

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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HOUSE BILL 557  
Committee Substitute Favorable 5/22/19  
Committee Substitute #2 Favorable 6/19/19  
Fourth Edition Engrossed 6/26/19

Short Title: Municipal Omnibus Bill.

(Public)

Sponsors:

Referred to:

April 3, 2019

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE VARIOUS CHANGES TO THE LAWS AFFECTING  
3 MUNICIPALITIES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-373 is amended by adding a new subsection to read:

6 "(i) Relief from Collecting Unpaid Taxes After 10 Years. – The governing body of any  
7 taxing unit may, in its discretion, relieve the tax collector of the charge of taxes owed that are 10  
8 or more years past due when it appears to the governing body that such taxes are uncollectible."

9 **SECTION 2.(a)** G.S. 105-472(b) reads as rewritten:

10 "(b) **Distribution Between Counties and Cities.** – The Secretary shall divide the amount  
11 allocated to each taxing county among the county and its municipalities in accordance with the  
12 method determined by the county. The board of county commissioners shall, by resolution,  
13 choose one of the following methods of distribution:

14 (1) **Per Capita Method.** – The net proceeds of the tax collected in a taxing county  
15 shall be distributed to that county and to the municipalities in the county on a  
16 per capita basis according to the total population of the taxing county, plus the  
17 total population of the municipalities in the county. In the case of a  
18 municipality located in more than one county, only that part of its population  
19 living in the taxing county is considered its "total population". In order to  
20 make the distribution, the Secretary shall determine a per capita figure by  
21 dividing the amount allocated to each taxing county by the total population of  
22 that county plus the total population of all municipalities in the county. The  
23 Secretary shall then multiply this per capita figure by the population of the  
24 taxing county and by the population of each municipality in the county; each  
25 respective product shall be the amount to be distributed to the county and to  
26 each municipality in the county. To determine the population of each county  
27 and each municipality, the Secretary shall use the most recent annual estimate  
28 of population certified by the State Budget Officer.

29 (2) **Ad Valorem Method.** – The net proceeds of the tax collected in a taxing county  
30 shall be distributed to that county and the municipalities in the county in  
31 proportion to the total amount of ad valorem taxes levied by each on property  
32 having a tax situs in the taxing county during the fiscal year next preceding  
33 the distribution. For purposes of this section, the amount of the ad valorem  
34 taxes levied by a county or municipality includes ad valorem taxes levied by



1 the county or municipality in behalf of a taxing district and collected by the  
2 county or municipality. In addition, the amount of taxes levied by a county  
3 includes ad valorem taxes levied by a merged school administrative unit  
4 described in G.S. 115C-513 in the part of the unit located in the county. In  
5 computing the amount of tax proceeds to be distributed to each county and  
6 municipality, the amount of any ad valorem taxes levied but not substantially  
7 collected shall be ignored. Each county and municipality receiving a  
8 distribution of the proceeds of the tax levied under this Article shall in turn  
9 immediately share the proceeds with each district in behalf of which the  
10 county or municipality levied ad valorem taxes in the proportion that the  
11 district levy bears to the total levy of the county or municipality. Any county  
12 or municipality that fails to provide the Department of Revenue with  
13 information concerning ad valorem taxes levied by it adequate to permit a  
14 timely determination of its appropriate share of tax proceeds collected under  
15 this Article may be excluded by the Secretary from each monthly distribution  
16 with respect to which the information was not provided in a timely manner,  
17 and those tax proceeds shall then be distributed only to the remaining counties  
18 or municipalities, as appropriate. For the purpose of computing the  
19 distribution of the tax under this subsection to any county and the  
20 municipalities located in the county for any month with respect to which the  
21 property valuation of a public service company is the subject of an appeal and  
22 the Department of Revenue is restrained by law from certifying the valuation  
23 to the county and the municipalities in the county, the Department shall use  
24 the last property valuation of the public service company that has been  
25 certified.

26 The board of county commissioners in each taxing county shall, by ~~resolution adopted during~~  
27 ~~the month of April of each year, resolution,~~ determine which of the two foregoing methods of  
28 distribution shall be in effect in the county during the next succeeding fiscal year. In order for  
29 the resolution to be effective, a certified copy of it must be delivered to the Secretary in Raleigh  
30 within 15 calendar days after its adoption. If the board fails to adopt a resolution choosing a  
31 method of distribution not then in effect in the county, or if a certified copy of the resolution is  
32 not timely delivered to the Secretary, the method of distribution then in effect in the county shall  
33 continue in effect for the following fiscal year. Provided, if a board of county commissioners  
34 changes the method of distribution from the prior fiscal year, such change from the prior fiscal  
35 year shall not become effective unless written notice is provided to the affected municipalities  
36 before February 15 in the year of such change and copies of such written notice are submitted to  
37 the Secretary. The method of distribution in effect on the first of July of each fiscal year shall  
38 apply to every distribution made during that fiscal year."

