

NORTH CAROLINA GENERAL ASSEMBLY  
1973 SESSION

CHAPTER 655  
HOUSE BILL 331

AN ACT AUTHORIZING CITIES TO ESTABLISH SERVICE DISTRICTS AND TO LEVY TAXES THEREIN AND ISSUE BONDS THEREFOR IN ORDER TO FINANCE SUCH SERVICES.

The General Assembly of North Carolina enacts:

**Section 1.** Chapter 160A of the General Statutes of North Carolina is amended by inserting therein a new article as follows:

"Article 22

"Municipal Service Districts

"§ 160A-500. **Title.** — This article may be cited as 'The Municipal Service District Act of 1973,' and is enacted pursuant to Article V, Section 2(4) of the Constitution of North Carolina, effective July 1, 1973.

"§ 160A-501. **Purposes for which districts may be established.** — 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;
- (2) downtown revitalization projects;
- (3) drainage projects; and
- (4) off-street parking facilities.

As used in this section 'downtown revitalization projects' include by way of illustration but not limitation improvements to water mains, sanitary sewer mains, storm sewer mains, electric power distribution lines, gas mains, street lighting, streets and sidewalks, including rights of way and easements therefor, the construction of pedestrian malls, bicycle paths, overhead pedestrian walkways, sidewalk canopies, and parking facilities both on-street and off-street, and other improvements intended to relieve traffic congestion in the central city, improve pedestrian and vehicular access thereto, reduce the incidence of crime therein, and generally to further the public health, safety, welfare, and convenience by promoting the economic health of the central city or downtown area. Exercise of the authority granted by this article to undertake downtown revitalization projects financed by a municipal service district shall not prejudice the city's authority to undertake urban renewal projects in the same area.

"§ 160A-502. **Definition of service districts.** — (a) Standards. The city council of any city may by resolution define a service district upon finding that a proposed district is in need of one or more of the services, facilities, or functions listed in § 160A-501 to a demonstrably greater extent than the remainder of the city.

(b) Report. Before the public hearing required by subsection (c), the city council shall cause to be prepared 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 set out in subsection (a); and
- (3) a plan for providing in the district one or more of the services listed in G.S. 160A-501.

The report shall be available for public inspection in the office of the city clerk for at least four weeks before the date of the public hearing.

(c) Hearing and Notice. The city council shall hold a public hearing before adopting any resolution defining a new service district under this section. Notice of the hearing shall state the date, hour, and place of the hearing and its subject, and shall include a map of the proposed district and a statement that the report required by subsection (b) is available for public inspection in the office of the city clerk. The notice shall be published at least once not less than one week before the date of the hearing. In addition, it shall be mailed by first class mail at least four weeks before the date of the hearing to the owners as shown by the county tax records as of the preceding January 1 (and at the address shown thereon) of all property located within the proposed district. The person designated by the council to mail the notice shall certify to the council that the mailing has been completed and his certificate is conclusive in the absence of fraud.

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

**"§ 160A-503. Extension of service districts.** — (a) Standards. The city council may by resolution annex territory to any service district upon finding that:

- (1) the area to be annexed 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) that the area to be annexed requires the services of the district.

(b) Annexation by Petition. The city council may also by resolution extend by annexation the boundaries of any service district when one hundred percent (100%) of the real property owners of the area to be annexed have petitioned the council for annexation to the service district.

(c) Report. Before the public hearing required by subsection (d), the council shall cause to be prepared a report containing:

- (1) a map of the service district and the adjacent territory, showing the present and proposed boundaries of the district;
- (2) a statement showing that the area to be annexed meets the standards and requirements of subsections (a) or (b); and
- (3) a plan for extending services to the area to be annexed.

The report shall be available for public inspection in the office of the city clerk for at least two weeks before the date of the public hearing.

(d) Hearing and Notice. The council shall hold a public hearing before adopting 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) is available for inspection in the office of the city clerk. The notice shall be published at least once not less than one week before the date of the hearing. In addition, the notice shall be mailed at least four weeks before the date of the hearing to the owners as shown by the county tax records as of the preceding January 1 of all property located within the area to be annexed. The person designated by the council to mail the notice shall certify to the council that the mailing has been completed, and his 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 council.

