, 2025.

PART X – ELIMINATE ETJ IN HENDERSON COUNTY

Except under certain circumstances, a municipality may regulate land use within an area beyond its corporate limits, commonly referred to as extraterritorial jurisdiction (ETJ). Land use regulations include zoning, subdivision regulation, building code enforcement, minimum housing code enforcement, historic preservation, erosion and sedimentation control regulation, and historic district regulation.

Part X would eliminate the authority of municipalities in Henderson County to exercise ETJ, returning the area currently within the ETJ of a municipality to the jurisdiction of Henderson County for enforcement of land use regulations and allowing any person with vested rights in the ETJ area from a municipality in Henderson County to exercise those vested rights as if no change in jurisdiction occurred.

Part X would be effective when it becomes law; however, the relinquishment of jurisdiction over an area that a municipality in Henderson County is exercising its ETJ authority over shall become effective July 1, 2025.

PART XI – HENDERSON COUNTY REZONING APPROVAL

Part XI would require that if a municipality in Henderson County proceeds with the voluntary annexation of a property, no rezoning of any area that includes the annexed property, or any part thereof, may occur without the approval of both the governing body of the municipality and the Henderson County Board of Commissioners. This requirement would apply only to Henderson County and any municipality located wholly or partly in Henderson County seeking to annex an area located wholly within Henderson County.

Part XI would become effective July 1, 2025, and apply to annexations on or after that date.

PARTS XII, XIII, AND XIV – COMMUNITY COLLEGE CONSTRUCTION

G.S. 115D-9 requires that expenditures of State funds for capital improvements of existing community colleges must be approved by the State Board of Community Colleges (SBCC) and the Governor.

G.S. 115D-15.1 provides for the disposition, acquisition, and construction of property by a community college with a county. A board of trustees of a community college can transfer the property to the county in which the property is located in order to finance any additions or renovations. The county transfers the property back to the board of trustees when the financing agreement has been satisfied. G.S. 143-129 (letting public contracts) and G.S. 143-341 (state construction) apply to projects undertaken by the county under this provision. Actions taken under this provision are subject to the approval of the State Board of Community Colleges.

G.S. 143-341(3) requires the Department of Administration (DOA) to approve all plans and specifications for the construction or renovation of all community college buildings when the project requires the

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expenditure of \$2,000,000 or more. The SBCC may also request the DOA approve the plans for projects requiring the expenditure of less than \$2,000,000.

Part 1 of Article 36 of Chapter 143 includes the general provisions related to the DOA. Article 3D of Chapter 143 governs the procurement of architectural, engineering, and surveying services by the State and local governments. Article 8 of Chapter 143 governs public contracts. Article 8 of Chapter 159 governs the financing agreements and arrangements made or entered into by a unit of local government.

Parts XII, XIII, and XIV would authorize the following counties to construct community college buildings on the following community college campuses:

- Henderson County on the campus of Blue Ridge Community College (Part XII).
- Johnston County on the campus of Johnston Community College (Part XIII).
- Rutherford County on the campus of Isothermal Community College (Part XIV).

The Board of Trustees of each community college (BOT) could transfer any of its property to the county to be used as security for the financing agreement. The county would transfer the property back to the BOT when the financing agreement is satisfied. The county would be allowed to use other funding sources to complete the construction, such as appropriations from the General Assembly. Once the construction is completed, the county will lease the buildings to the BOT under terms and conditions agreed to by both parties.

The county does not have to receive approval from the SBCC, the Governor, or the DOA, but must comply with the provisions governing procurement of architectural, engineering, and surveying services and public contracts. The county would be required to consult with the BOT on the programming requirements of the buildings and keep the Board informed of the construction progress. The county and the BOT would enter a memorandum of understanding to allow for the construction to be completed in a timely fashion and cost-efficient manner.

Parts XII, XIII, and XIV would be effective when they become law and apply only to construction projects, including additions, improvements, renovations, and repairs, coordinated by the County for College uses and purposes.

PART XV – TOWN OF BOILING SPRINGS CHARTER AND OCCUPANCY TAX

Charter – The Town of Boiling Springs (Town) was incorporated in 1911. The Town's Charter was last revised and consolidated in 1953 and was amended via ordinance in 2003. The Town 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 non-partisan elections to serve four-year terms. Members of the Town Council are elected at-large with staggered terms.

Section 15.1 would replace the current Charter with the updated consolidated Charter provisions concerning the property, affairs, and government of the Town. This section would be effective when it becomes law.

Occupancy Tax – The Town 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 and the remainder for tourism-related expenditures.

Section 15.2 would dissolve the TDA and authorize the Town Council to spend the occupancy tax proceeds. The Town must use the net proceeds for the same purposes required under current law. This

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section would become effective July 1, 2025, and all occupancy tax proceeds not expended by that date must be remitted to the Town Council to be used for the same purposes as authorized for the TDA.

PART XVI – 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 speaking, 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 16.1 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.

This section 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 expires 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.

Section 16.2 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. This section would be effective when it becomes law.

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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PART XVII – ALLOW MITCHELL AND YANCEY COUNTIES TO SIGN MOU'S WITH UNICOI 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.

Part XVII 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 Part 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.

This Part would be effective when it becomes law.