A BILL TO BE ENTITLED
AN ACT TO MAKE VARIOUS CHANGES TO THE LAWS AFFECTING MUNICIPALITIES.
The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-373 is amended by adding a new subsection to read:
"(i) Relief from Collecting Unpaid Taxes After 10 Years. – The governing body of any taxing unit may, in its discretion, relieve the tax collector of the charge of taxes owed that are 10 or more years past due when it appears to the governing body that such taxes are uncollectible."

SECTION 2.(a) G.S. 105-472(b) reads as rewritten:
"(b) Distribution Between Counties and Cities. – The Secretary shall divide the amount allocated to each taxing county among the county and its municipalities in accordance with the method determined by the county. The board of county commissioners shall, by resolution, choose one of the following methods of distribution:

(1) Per Capita Method. – The net proceeds of the tax collected in a taxing county shall be distributed to that county and to the municipalities in the county on a per capita basis according to the total population of the taxing county, plus the total population of the municipalities in the county. In the case of a municipality located in more than one county, only that part of its population living in the taxing county is considered its "total population". In order to make the distribution, the Secretary shall determine a per capita figure by dividing the amount allocated to each taxing county by the total population of that county plus the total population of all municipalities in the county. The Secretary shall then multiply this per capita figure by the population of the taxing county and by the population of each municipality in the county; each respective product shall be the amount to be distributed to the county and to each municipality in the county. To determine the population of each county and each municipality, the Secretary shall use the most recent annual estimate of population certified by the State Budget Officer.

(2) Ad Valorem Method. – The net proceeds of the tax collected in a taxing county shall be distributed to that county and the municipalities in the county in proportion to the total amount of ad valorem taxes levied by each on property having a tax situs in the taxing county during the fiscal year next preceding the distribution. For purposes of this section, the amount of the ad valorem taxes levied by
the county or municipality in behalf of a taxing district and collected by the
county or municipality. In addition, the amount of taxes levied by a county
includes ad valorem taxes levied by a merged school administrative unit
described in G.S. 115C-513 in the part of the unit located in the county. In
computing the amount of tax proceeds to be distributed to each county and
municipality, the amount of any ad valorem taxes levied but not substantially
collected shall be ignored. Each county and municipality receiving a
distribution of the proceeds of the tax levied under this Article shall in turn
immediately share the proceeds with each district in behalf of which the
county or municipality levied ad valorem taxes in the proportion that the
district levy bears to the total levy of the county or municipality. Any county
or municipality that fails to provide the Department of Revenue with
information concerning ad valorem taxes levied by it adequate to permit a
timely determination of its appropriate share of tax proceeds collected under
this Article may be excluded by the Secretary from each monthly distribution
with respect to which the information was not provided in a timely manner,
and those tax proceeds shall then be distributed only to the remaining counties
or municipalities, as appropriate. For the purpose of computing the
distribution of the tax under this subsection to any county and the
municipalities located in the county for any month with respect to which the
property valuation of a public service company is the subject of an appeal and
the Department of Revenue is restrained by law from certifying the valuation
to the county and the municipalities in the county, the Department shall use
the last property valuation of the public service company that has been
certified.

The board of county commissioners in each taxing county shall, by resolution adopted during
the month of April of each year, determine which of the two foregoing methods of
distribution shall be in effect in the county during the next succeeding fiscal year. In order for
the resolution to be effective, a certified copy of it must be delivered to the Secretary in Raleigh
within 15 calendar days after its adoption. If the board fails to adopt a resolution choosing a
method of distribution not then in effect in the county, or if a certified copy of the resolution is
not timely delivered to the Secretary, the method of distribution then in effect in the county shall
continue in effect for the following fiscal year. Provided, if a board of county commissioners
changes the method of distribution from the prior fiscal year, such change from the prior fiscal
year shall not become effective unless written notice is provided to the affected municipalities
before February 15 in the year of such change and copies of such written notice are submitted to
the Secretary. The method of distribution in effect on the first of July of each fiscal year shall
apply to every distribution made during that fiscal year."

SECTION 2.(b) This section is effective when it becomes law and applies to
resolutions determining the method of distribution adopted on or after that date.

SECTION 3. G.S. 75-41(e) reads as rewritten:
"(e) A violation of this section renders the automatic renewal clause void and
unenforceable. Nothing in this section creates liability for any public officer or employee of a
political subdivision of the State for disbursement of public funds pursuant to a contract rendered
void under this subsection."

