

**DRAFT**

**General Legislation**

**Associated with and Necessary For**

**Merger of City and County of Durham**

July 28, 2000

A BILL TO BE ENTITLED  
AN ACT TO ENACT THE MERGED CITY-COUNTY ACT AND MAKE OTHER CHANGES  
TO FACILITATE CITY-COUNTY MERGER.

The General Assembly of North Carolina enacts:

Section 1. A new General Statutes Chapter 160D is enacted to read as follows:

“G.S. Chapter 160D  
“Merged City-Counties

“Article 1. Short Title and Definitions

**“§ 160D-1. Short Title**

“This Chapter shall be cited as the Merged City-County Act.

**“§ 160D-2. Definitions.**

“In this Chapter:

- (1) ‘Merged city-county’ means a municipal corporation and political subdivision established by act of the General Assembly and authorized to exercise the powers, duties, rights, privileges, and immunities of a county and a city, all or most of which city is located in the county, whose governments have been merged into the government of the merged city-county. In a merged city-county, both the county and the city remain in existence as separate municipal corporations and political subdivisions but are governed by the government of the merged city-county.
- (2) ‘Governing board’ means the governing board of a merged city-county.”

“Article 2. Service Districts

**“§ 160D-10. Authority; purpose; administration.**

“(a) The governing board may define a central service district within the city that is part of the merged city-county in order to finance, provide, or maintain for the district services, facilities, and functions in addition to or to a greater extent than those financed, provided, or maintained for the entire city.

(b) The governing board may define one or more special service districts within the county that is part of the merged city-county in order to finance, provide, or maintain for the district services, facilities, and functions in addition to or to a greater extent than those financed, provided, or maintained for the entire county.

(c) The powers, duties, functions, rights, privileges, and immunities of a central service district or special service district shall be exercised or administered by the governing board of the merged city-county.

(d) The decisions of the governing board about allocation of revenues, services, facilities, and functions as between the city-county, the county, the city, and any service district are conclusive and not subject to review within the General Court of Justice.

**“§ 160D-11. Definition of central service district in place of city expanded at the time of merger.**

“If the charter of a merged city-county, on the effective date of the charter, expands the boundaries of the city that is part of the merged city-county, the governing board may, by resolution, define a central service district within the boundaries of that city as those boundaries existed immediately before the effective date of the charter. Any central service district so defined shall comprise the total area of the city as it existed immediately before the effective date of the charter. As determined by the governing board, the resolution shall take effect as to the areas included therein either upon its adoption or at the beginning of a fiscal year commencing after its passage.

**“§ 160D-12. Definition of special service districts.**

“(a) Standards. The governing board, by resolution, may define a special service district upon finding that a proposed district:

- (1) Has a resident population of at least 1,000;
- (2) Has a resident population density of at least one person per acre;
- (3) Has an assessed valuation of at least two and one-half million dollars (\$2,500,000); and
- (4) Requires the services, facilities, and functions that is or are to be provided or maintained only or to a greater extent within the district.

(b) Report. Prior to the public hearing required by subsection (c) of this section, the merged city-county shall prepare a report containing:

- (1) A map of the proposed district, showing its proposed boundaries;
- (2) A statement showing that the proposed district meets the standards of subsection (a) of this section; and
- (3) A plan for providing the service or services, facility or facilities, and function or functions to the district.

The report shall be available in the office of the city-county clerk for at least two weeks prior to the date of the public hearing.

(c) Hearing and notice. The governing board shall hold a public hearing prior to adoption of any resolution defining a new special service district. Notice of the hearing shall state the date, hour, and place of the hearing and its subject, and shall include a statement that the report required by subsection (b) of this section is available for inspection in the office of the city-county clerk. The notice shall be published in a newspaper of general circulation in the city-county at least once and not less than one week prior to the date of the hearing. In addition it shall be mailed at least four weeks prior to the date of the hearing to the owners as shown by the tax records of the merged city-county of all property located within the proposed district. The person designated by the governing board to mail the notice shall certify to the governing board that the mailing has been completed and his or her certificate shall be conclusive in the absence of fraud.

(d) Effective date. The resolution defining a special service district shall take effect at the beginning of a fiscal year commencing after its passage, as determined by the governing board.

**“§ 160D-13. Extension of service districts.**

“(a) Standards. The governing board, by resolution, may extend the boundaries of a central service district or special service district upon finding that:

- (1) The area to be added is contiguous to the district, with at least one eighth of the area’s aggregate external boundary coincident with the existing boundary of the district;
- (2) The area to be added has a resident population density of at least one person per acre and an assessed valuation of at least one thousand dollars (\$1,000) per resident person; or the area to be added is so developed that at least sixty percent (60%) of the total number of lots and tracts in the area at the time of extension are used for residential, commercial, industrial, institutional, or governmental purposes and at least sixty percent (60%) of the total acreage of the area at the time of extension is devoted to these uses; and
- (3) The area to be added requires the services, facilities, or functions that are provided for the contiguous central or special service district.

