

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 281
Finance Committee Substitute Adopted 3/29/11

Short Title: Municipal Service District/Streets.

(Public)

Sponsors:

Referred to:

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) Conversion of 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 if the conditions of this subsection are met. The property tax levied in a municipal
19 service district created for this purpose may be used only to pay the costs related to the transfer
20 of ownership of the streets, evaluation of the condition of the private streets, and the design and
21 construction costs related to improving the private streets to meet public street standards as
22 approved by the governing board. Notwithstanding G.S. 160A-542, the property tax rate in a
23 district created for this purpose may not be in excess of thirty percent (30%) of the ad valorem
24 tax rate in effect in the city in the fiscal year prior to the establishment of the district. After the
25 private streets have been upgraded to meet public street standards and all costs have been
26 recovered from the tax in the district, no further tax may be levied in the district, and the city
27 council must abolish the municipal service district as provided by G.S. 160A-541.

28 Notwithstanding G.S. 160A-299, if a city abandons the streets and associated rights-of-way
29 acquired pursuant to this subsection, the street-related common elements must be returned to
30 the owners' association from which the city acquired them in a manner that makes the owners'
31 association's holdings in common elements as they were prior to the establishment of the
32 municipal service district.

33 For a city to create a municipal service district for the purpose of converting private
34 residential streets to public streets, all of the following conditions must be met:

35 (1) The private residential road must be nongated.

36 (2) The city must receive a petition signed by at least sixty percent (60%) of the
37 lot owners of the owners' association requesting the city to establish a



1 municipal service district for the purpose of paying the costs related to
2 converting private residential streets to public streets. The executive board of
3 an owners' association for which the city has received a petition under this
4 subsection may transfer street-related common elements to the city,
5 notwithstanding the provisions of the North Carolina Planned Community
6 Act in Chapter 47F of the General Statutes, related articles of declaration,
7 deed covenants, or any other similar document recorded with the Register of
8 Deeds.

9 (3) The city must agree to accept the converted streets for perpetual public
10 maintenance.

11 (4) The city must meet one of the following requirements:

12 a. Located primarily in a county that has a population of 750,000 or
13 more according to the most recent decennial federal census, and also
14 located in an adjacent county with a population of 250,000 or more
15 according to the most recent decennial federal census.

16 b. Located primarily in a county with a population of 250,000 or more
17 according to the most recent decennial federal census, and also
18 located in an adjacent county with a population of 750,000 or more
19 according to the most recent decennial federal census."

20 **SECTION 3.** This act is effective when it becomes law.