39 **SECTION 2.(b)** This section is effective when it becomes law and applies to  
40 resolutions determining the method of distribution adopted on or after that date.

41 **SECTION 3.** G.S. 75-41(e) reads as rewritten:

42 "(e) A violation of this section renders the automatic renewal clause void and  
43 unenforceable. Nothing in this section creates liability for any public officer or employee of a  
44 political subdivision of the State for disbursement of public funds pursuant to a contract rendered  
45 void under this subsection."

46 **SECTION 4.(a)** G.S. 143B-135.56(b)(2) reads as rewritten:

47 "(2) Thirty percent (30%) ~~to provide matching funds to local governmental units~~  
48 ~~or public authorities as defined in G.S. 159-7 on a dollar for dollar basis for~~  
49 ~~local park and recreation purposes.~~ purposes (i) to provide matching funds to  
50 local governmental units or public authorities as defined in G.S. 159-7 on a  
51 dollar-for-dollar basis, (ii) to local governmental units identified as a tier one

1 area as defined in G.S. 143B-437.08, or (iii) to a local governmental unit  
2 located within a tier one area as defined in G.S. 143B-437.08. The appraised  
3 value of land that is donated to a local government unit or public authority  
4 may be applied to the matching requirement of this subdivision. These funds  
5 shall be allocated by the North Carolina Parks and Recreation Authority based  
6 on criteria patterned after the Open Project Selection Process established for  
7 the Land and Water Conservation Fund administered by the National Park  
8 Service of the United States Department of the Interior."

9 **SECTION 4.(b)** This section becomes effective January 1, 2020, and applies to  
10 allocations on or after that date.

11 **SECTION 5.** G.S. 157-3(12) reads as rewritten:

12 "(12) "Housing project" shall include all real and personal property, buildings and  
13 improvements, stores, offices, lands for farming and gardening, and  
14 community facilities acquired or constructed or to be acquired or constructed  
15 pursuant to a single plan or ~~undertaking; undertaking~~ to do any of the  
16 following:

- 17 a. To demolish, clear, remove, alter or repair unsanitary or unsafe  
18 ~~housing; and/or housing.~~
- 19 b. To provide safe and sanitary dwelling accommodations for persons of  
20 low income, or moderate income, or low and moderate ~~income;~~  
21 ~~and/or income.~~
- 22 c. To provide safe and sanitary housing for persons of low income, or  
23 moderate income, or low and moderate income, through payment of  
24 either or both of the following from any source:
- 25 1. ~~rent subsidies from any source; and/or~~ Rent subsidies.
- 26 2. Relocation assistance.
- 27 d. To provide grants, loans, interest supplements and other programs of  
28 financial assistance (including rent subsidies in furtherance of a  
29 program of home ownership) to persons of low income, or moderate  
30 income, or low and moderate income, so that such persons may  
31 become owners of their own housing or rehabilitate their own ~~housing;~~  
32 ~~and/or housing.~~
- 33 e. To provide grants, loans, interest supplements and other programs of  
34 financial assistance to public or private developers of housing for  
35 persons of low income, or moderate income, or low and moderate  
36 income.

37 "Housing project" also includes any project that provides housing for  
38 persons of other than low or moderate income, as long as at least twenty  
39 percent (20%) of the units in the project are set aside for the exclusive use of  
40 persons of low income.

41 The term "housing project" may also be applied to the planning of the  
42 buildings and improvements, the acquisition of property, the demolition of  
43 existing structures, the construction, reconstruction, alteration and repair of  
44 the improvements and all other work in connection therewith."

45 **SECTION 6.(a)** G.S. 160A-31(i) reads as rewritten:

46 "(i) A municipality has no authority to adopt a resolution or petition itself under this Part  
47 for annexation of property it does not own or have any legal interest in. For the purpose of this  
48 subsection, a municipality has no legal interest in a State-maintained street unless it owns the  
49 underlying fee and not just an easement. Notwithstanding this subsection, a municipality may  
50 include in the description of the area to be annexed any adjacent public streets or public street  
51 rights-of-way in an annexation ordinance adopted pursuant to this section."