(b) Extension by petition. The governing board also, by resolution, may extend the boundaries of a central or special service district when one hundred percent (100%) of the real property owners of the area to be added have petitioned the governing board for extension of the district. An area added to a service district by petition need not be contiguous to the district.

(c) Report. Prior to the public hearing required by subsection (d) of this section, the merged city-county shall prepare a report containing:

- (1) A map of the existing service district and the area to be added, showing the present and proposed boundaries of the district;
- (2) A statement showing that the area to be added meets the standards of subsection (a) of this section or comes before the governing board by petition as provided in subsection (b) of this section; and
- (3) A plan for extending the district’s services, facilities, or functions to the area to be added.

The report shall be available in the office of the city-county clerk for at least two weeks prior to the date of the public hearing.

(d) Hearing and notice. The governing board shall hold a public hearing prior to adoption of any resolution extending the boundaries of a service district. Notice of the hearing shall state the date, hour, and place of the hearing and its subject, and shall include a statement that the report required by subsection (c) of this section is available for inspection in the office of the city-county clerk. The notice shall be published in a newspaper of general circulation in the city-county at least once and not less than one week prior to the date of the hearing. In addition it shall be mailed at least four weeks prior to the date of the hearing to the owners as shown by the tax records of the merged city-county of all property located within the area to be added to the district. The person designated by the governing board to mail the notice shall certify to the governing board that the mailing has been completed and his or her certificate shall be conclusive in the absence of fraud.

(e) Effective date. The resolution extending the boundaries of the district shall take effect at the beginning of a fiscal year commencing after its passage, as determined by the governing board.

(f) Existing cities. A merged city-county may not utilize the procedures of this section to add to an existing special service district territory within the boundaries of an active incorporated city or town except the city or town that is that is part of the merged city-county.

**“§ 160D-14. Required provision or maintenance of services, facilities, and functions.**

“(a) New district. When a merged city-county defines a new service district pursuant to this Article, it shall provide or maintain the services, facilities, and functions for which the residents of the district are being taxed within a reasonable time, not to exceed one year, after the effective date of the definition of the district.

(b) Extended district. When a merged city-county extends the boundaries of a service district pursuant to this Article, it shall provide or maintain the services, facilities, and functions provided or maintained throughout the district to the residents of the area added to the district within a reasonable time, not to exceed one year, after the effective date of the extension.

**“§ 160D-15. Deletion of territory from a special service district.**

“Upon finding that an area within a special service district no longer needs the services, facilities, or functions provided or maintained by the district, the governing board may, by resolution, remove that area from the district. The governing board shall hold a public hearing prior to adoption of a resolution removing territory from a district. Notice of the hearing shall state the date, hour, and place of the hearing, and its subject, and shall be published in a newspaper of general circulation in the city-county at least once a week for two successive weeks prior to the date of the hearing. The removal of the area shall take effect at the end of a fiscal year following passage of the resolution, as determined by the governing board.

**“§ 160D-15. Abolition of central or special service district.**

“Upon finding that there is no longer a need for a particular central or special service district, the governing board may, by resolution, abolish that district. The governing board shall hold a public hearing prior to adoption of a resolution abolishing a district. Notice of the hearing shall state the date, hour, and place of the hearing, and its subject, and shall be published in a newspaper of general circulation in the city-county at least once a week for two successive weeks prior to the date of the hearing. The abolition of a district shall take effect at the end of a fiscal year following passage of the resolution, as determined by the governing board.”

**“160D-16. Applicability of article.**

This article applies only to a merged city-county that has a population of more than 175,000 according to the most recent annual estimate of population made by the State Budget Officer and in which there are no cities or towns located entirely within the merged city-county except the city that is part of the merged city-county.

“Article 3. Taxation, Revenues, and Debt

**“§ 160D-20. Property taxation throughout the city-county.**

“(a) A merged city-county may levy property taxes throughout the county that is part of the merged city-county pursuant to G.S. 153A-149, and may levy property taxes throughout the city that is part of the merged city-county pursuant to G.S. 160A-209. A merged city-county may levy property taxes throughout the city-county pursuant to this section.

“(b) Pursuant to Article V, Sec. 2(5) of the Constitution of North Carolina, the General Assembly confers upon each merged city-county in this State the power to levy,

within the limitations set out in this section, taxes on property having a situs within the merged city-county under the rules and according to the procedures prescribed in the Machinery Act (Chapter 105, Subchapter II).

