



HOUSE BILL 801: LRC Study Paper Towns.

2025-2026 General Assembly

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| Committee: | House State and Local Government. If favorable, re-refer to Rules, Calendar, and Operations of the House | Date: | April 29, 2025 |
| Introduced by: | Reps. Stevens, Ross | Prepared by: | Karyl Smith |
| Analysis of: | First Edition | | Committee Co-Counsel |

OVERVIEW: *House Bill 801 would authorize the Legislative Research Commission to study paper towns in North Carolina.*

CURRENT LAW: State law requires towns to provide only one service – enforcement of the State Building Code. Article 11 of Chapter 160D (Local Planning and Development Regulation) of the General Statutes describes the duties and responsibilities towns must carry out when enforcing the State Building Code.

The procedure for reviewing a petition for municipal incorporation is found in Part 2 of Article 20 (Joint Legislative Committee on Local Government) of Chapter 120 (General Assembly) of the General Statutes. When a petition is submitted to the Joint Legislative Commission on Municipal Incorporation, the Commission may not make a positive recommendation to incorporate the town unless the petition satisfies various criteria. One requirement is a petition must contain a statement that the proposed municipality will offer four of the following eight services no later than the first day of the third fiscal year following the effective date of the incorporation: (i) police protection, (ii) fire protection, (iii) solid waste collection or disposal, (iv) water distribution, (v) street maintenance, (vi) street construction or right-of-way acquisition, (vii) street lighting, and (viii) zoning.

BILL ANALYSIS:

Section 1(a) would direct the Legislative Research Commission (LRC) to study the current status of paper towns in North Carolina. The bill would define the term "paper town" as a town that exists in fact but does not provide adequate services, as required by law, to its residents. As part of the study, the LRC would be required to do the following:

- Determine whether towns incorporated by the General Assembly since 1995 are currently providing the services proposed by the petitioners in the petition to incorporate submitted to the then existing Joint Legislative Commission on Municipal Incorporation.
- Determine whether the services currently being provided by each town are sufficient to sustain the incorporation for purposes of continued taxation, zoning, and regulation of the right to control private property.
- Determine whether the General Assembly should take action regarding any of the towns studied, including suspension or revocation of the charter, due to the failure of the town to provide critical services sufficient to sustain the incorporation.

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- Review the statutory criteria for incorporation as provided in Part 2 of Article 20 of Chapter 120 of the General Statutes to determine what, if any, changes should be made to ensure that towns continue to provide a sufficient level of services after being incorporated, including those proposed in the petition to incorporate, to justify continued incorporation of the town.

Section 1(b) would require the LRC to make a final report on its study, including any proposed legislation, to the 2026 Regular Session of the 2025 General Assembly upon its convening.

EFFECTIVE DATE: The bill would become effective when it becomes law.