**"§ 160A-504. Consolidation of service districts.** — (a) The city council may by resolution consolidate two or more service districts upon finding that:

- (1) the districts are contiguous or are in a continuous boundary; and
- (2) the services provided in each of the districts are substantially the same; or

- (3) if the services provided are lower for one of the districts, there is a need to increase those services for that district to the level of that enjoyed by the other districts.
- (b) Report. Before the public hearing required by subsection (c), the city council shall cause to be prepared a report containing:
  - (1) a map of the districts to be consolidated;
  - (2) a statement showing the proposed consolidation meets the standards of subsection (a); and
  - (3) if necessary, a plan for increasing the services for one or more of the districts so that they are substantially the same throughout the consolidated district.

The report shall be available in the office of the city clerk for at least two weeks before the public hearing.

(c) Hearing and Notice. The city council shall hold a public hearing before adopting any resolution consolidating service districts. 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) is available for inspection in the office of the city clerk. The notice shall be published at least once not less than one week before the date of the hearing. In addition, the notice shall be mailed at least four weeks before the hearing to the owners as shown by the county tax records as of the preceding January 1 of all property located within the consolidated district. The person designated by the council to mail the notice shall certify to the council that the mailing has been completed, and his certificate shall be conclusive in the absence of fraud.

(d) Effective Date. The consolidation of service districts shall take effect at the beginning of a fiscal year commencing after passage of the resolution of consolidation, as determined by the council.

**"§ 160A-505. Required provision or maintenance of services.** — (a) New District. When a city defines a new service district, it shall provide, maintain, or let contracts for the services 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 city annexes territory for a service district, it shall provide, maintain, or let contracts for the services provided or maintained throughout the district to the residents of the area annexed to the district within a reasonable time, not to exceed one year, after the effective date of the annexation.

(c) Consolidated District. When a city consolidates two or more service districts, one of which has had provided or maintained a lower level of services, it shall increase the services within that district (or let contracts therefor) to a level comparable to those provided or maintained elsewhere in the consolidated district within a reasonable time, not to exceed one year, after the effective date of the consolidation.

**"§ 160A-506. Abolition of service districts.** — Upon finding that there is no longer a need for a particular service district, the city council may by resolution abolish that district. The council shall hold a public hearing before adopting 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 at least once not less than one week before the date of the hearing. The abolition of any service district shall take effect at the end of a fiscal year following passage of the resolution, as determined by the council.

**"§ 160A-507. Taxes authorized; rate limitation.** — A city may levy property taxes within defined service districts in addition to those levied throughout the city, in order to finance, provide or maintain for the district services provided therein in addition to or to a greater extent than those financed, provided or maintained for the entire city. In addition, a city may allocate to a service district any other revenues whose use is not otherwise restricted by law.

Property subject to taxation in a newly established district or in an area annexed to an existing district is that subject to taxation by the city as of the preceding January 1.

Property taxes may not be levied within any district established pursuant to this article in excess of a rate on each one hundred dollar (\$100.00) value of property subject to taxation which, when added to the rate levied city-wide for purposes subject to the rate limitation, would exceed the rate limitation established in G.S. 160A-209(d), unless that portion of the rate in excess of this limitation is submitted to and approved by a majority of the qualified voters residing within the district. Any referendum held pursuant to this paragraph shall be held and conducted as provided in G.S. 160 A-209.

This article does not impair the authority of a city to levy special assessments pursuant to Article 10 of this chapter for works authorized by G.S. 160A-491, and may be used in addition to that authority.

**"§ 160A-508. Bonds authorized.** — (a) A city may issue its general obligation bonds under the Local Government Bond Act to finance services, facilities or functions provided within a service district. If a proposed bond issue is required by law to be submitted to and approved by the voters of the city, and if the proceeds of the proposed bond issue are to be used in connection with a service that is or, if the bond issue is approved, will be provided only for one or more service districts or at a higher level in service districts than city-wide, the proposed bond issue must be approved concurrently by a majority of those voting throughout the entire city and by a majority of the total of those voting in all of the affected or to be affected service districts."

**Sec. 2.** All portions of this act" except G.S. 160A-506 and 160A-507 become effective upon ratification. G.S. 160A-506 and 160A-507 become effective on July 1, 1973, but all acts necessary to approve a tax levy or issue bonds on or after July 1, 1973, may be taken at any time after ratification of this act.

In the General Assembly read three times and ratified, this the 22nd day of May, 1973.