“(c) Each merged city-county may levy property taxes without restriction as to rate or amount for the following purposes:

- (1) Debt service. - To pay the principal of and interest on all general obligation bonds and notes of the merged city-county.
- (2) Deficits. - To supply an unforeseen deficiency in the revenue, when revenues actually collected or received fall below revenue estimates made in good faith in accordance with the Local Government Budget and Fiscal Control Act.
- (3) Civil Disorders. - To meet the cost of additional law-enforcement personnel and equipment that may be required to suppress riots or other civil disorders involving an extraordinary breach of law and order within the jurisdiction of the merged city-county.

“(d) Each merged city-county may levy property taxes, subject to the rate limitation set out in subsection (e) of this section, for any purpose that is set out as a separate paragraph in both G.S. 153A-149(c) and G.S. 160A-209(c).

“(e) A merged city-county’s combined rate of tax for the purposes permitted by subsection (d) of this section may not exceed a rate that when added to the rate of tax levied by the merged city-county pursuant to G.S. 153A-149(c) for the county that is part of the merged city-county, equals one dollar and fifty cents (\$1.50) on the one hundred dollars’ (\$100.00) appraised value of property subject to taxation. In addition, a merged city-county’s combined rate of tax for the purposes permitted by subsection (d) of this section may not exceed a rate that, when added to the rate of tax levied by the merged city-county pursuant to G.S. 160A-209(c) for the city that is part of the merged city-county and to the rate of tax, if any, levied by the merged city-county for any central service district within the city-county, equals one dollar and fifty cents (\$1.50) on the one hundred dollars’ (\$100.00) appraised value of property subject to taxation.”

#### **“§ 160D-21. Taxes within central service district.**

“(a) A merged city-county may levy the following taxes within a defined central service district in addition to those levied throughout the city-county or in addition to those levied throughout the city that is part of the merged city-county, in order to finance, provide, or maintain for the district services, facilities, and functions in addition to or to a greater extent than those financed, provided, or maintained for the entire city-county or entire city.

- (1) Property taxes. – A merged city-county may levy within a central service district a tax on property. The rate of this tax, when added to any property tax levied by the city-county for the entire city that is part of the merged city-county, may not exceed one dollar and fifty cents (\$1.50) on the one hundred dollars (\$100.00) of appraised valuation. This rate limitation does not apply to property taxes levied for debt service on general obligation bonds of the city.
- (2) Motor vehicle and taxicab license taxes. – A merged city-county may levy within a central services district the motor vehicle and taxicab license taxes authorized in G.S. 20-97.
- (3) Privilege license taxes. – A merged city-county may levy within a central service district privilege license taxes as authorized for cities and towns under the general law of the state.

(b) If a merged city-county has defined a central service district pursuant to article 2 of this chapter, it may not levy the motor vehicle and taxicab license taxes and the privilege license taxes authorized by subsection (a) of this section except within the central service district.

**“§ 160D-22. Property taxes within special service districts.**

“A merged city-county may levy a tax on property within a defined special service district in addition to the property tax levied throughout the city-county or in addition to the property tax levied throughout the county that is part of the merged city-county, in order to finance, provide, or maintain for the district services, facilities, and functions in addition to or to a greater extent than those financed, provided, or maintained for the entire city-county or entire county. The rate of this tax, when added to any property tax that is levied by the city-county for the entire county that is part of the merged city-county and that is subject to the rate limitation of G.S. 153A-149(c), may not exceed one dollar and fifty cents (\$1.50) on the one hundred dollars (\$100.00) of appraised valuation.

**“§ 160D-23. Allocation of other revenues.**

“A merged city-county may allocate to any central or special service district it creates any other revenues of the merged government whose use is not otherwise restricted by law.

**“§ 160D-24. Debt limitations.**

“(a) Debt limitation. The net debt of the city-county, as determined pursuant to G.S. 159-55, may not:

- (1) when added to the net debt of the city, exceed eight percent (8 %) of the appraised valuation of taxable property in the city; and
- (2) when added to the net debt of the county, exceed eight percent (8 %) of the appraised valuation of taxable property in the county.

(b) This section applies only to a merged city-county that has a population of more than 175,000 according to the most recent annual estimate of population made by the State Budget Officer and in which there are no cities or towns located entirely within the merged city-county except the city that is part of the merged city-county.

[COMMENT: These new sections give statutory recognition to the new entity, the merged city-county; permit the new entity to levy property taxes; and provide for the definition of service districts. The constitution requires that all these matters be accomplished by general law.]

