

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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SENATE BILL 281

Short Title: Municipal Service District/Streets. (Local)

Sponsors: Senator Stein.

Referred to: Finance.

March 10, 2011

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE CITIES TO ESTABLISH A MUNICIPAL SERVICE DISTRICT  
3 FOR THE PURPOSE OF CONVERTING PRIVATE RESIDENTIAL STREETS TO  
4 PUBLIC STREETS AND TO AUTHORIZE RELATED COMMUNITY ASSOCIATIONS  
5 TO TRANSFER PLANNED COMMUNITY PROPERTY TO CITIES.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 160A-536(a) is amended by adding a new subdivision to read:

8 "(a) Purposes. – The city council of any city may define any number of service districts  
9 in order to finance, provide, or maintain for the districts one or more of the following services,  
10 facilities, or functions in addition to or to a greater extent than those financed, provided or  
11 maintained for the entire city:

12 ...

13 (6) Converting private residential streets to public streets as provided in  
14 subsection (e) of this section."

15 **SECTION 2.** G.S. 160A-536 is amended by adding a new subsection to read:

16 "(e) Converting Private Residential Streets to Public Streets. – A city may establish a  
17 municipal service district for the purpose of converting private residential streets to public  
18 streets under the following conditions:

19 (1) The street-related common elements are conveyed to the city.

20 (2) The converted streets will be accepted by the city for perpetual public  
21 maintenance.

22 (3) Notwithstanding G.S. 160A-542, property taxes may not be levied within  
23 any district established pursuant to this Article in excess of thirty percent  
24 (30%) of the ad valorem tax rate in effect in the city in the fiscal year prior  
25 to the establishment of the municipal service district.

26 (4) The tax levied under this Article for the municipal service district may only  
27 be used to pay the costs related to causing the transfer of ownership of the  
28 roadways, evaluation of the condition of the private roadways, and the  
29 design and construction costs related to improving the roadways to meet  
30 public streets standards as approved by the governing board.

31 (5) After all such streets have been upgraded to meet public street standards and  
32 all costs have been recovered from the tax in the district, no further tax may  
33 be levied in the district and the city council shall proceed to abolish the  
34 municipal service district as provided by G.S. 160A-541.

35 Notwithstanding (i) the provisions of the North Carolina Planned Community Act, Chapter  
36 47F of the General Statutes, (ii) related articles of declaration, (iii) deed covenants, or (iv) any  
37 other similar document recorded with the Register of Deeds, the executive boards of owners'



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1 associations located within a municipal service district established under subdivision (a)(6) of  
2 this section may transfer street-related common elements to the municipality if a majority of the  
3 lot owners of the owners' association have signed a petition requesting the city to establish a  
4 municipal service district for the purpose of paying the costs related to converting private  
5 residential streets to public streets.

6 Notwithstanding G.S. 160A-299, if the city abandons the certain streets and associated  
7 rights-of-way, the street-related common elements shall be returned to the Planned Community  
8 association(s) in a manner that makes the associations' holdings in common elements as they  
9 were prior to the establishment of the municipal service district."

10 **SECTION 3.** This act is affective when it becomes law.