

NORTH CAROLINA GENERAL ASSEMBLY  
1973 SESSION

CHAPTER 489  
HOUSE BILL 330

AN ACT AUTHORIZING COUNTIES TO ESTABLISH SERVICE DISTRICTS IN ORDER TO PROVIDE CERTAIN SERVICES IN UNINCORPORATED AREAS 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 153 of the General Statutes of North Carolina is amended by inserting therein a new article as follows:

"Article 16

"County Service Districts

"§ 153-300. **Title.** — This article may be cited as 'The County 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.

"§ 153-301. **Purposes for which districts may be established.** — The board of commissioners of any county 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 and functions in addition to or to a greater extent than those financed, provided or maintained for the entire county:

- (1) Beach erosion control and flood and hurricane protection works;
- (2) Fire protection;
- (3) Recreation;
- (4) Sewage collection and disposal systems;
- (5) Solid waste collection and disposal systems;
- (6) Water supply and distribution systems.

"§ 153-302. **Definition of service districts.** — (a) Standards. In determining whether to establish a proposed service district, the board of commissioners shall consider:

- (1) the resident or seasonal population and population density of the proposed district;
- (2) the appraised value of property subject to taxation in the proposed district;
- (3) the present tax rates of the county and any cities or special districts in which the district or any portion thereof is located;
- (4) the ability of the proposed district to sustain the additional taxes necessary to provide the services planned for the district;
- (5) if it is proposed to furnish water, sewer, or solid waste collection services in the district, the probable net revenues of the projects to be financed and the extent to which the services will be self-supporting;
- (6) any other matters that the commissioners believe to have a bearing on whether the district should be established.

The board of commissioners may establish a service district if, upon the information and evidence it receives, the board finds that

- (1) there is a demonstrable need for providing in the district one or more of the services listed in § 153-301;

- (2) it is impossible or impracticable to provide those services on a county- wide basis;
- (3) it is economically feasible to provide the proposed services in the district without unreasonable or burdensome annual tax levies; and
- (4) there is a demonstrable demand for the proposed services by persons residing in the district.

Territory lying within the corporate limits of a city or sanitary district may not be included unless the governing body of the city or sanitary district agrees by resolution to such inclusion.

(b) Report. Before the public hearing required by subsection (c), the board of commissioners 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 one or more of the services listed in G.S. 153-301 to the district.

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

(c) Hearing and Notice. The board of commissioners 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 clerk to the board. 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 board to mail the notice shall certify to the board 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 board of commissioners.

**"§ 153-303. Extension of service districts.** — (a) Standards. The board of commissioners 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; and
- (2) that the area to be annexed requires the services of the district.

(b) Annexation by Petition. The board of commissioners 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 board for annexation to the service district.

(c) Territory lying within the corporate limits of a city or sanitary district may not be annexed to a service district unless the governing body of the city or sanitary district agrees by resolution to such annexation.

(d) Report. Before the public hearing required by subsection (e), the board 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), (b), and (c); 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 clerk to the board for at least two weeks before the date of the public hearing.

(e) Hearing and Notice. — The board 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 (d) is available for inspection in the office of the clerk to the board. 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 board to mail the notice shall certify to the board that the mailing has been completed, and his certificate shall be conclusive in the absence of fraud.

(f) 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 board.

**"§ 153-304. Consolidation of service districts.** — (a) The board of commissioners may by resolution consolidate two or more service districts upon finding that:

- (1) the districts are contiguous or are in a continuous boundary;
- (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 board of commissioners 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 of the districts so that they are substantially the same throughout the consolidated district.

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

(c) Hearing and Notice. The board of commissioners 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 clerk to the board. 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 board to mail the notice shall certify to the board 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 board.

**"§ 153-305. Required provision or maintenance of services.** — (a) New district. When a county 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 county annexes territory to 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 county 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.

**"§ 153-306. Abolition of service districts.** — Upon finding that there is no longer a need for a particular service district and that there are no outstanding bonds or notes issued to finance projects in the district, the board of commissioners may by resolution abolish that district. The board 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 board.

**"§ 153-307. Taxes authorized; rate limitation.** — A county may levy property taxes within defined service districts in addition to those levied throughout the county, in order to finance, provide or maintain for the districts services provided therein in addition to or to a greater extent than those financed, provided or maintained for the entire county. In addition, a county 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 county 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 dollars (\$100.00) value of property subject to taxation which, when added to the rate levied county-wide for purposes subject to the rate limitation, would exceed the rate limitation established in G.S. 153-65(c), 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. 153-65.

**"§ 153-308. Bonds authorized.** — A county 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 county, 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 county-wide, the proposed bond issue must be approved concurrently by a majority of those voting throughout the entire county and by a majority of the total of those voting in all of the affected or to be affected service districts.

**Sec. 2.** The second sentence of G.S. 160A-321 is rewritten to read as follows: "However, except as to transfers to another governmental entity pursuant to G.S. 160A-274, a city-owned enterprise shall not be sold, leased to another, or discontinued unless the proposal to sell, lease, or discontinue is first submitted to a vote of the people and approved by a majority of those who vote thereon."

**Sec. 3.** G.S. 159-13 is amended as follows:

(a) Subsection (a) is amended by adding a new paragraph, numbered (10), to read as follows:

"(10) A fund for each service district established pursuant to the County Service District Act or the Municipal Service District Act to account for the proceeds of taxes levied for the district and all other revenues allocated to the district."

(b) Subsection (b) is amended by adding a new paragraph, numbered (18), to read as follows:

"(18) No appropriation may be made from a service district fund to any other fund except (i) to the appropriate debt service fund or (ii) to an appropriate account in a capital reserve fund unless the district has been abolished."

**Sec. 4.** All portions of this act except G.S. 153-307 and 153-308 become effective upon ratification. G.S. 153-307 and 153-308 become effective on July 1, 1973, but all acts necessary to approve a tax levy or issue bonds on or after July 1, 1973 must be taken at any time after the effective date of this act.

In the General Assembly read three times and ratified, this the 14th day of May, 1973.