Sec. 2. G.S. 160A-536(a) reads as rewritten:

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

- (1) Beach erosion control and flood and hurricane protection works;
- (1a) (For applicability see note) Any service, facility, or function which the municipality

- may by law provide in the city, and including but not limited to placement of utility wiring underground, placement of period street lighting, placement of specially designed street signs and street furniture, landscaping, specialized street and sidewalk paving, and other appropriate improvements to the rights-of-way that generally preserve the character of an historic district; provided that this subdivision only applies to a service district which, at the time of its creation, had the same boundaries as an historic district created under Part 3A of Article 19 of this Chapter;
- (2) Downtown revitalization projects;
  - (2a) Urban area revitalization projects;
  - (3) Drainage projects;
  - (3a) Sewage collection and disposal systems of all types, including septic tank systems or other on-site collection or disposal facilities or systems;
  - (3b) (For applicability see note) Lighting at interstate highway interchange ramps;
  - (3c) Fire protection, but only within a city that is part a merged city-county as defined in G.S. 160D-2.
  - (4) Off-street parking facilities; and
  - (5) Watershed improvement projects, including but not limited to watershed improvement projects as defined in General Statutes Chapter 139; drainage projects, including but not limited to the drainage projects provided for by General Statutes Chapter 156; and water resources development projects, including but not limited to the federal water resources development projects provided for by General Statutes Chapter 143, Article 21.”

[COMMENT: This change will allow the merged city-county to establish a fire district within a part of the central service district, as suggested by the charter provisions on fire protection.]

Sec. 3. G.S. 159-7(b) reads as rewritten:

- (b) The words and phrases defined in this section have the meanings indicated when used in this Article, unless the context clearly requires another meaning.
  - (1) "Budget" is a proposed plan for raising and spending money for specified programs, functions, activities or objectives during a fiscal year.
  - (2) "Budget ordinance" is the ordinance that levies taxes and appropriates revenues for specified purposes, functions, activities, or objectives during a fiscal year.
  - (3) "Budget year" is the fiscal year for which a budget is proposed or a budget ordinance is adopted.
  - (4) "Debt service" is the sum of money required to pay installments of principal and interest on bonds, notes, and other evidences of debt accruing within a fiscal year, to maintain sinking funds, and to pay installments on debt instruments issued pursuant to Chapter 159G of the General Statutes or Chapter 1591 of the General Statutes accruing within a fiscal year.
  - (5), (6) Repealed by Session Laws 1975, c. 514, s. 2.
  - (7) "Fiscal year" is the annual period for the compilation of fiscal operations, as prescribed in G.S. 159-8(b).
  - (8) "Fund" is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein, for the purpose of carrying on specific



activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

- (9) Repealed by Session Laws 1975, c. 514, s.2.
- (10) "Public authority" is a municipal corporation (other than a unit of local government) that is not subject to the Executive Budget Act (Article I of Chapter 143 of the General Statutes) or a local governmental authority, board, commission, council, or agency that (i) is not a municipal corporation, (ii) is not subject to the Executive Budget Act, and (iii) operates on an area, regional, or multi-unit basis, and the budgeting and accounting systems of which are not fully a part of the budgeting and accounting systems of a unit of local government.
- (11) Repealed by Session Laws 1975, c. 514, s. 2.
- (12) "Sinking fund" means a fund held for the retirement of term bonds.
- (13) "Special district" is a unit of local government (other than a county, city, town, or incorporated village, or consolidated city-county as defined in G.S. 160B-2) that is created for the performance of limited governmental functions or for the operation of a particular utility or public service enterprises.
- (14) "Taxes" do not include special assessments.
- (15) "Unit," "unit of local government," or "local government" is a municipal corporation that is not subject to the Executive Budget Act (Article I of Chapter 143 of the General Statutes) and that has the power to levy taxes, including a consolidated city-county, as defined by G.S. 160B-2(1) and a merged city-county as defined by G.S. 160D-2(1), and all boards, agencies, commissions, authorities, and institutions thereof that are not municipal corporations.
- (16) "Vending facilities" has the same meaning as it does in G.S. 143-12.1.

[COMMENT: This change makes clear that a merged city-county is a unit of local government under the Local Government Budget and Fiscal Control Act.]