1           **SECTION 6.(b)** G.S. 160A-58.2 reads as rewritten:

2   "**§ 160A-58.2. Public hearing.**

3       (a) Upon receipt of a petition for annexation under this Part, the city council shall cause  
4 the city clerk to investigate the petition, and to certify the results of his investigation. If the clerk  
5 certifies that upon investigation the petition appears to be valid, the council shall fix a date for a  
6 public hearing on the annexation. Notice of the hearing shall be published once at least 10 days  
7 before the date of hearing.

8       (b) At the hearing, any person residing in or owning property in the area proposed for  
9 annexation and any resident of the annexing city may appear and be heard on the questions of  
10 the sufficiency of the petition and the desirability of the annexation. If the council then finds and  
11 determines that (i) the area described in the petition meets all of the standards set out in  
12 G.S. 160A-58.1(b), (ii) the petition bears the signatures of all of the owners of real property  
13 within the area proposed for annexation (except those not required to sign by G.S. 160A-58.1(a)),  
14 (iii) the petition is otherwise valid, and (iv) the public health, safety and welfare of the inhabitants  
15 of the city and of the area proposed for annexation will be best served by the annexation, the  
16 council may adopt an ordinance annexing the area described in the petition. The ordinance may  
17 be made effective immediately or on any specified date within six months from the date of  
18 passage.

19       (c) Notwithstanding G.S. 160A-58.1(a)(2), a municipality may include in the description  
20 of the area to be annexed any adjacent public streets or public street rights-of-way in an  
21 annexation ordinance adopted pursuant to this section."

22           **SECTION 6.(c)** G.S. 160A-58.7(b) reads as rewritten:

23       (b) A city has no authority to adopt a resolution or petition itself under this Part for  
24 annexation of property it does not own or have any legal interest in. For the purpose of this  
25 subsection, a city has no legal interest in a State-maintained street unless it owns the underlying  
26 fee and not just an easement. Notwithstanding this subsection, a municipality may include in the  
27 description of the area to be annexed any adjacent public streets or public street rights-of-way in  
28 an annexation ordinance adopted pursuant to this section."

29           **SECTION 7.** G.S. 160A-536(d1) reads as rewritten:

30       (d1) Additional Requirements for Certain Contracts. – In addition to the requirements of  
31 subsection (d) of this section, if the city enters into a contract with ~~a private agency~~ any person  
32 or entity other than its own forces or another governmental agency for a service district under  
33 subdivision (a)(1a), (2), or (2a) of this section, the city shall comply with all of the following:

- 34           (1) The city shall solicit input from the residents and property owners as to the  
35 needs of the service district prior to entering into the contract.
- 36           (2) Prior to entering into, or the renewal of, any contract under this section, the  
37 city shall use a bid process to determine which ~~private agency~~ person or entity  
38 other than its own forces or another governmental agency is best suited to  
39 achieve the needs of the service district. The city shall determine criteria for  
40 selection of the ~~private agency~~ person or entity other than its own forces or  
41 another governmental agency and shall select a ~~private agency~~ in accordance  
42 with those criteria. If the city determines that a multiyear contract with a  
43 ~~private agency~~ person or entity other than its own forces or another  
44 governmental agency is in the best interest of the city and the service district,  
45 the city may enter into a multiyear contract not to exceed five years in length.
- 46           (3) The city shall hold a public hearing prior to entering into the contract, which  
47 shall be noticed by publication in a newspaper of general circulation, for at  
48 least two successive weeks prior to the public hearing, in the service district.
- 49           (4) The city shall require the ~~private agency~~ person or entity other than its own  
50 forces or another governmental agency with which the city contracted to  
51 report annually to the city, by presentation in a city council meeting and in

1 written report, regarding the needs of the service district, completed projects,  
2 and pending projects. Prior to the annual report, the ~~private agency person or~~  
3 entity other than its own forces or another governmental agency shall seek  
4 input of the property owners and residents of the service district regarding  
5 needs for the upcoming year.

6 (5) The contract shall specify the scope of services to be provided by the ~~private~~  
7 agency person or entity other than its own forces or another governmental  
8 agency. Any changes to the scope of services shall be approved by the city  
9 council."

10 **SECTION 8.** G.S. 162A-211 is amended by adding a new subsection to read:

11 "(a1) Revenue from system development fees calculated using the combined cost method  
12 may be expended for previously completed capital improvements for which capacity exists and  
13 for capital rehabilitation projects."

14 **SECTION 9.** Except as otherwise provided, this act is effective when it becomes  
15 law.