

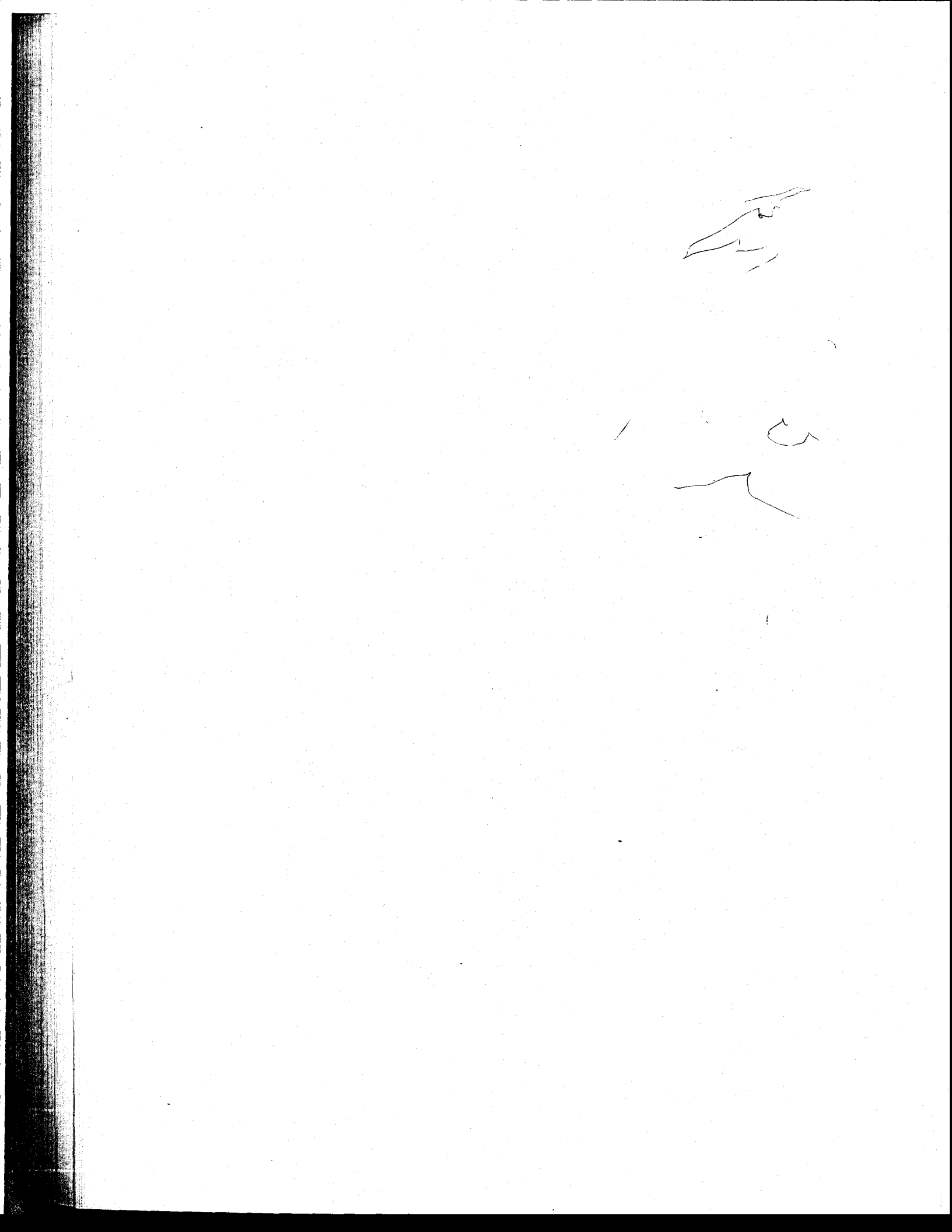
Report No. 7

REPORT ON
THE IMPACT OF STATE SOVEREIGNTY UPON
FINANCING OF LOCAL GOVERNMENTAL
SERVICES AND FUNCTIONS

North Carolina
Legislative Research Commission

Raleigh

1967



Introduction

The House of Representatives, by an unnumbered resolution adopted on June 15, 1965, directed this Commission "to study the Report of the Commission to Study the Impact of State Sovereignty Upon Financing of Local Governmental Services and Functions. . . , 1963, and report to the 1967 Session of the General Assembly its recommendations concerning the contents of that report."

The Commission on April 1, 1966, heard the sponsor of that resolution discuss the financial problems of counties and cities and the desirability of some type of payment by the State to those units in lieu of the property taxes from which the State-owned property within those units is exempt.

We received no further requests from individuals or groups interested in being heard on this question.


Copies of the Report referred to in the resolution were distributed to members of this Commission for study.

Conclusions

We recognize that the presence of a state-owned institution or activity within a city or county imposes on that governmental unit certain added service obligations -- fire and police protection for the institution or activity itself, for example; schooling and the whole range of public services for its employees. Yet the real and personal property of the institution or activity is exempt from local property taxation and so makes no direct contribution to the principal source of local governmental revenue. On the other hand, these increased local governmental costs are at least in part offset by the taxes paid directly and indirectly by the employees of the state institution or activity and by the income generated

by its presence in the community.

In view of the lack of expressed interest on the part of the organizations representing the counties and the cities, however, it does not appear that this is a critical issue at this time and therefore we make no recommendation with respect to it.



Appendix A

HOUSE RESOLUTION

A HOUSE RESOLUTION DIRECTING THE LEGISLATIVE RESEARCH COMMISSION TO STUDY THE IMPACT OF STATE SOVEREIGNTY UPON FINANCING OF LOCAL GOVERNMENTAL SERVICES AND FUNCTIONS.

Be it resolved by the House of Representatives:

Section 1. The Legislative Research Commission is hereby directed to study the Report of the Commission to Study the Impact of State Sovereignty Upon Financing of Local Governmental Services and Functions, submitted to the Governor of North Carolina on March 1, 1963, and report to the 1967 Session of the General Assembly its recommendations concerning the contents of that report.

Sec. 2. This resolution shall become effective upon its adoption.

[Adopted by the House of Representatives June 15, 1965.]