Sec. 4. G.S. 159-44 reads as rewritten:

**"§ 159-44. Definitions.**

The words and phrases defined in this section shall have the meanings indicated when used in this Article, unless the context clearly requires another meaning:

- (1) "Finance officer" means the officer performing the duties of finance officer of a unit of local government pursuant to G.S. 159-24 of the Local Government Budget and Fiscal Control Act.
- (2) "Governing board" or "board" means the governing body of a unit of local government.
- (3) "Sinking fund" means a fund held for the retirement of term bonds.
- (4) "Unit," "unit of local government," or "local government" means counties; cities, towns, and incorporated villages; consolidated city-counties, as defined by G.S. 160B-2(1); merged city-counties, as defined by G.S. 160D-2(1); sanitary districts; mosquito control districts; hospital districts; merged school administrative units described in G.S. 115C-513; metropolitan sewerage districts; metropolitan water districts; county water and sewer districts; regional public transportation authorities; and special airport districts.
- (5) "Utility or public service enterprise" includes:

- a. Electric power transmission and distribution systems;
- b. Water supply facilities and distribution systems;
- c. Sewage collection and disposal systems;
- d. Gas transmission and distribution systems;
- e. Public transportation systems, including but not limited to bus lines, ferries, and mass transit systems;
- f. Solid waste collection and disposal systems and facilities;
- g. Cable television systems;
- h. Off-street parking facilities and systems;
- i. Public auditoriums, coliseums, stadiums and convention centers;
- j. Airport;
- k. Hospitals and other health-related facilities; and
- l. Structural and natural stormwater and drainage systems of all types.”

[COMMENT: This change adds merged city-counties to the entities that may issue general obligation debt.]

Sec. 5. G.S. 159-48(b), (c), and (d) read as rewritten:

“(b) Each county, ~~and city,~~ and merged city-county as defined in G.S. 160D-2(1) is authorized to borrow money and issue its bonds under this Article in evidence thereof for the purpose of paying any capital costs of any one or more of the following:

- (1) Providing airport facilities, including without limitation related land, landing fields, runways, clear zones, lighting, navigational and signal systems, hangars, terminals, offices, shops, and parking facilities.
- (2) Providing armories for the North Carolina national guard.
- (3) Providing auditoriums, coliseums, arenas, stadiums, civic centers, convention centers, and facilities for exhibitions, athletic and cultural events, shows, and public gatherings.
- (4) Providing beach improvements, including without limitation jetties, seawalls, groins, moles, sand dunes, vegetation, additional sand, pumps and related equipment, and drainage channels, for the control of beach erosion and the improvement of beaches.
- (5) Providing cemeteries.
- (6) Providing facilities for fire fighting and prevention, including without limitation headquarters buildings, station buildings, training facilities, hydrants, alarm systems, and communications systems.
- (7) Providing hospital facilities, including without limitation general, tuberculosis, mental, chronic disease, and other types of hospitals and related facilities such as laboratories, outpatient departments, nurses’ homes and training facilities, and central service facilities operated in connection with hospitals; facilities for the provision of public health services, including related facilities such as laboratories, clinics, and administrative offices; facilities specially designed for the diagnosis, treatment, education, training, or custodial care of the mentally retarded, including facilities for training specialists and sheltered workshops for the mentally retarded; nursing homes; and in connection with the foregoing, laundries, nurses’, doctors’, or interns’ residences, administrative buildings, research facilities, maintenance, storage, and utility facilities, auditoriums, dining halls, food service and preparation facilities, fire prevention facilities, mental and physical health care

facilities, dental care facilities, nursing schools, mental teaching facilities, offices, parking facilities, and other supporting service structures.

- (8) Providing land for corporate purposes.
  - (9) Providing facilities for law enforcement, including without limitation headquarters buildings, station buildings, jails and other confinement facilities, training facilities, alarm systems, and communications systems.
  - (10) Providing library facilities, including without limitation fixed and mobile libraries.
  - (11) Providing art galleries, museums, and art centers, and providing for historic properties.
  - (12) Providing parking facilities, including on-and off-street parking, and in connection therewith any area or place for the parking and storing of automobiles and other vehicles open to public use, with or without charge, including without limitation meters, buildings, garages, driveways, and approaches.
  - (13) Providing parks and recreation facilities, including without limitation land, athletic fields, parks, playgrounds, recreation centers, shelters, stadiums, arenas, permanent and temporary stands, golf courses, swimming pools, wading pools, marinas, and lighting.
  - (14) Providing public building, including without limitation buildings housing courtrooms, other court facilities, and council rooms, office buildings, public markets, public comfort stations, warehouses, and yards.
  - (15) Providing public vehicles, including without limitation those for law enforcement fire fighting and prevention, sanitation, street paving and maintenance, safety and public health, and other corporate purposes.
  - (16) Providing for redevelopment through the acquisition of land and the improvement thereof for assisting local redevelopment commissions.
  - (17) Providing sanitary sewer systems, including without limitation community sewerage facilities for the collection, treatment, and disposal of sewage or septic tank systems and other on-site collection and disposal facilities or systems.
  - (18) Providing solid waste disposal systems, including without limitation land for sanitary landfills, incinerators, and other structures and buildings.
  - (19) Providing storm sewers and flood control facilities, including without limitation levees, dikes, diversionary channels, drains, catch basins, and other facilities for storm water drainage.
  - (20) Providing voting machines.
  - (21) Providing water systems, including without limitation facilities for the supply, storage, treatment, and distribution of water.
  - (22) Providing for any other purpose for which it is authorized, by general laws uniformly applicable throughout the State, to raise or appropriate money, except for current expenses.
  - (23) Providing public transportation facilities, including without limitation equipment for public transportation, buses, surface and below-ground railways, ferries, and garage facilities.
  - (24) Providing industrial parks, land suitable for industrial or commercial purposes, shell buildings, in order to provide employment opportunities for citizens of the county or city.
  - (25) Providing property to preserve a railroad corridor.”
- (c) Each county and merged city-county is authorized to borrow money and issue its bonds under this Article in evidence of the debt for the purpose of, in case of subdivisions (1)

through (4b) of this subsection, paying any capital costs of any one or more of the purposes and, in the case of subdivisions (5) and (6) of this subsection, to finance the cost of the purpose:

- (1) Providing community college facilities, including without limitation buildings, plants, and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, student unions, dormitories, gymnasiums, athletic fields, cafeterias, utility plants, and garages.
- (2) Providing courthouses, including without limitation offices, meeting rooms, court facilities and rooms, and detention facilities.
- (3) Providing county homes for the indigent and infirm.
- (4) Providing school facilities, including without limitation schoolhouses, buildings, plants and other facilities, physical and vocational educational buildings and facilities, including in connection therewith classrooms, laboratories, libraries, auditoriums, administrative offices, gymnasiums, athletic fields, lunchrooms, utility plants, garages, and school buses and other necessary vehicles.
- (4a) Providing improvements to subdivision and residential streets pursuant to G.S. 153A-205.
- (4b) Providing land for present or future county corporate, open space, community college, or public school purposes.
- (5) Providing for the octennial revaluation of real property for taxation.
- (6) Providing housing projects for persons of low or moderate income, including construction or acquisition or projects to be owned by a county, redevelopment commission, or housing authority and the provision of loans, grants, interest supplements, and other programs of financial assistance to such persons. A housing project may provide housing or persons of other than low or moderate income if at least forty percent (40%) of the units in the project are exclusively reserved for persons of low or moderate income. No rent subsidy may be paid from bond proceeds.
- (d) Each city and merged city-county is authorized to borrow money and issue its bonds under this Article in evidence thereof for the purpose of paying any capital costs of any one or more of the following:
  - (1) Repealed by Session Laws 1977, c. 402, s. 2.
  - (2) Providing cable television systems.
  - (3) Providing electric systems, including without limitation facilities for the generation, transmission, and distribution of electric light and power.
  - (4) Providing gas systems, including without limitation facilities for the production, storage, transmission and distribution of gas, where systems shall also include the purchase and/or lease of natural gas fields and natural gas reserves and the purchase of natural gas supplies, and where any parts of such systems may be located either within the State or without.
  - (5) Providing streets and sidewalks, including without limitation bridges, viaducts, causeways, overpasses, underpasses, and alleys; paving, grading, resurfacing, and widening streets; sidewalks, curbs and gutters, culverts, and drains; traffic controls, signals, and markers; lighting; and grade crossings and the elimination thereof and grade separations.
  - (6) Improving existing systems or facilities for the transmission or distribution of telephone services.
  - (7) Providing housing projects for the benefit of persons of low income, or moderate

income, or low and moderate income, including without limitation (i) construction or acquisition of projects to be owned by a city, redevelopment commission or housing authority, and (ii) loans, grants, interest supplements and other programs of financial assistance to persons of low income, or moderate income, or low and moderate income, and developers of housing for persons of low income, or moderate income, or low and moderate income. A housing project may provide housing for persons of other than low or moderate income, as long as at least twenty percent (20%) of the units in the project are set aside for housing for the exclusive use of persons of low income. No rent subsidy may be paid from bond proceeds.”

[COMMENT: This section clarifies the purposes for which a merged city-county may issue general obligation debt.]

Sec. 6. G.S. 159-81 reads as rewritten:

**“§ 159-81. Definitions.**

The words and phrases defined in this section shall have the meanings indicated when used in this Article:

- (1) “Municipality” means a county, city, town, incorporated village, merged city-county as defined in G.S. 160D-2, sanitary district, metropolitan sewerage district, metropolitan water district, county water and sewer district, water and sewer authority, hospital authority, hospital district, parking authority, special airport district, regional public transportation authority, regional transportation authority, regional natural gas district, regional sports authority, airport authority, joint agency created pursuant to Part I of Article 20 of Chapter 160A of the General Statutes, and joint agency authorized by agreement between two cities to operate an airport pursuant to G.S. 63-56, but not any other forms of local government.
- (2) “Revenue bond” means a bond issued by the State of North Carolina or a municipality pursuant to this Article.
- (3) “Revenue bond project” means any undertaking for the acquisition, construction, reconstruction, improvement, enlargement, betterment, or extension of any one or combination of the following revenue-producing utility or public service enterprise facilities or systems owned or leased as lessee by the issuing unit, to be financed through the issuance of revenue bonds, thereby providing funds to pay the costs of the undertaking or to reimburse funds loaned or advanced by the State or a municipality to pay the costs of the undertaking:
  - a. Water systems or facilities, including all plants, works, instrumentalities and properties used or useful in obtaining, conserving, treating, and distributing water for domestic or industrial use, irrigation, sanitation, fire protection, or any other public or private use.
  - b. Sewage disposal systems or facilities, including all plants, works, instrumentalities, and properties used or useful in the collection, treatment, purification, or disposal of sewage.
  - c. Systems or facilities for the generation, production, transmission, or distribution of gas (natural, artificial; or mixed) or electric energy for lighting, heating, or power for public and private uses, where gas systems shall include the purchase and/or lease of natural gas fields and natural gas

- reserves and the purchase of natural gas supplies, and where any parts of such gas systems may be located either within the State or without.
- d. Systems, facilities and equipment for the collection, treatment, or disposal of solid waste.
  - e. Public transportation systems, facilities, or equipment, including but not limited to bus, truck, ferry, and railroad terminals, depots, trackages, vehicles, and ferries, and mass transit systems.
  - f. Public parking lots, areas, garages, and other vehicular parking structures and facilities.
  - g. Aeronautical facilities, including but not limited to airports, terminals, and hangars.
  - h. Marine facilities, including but not limited to marinas, basins, docks, dry docks, piers, marine railways, wharves, harbors, warehouses, and terminals.
  - i. Hospitals and other health-related facilities.
  - j. Public auditoriums, gymnasiums, stadiums, and convention centers.
  - k. Recreational facilities.
  - l. In addition to the foregoing, in the case of the State of North Carolina, low-level radioactive waste facilities developed pursuant to Chapter 104G of the General Statutes, hazardous waste facilities developed pursuant to Chapter 130B of the General Statutes, and any other project authorized by the General Assembly.
  - m. Economic development projects, including the acquisition and development of industrial parks, the acquisition and resale of land suitable for industrial or commercial purposes, and the construction and lease or sale of shell buildings in order to provide employment opportunities for citizens of the municipality.
  - n. Facilities for the use of any agency or agencies of the government of the United States of America.
  - o. Structural and natural stormwater and drainage systems of all types. The cost of an undertaking may include all property, both real and personal and improved and unimproved, plants, works, appurtenances, machinery, equipment, easements, water rights, air rights, franchises, and licenses used or useful in connection with any of the foregoing utilities and enterprises; the cost of demolishing or moving structures from land acquired and the cost of acquiring any lands to which such structures are to be moved; financing charges; the cost of plans, specifications, surveys, and estimates of cost and revenues; administrative and legal expenses; and any other expense necessary or incident to the project.
- (4) "Revenues" include all moneys received by the or State municipality from, in connection with, or as a result of its ownership or operation of a revenue bond project or a utility or, public service enterprise facility or system of which a revenue bond project is a part, including (to the extent deemed advisable by the State or a municipality) moneys received from the United States of America, the State of North Carolina, or any agency of either, pursuant to an agreement with the State or a municipality, as the case may be, pertaining to the project. Revenues also include all moneys received by, or on behalf of, the North Carolina Low-Level Radioactive Waste Management Authority in connection with its financing of a low-level radioactive waste facility and all money received by, or on behalf of, the North Carolina Hazardous Waste Management Commission in connection with its

financing of a hazardous waste facility.”

[COMMENT: This change enables merged city-counties to issue revenue bonds.]

Sec. 7. G.S. 160A-20(h) reads as rewritten:

“(h) As used in this section, the term “unit of local government” means any of the following:

- (1) A county.
- (2) A city
- (3) A water and sewer authority created under Article I of Chapter 162A of the General Statutes.
- (3a) A metropolitan sewerage district created under Article 5 of Chapter 162A of the General Statutes.
- (3b) A sanitary district created under Part 2 of Article 2 of Chapter 130A of the General Statutes.
- (4) An airport authority whose situs is entirely within a county that has (i) a population over 120,000 according to the most recent federal decennial census and (ii) an area of less than 200 square miles.
- (5) An airport authority in a county in which there are two incorporated municipalities with a population of more than 65,000 according to the most recent federal decennial census.
- (5a) An airport board or commission authorized by agreement between two cities pursuant to G.S. 63-56, one of which is located partially but not wholly in the county in which the jointly owned airport is located, and where the board or commission provided water and wastewater services off the airport premises before January 1, 1995; provided that the authority granted by this section may be exercised by such a board or commission with respect to water and wastewater systems or improvements only.
- (6) A local school administrative unit whose board of education is authorized to levy a school tax.
- (7) An area mental health, developmental disabilities, and substance abuse authority, acting in accordance with G.S. 122C-147.
- (8) A consolidated city-county, as defined by G.S. 160B-2(l).
- (8a) A merged city-county, as defined by G.S. 160D-2(l).
- (9) A baseball park district.
- (10) A regional natural gas district, as defined by Article 28 of this Chapter.
- (11) A regional public transportation authority or a regional transportation authority created pursuant to Article 26 or Article 27 of this Chapter.
- (12) A nonprofit corporation or association operating or leasing a public hospital as defined in G.S. 159-39.”

[COMMENT: This change enables merged city-counties to enter into installment financing agreements.]

Sec. 8. G.S. 159G-3(10) reads as rewritten:

“(10) “Local government unit” means a county, city, town, incorporated village, consolidated city-county, as defined by G.S. 160B-2(1), including such a consolidated city-county acting with respect to an urban service district defined by a consolidated city-county, merged city-county, as defined by G.S. 160D-2(1), sanitary district, metropolitan sewerage district, metropolitan water district, county water and sewer district, water and sewer authority, joint agency authorized by agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that also provided water and wastewater services off the airport premises before January 1, 1995, or joint agency created pursuant to Part 1 of Article 20 of Chapter 160A of the General Statutes.”

[COMMENT: This change allows a merged city-county to borrow money from the Clean Water Revolving Fund.]

Sec. 9. G.S. 105-164.14(c) reads as rewritten:

“(c) Certain governmental entities. – A governmental entity listed in this subsection is allowed an annual refund of sales and use taxes paid by it under this Article, except under G.S. 105-164.4(a)(4a) and G.S. 105-164.4(a)(4c), on direct purchases of tangible personal property. Sales and use tax liability indirectly incurred by a governmental entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the governmental entity is considered a sales or use tax liability incurred on direct purchases by the governmental entity for the purpose of this subsection. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the governmental entity’s fiscal year.

This subsection applies only to the following governmental entities:

- (1) A county.
- (2) A city as defined in G.S. 160A-1.
- (2a) A consolidated city-county as defined in G.S. 160B-2.
- (2b) A local school administrative unit.
- (2c) A merged city-county as defined in G.S. 160D-2.
- (3) A metropolitan sewerage district or a metropolitan water district in this State.
- (4) A water and sewer authority created under Chapter 162A of the General Statutes.
- (5) A lake authority created by a board of county commissioners pursuant to an act of the General Assembly.
- (6) A sanitary district.
- (7) A regional solid waste management authority created pursuant to G.S. 153A-421.
- (8) An area mental health, developmental disabilities, and substance abuse authority, other than a single-county area authority, established pursuant to Article 4 of Chapter 122C of the General Statutes.
- (9) A district health department, or a public health authority created pursuant to Part 1A of Article 2 of Chapter 130A of the General Statutes.
- (10) A regional council of governments created pursuant to G.S. 160A-470.
- (11) A regional planning and economic development commission or a regional economic development commission created pursuant to Chapter 158 of the General Statutes.
- (12) A regional planning commission created pursuant to G.S. 153A-391.



- (13) A regional sports authority created pursuant to G.S. 160A-479.
- (14) A public transportation authority created pursuant to Article 25 of Chapter 160A of the General Statutes.
- (14a) A facility authority created pursuant to Part 4 of Article 20 of Chapter 160A of the General Statutes.
- (15) A regional public transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes, or a regional transportation authority created pursuant to Article 277 of Chapter 160A of the General Statutes.
- (16) A local airport authority that was created pursuant to a local act of the General Assembly.
- (17) A joint agency created by interlocal agreement pursuant to G.S. 160A-462 to operate a public broadcasting television station.
- (18) The North Carolina Low-Level Radioactive Waste Management Authority created pursuant to Chapter 104G of the General Statutes.
- (19) The North Carolina Hazardous Waste Management Commission created pursuant to Chapter 130B of the General Statutes.
- (20) A constituent institution of The University of North Carolina, but only with respect to sales and use tax paid by it for tangible personal property acquired by it through the expenditure of contract and grant funds.
- (21) The University of North Carolina Hospitals at Chapel Hill.
- (22) A regional natural gas district created pursuant to Article 28 of Chapter 160A of the General Statutes.”

[COMMENT: This change allows the merged city-county to receive refunds of the sales and use tax it pays.]

Sec. 10. This act is effective when it becomes law.