SECTION 4.(a) G.S. 143B-135.56(b)(2) reads as rewritten:
"(2) Thirty percent (30%) to provide matching funds to local governmental units
or public authorities as defined in G.S. 159-7 on a dollar-for-dollar basis for
local park and recreation purposes. Purposes (i) to provide matching funds to
local governmental units or public authorities as defined in G.S. 159-7 on a
dollar-for-dollar basis, (ii) to local governmental units identified as a tier one
area as defined in G.S. 143B-437.08, or (iii) to a local governmental unit located within a tier one area as defined in G.S. 143B-437.08. The appraised value of land that is donated to a local government unit or public authority may be applied to the matching requirement of this subdivision. These funds shall be allocated by the North Carolina Parks and Recreation Authority based on criteria patterned after the Open Project Selection Process established for the Land and Water Conservation Fund administered by the National Park Service of the United States Department of the Interior."

SECTION 4.(b) This section becomes effective January 1, 2020, and applies to allocations on or after that date.

SECTION 5. G.S. 157-3(12) reads as rewritten:

"(12) "Housing project" shall include all real and personal property, buildings and improvements, stores, offices, lands for farming and gardening, and community facilities acquired or constructed or to be acquired or constructed pursuant to a single plan or undertaking: undertaking to do any of the following:

a. To demolish, clear, remove, alter or repair unsanitary or unsafe housing; and/or housing.

b. To provide safe and sanitary dwelling accommodations for persons of low income, or moderate income, or low and moderate income; and/or income.

c. To provide safe and sanitary housing for persons of low income, or moderate income, or low and moderate income, through payment of either or both of the following from any source:

1. Rent subsidies from any source; and/or Rent subsidies.

2. Relocation assistance.

d. To provide grants, loans, interest supplements and other programs of financial assistance (including rent subsidies in furtherance of a program of home ownership) to persons of low income, or moderate income, or low and moderate income, so that such persons may become owners of their own housing or rehabilitate their own housing; and/or housing.

e. To provide grants, loans, interest supplements and other programs of financial assistance to public or private developers of housing for persons of low income, or moderate income, or low and moderate income.

"Housing project" also includes any project that provides 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 the exclusive use of persons of low income.

The term "housing project" may also be applied to the planning of the buildings and improvements, the acquisition of property, the demolition of existing structures, the construction, reconstruction, alteration and repair of the improvements and all other work in connection therewith."

SECTION 6.(a) G.S. 160A-31(i) reads as rewritten:

"(i) A municipality has no authority to adopt a resolution or petition itself under this Part for annexation of property it does not own or have any legal interest in. For the purpose of this subsection, a municipality has no legal interest in a State-maintained street unless it owns the underlying fee and not just an easement. Notwithstanding this subsection, a municipality may include in the description of the area to be annexed any adjacent public streets or public street rights-of-way in an annexation ordinance adopted pursuant to this section."
SECTION 6.(b) G.S. 160A-58.2 reads as rewritten:


(a) Upon receipt of a petition for annexation under this Part, the city council shall cause the city clerk to investigate the petition, and to certify the results of his investigation. If the clerk certifies that upon investigation the petition appears to be valid, the council shall fix a date for a public hearing on the annexation. Notice of the hearing shall be published once at least 10 days before the date of hearing.

(b) At the hearing, any person residing in or owning property in the area proposed for annexation and any resident of the annexing city may appear and be heard on the questions of the sufficiency of the petition and the desirability of the annexation. If the council then finds and determines that (i) the area described in the petition meets all of the standards set out in G.S. 160A-58.1(b), (ii) the petition bears the signatures of all of the owners of real property within the area proposed for annexation (except those not required to sign by G.S. 160A-58.1(a)), (iii) the petition is otherwise valid, and (iv) the public health, safety and welfare of the inhabitants of the city and of the area proposed for annexation will be best served by the annexation, the council may adopt an ordinance annexing the area described in the petition. The ordinance may be made effective immediately or on any specified date within six months from the date of passage.

(c) Notwithstanding G.S. 160A-58.1(a)(2), a municipality may include in the description of the area to be annexed any adjacent public streets or public street rights-of-way in an annexation ordinance adopted pursuant to this section."

SECTION 6.(c) G.S. 160A-58.7(b) reads as rewritten:

"(b) A city has no authority to adopt a resolution or petition itself under this Part for annexation of property it does not own or have any legal interest in. For the purpose of this subsection, a city has no legal interest in a State-maintained street unless it owns the underlying fee and not just an easement. Notwithstanding this subsection, a municipality may include in the description of the area to be annexed any adjacent public streets or public street rights-of-way in an annexation ordinance adopted pursuant to this section."

SECTION 7. G.S. 160A-536(d1) reads as rewritten:

"(d1) Additional Requirements for Certain Contracts. – In addition to the requirements of subsection (d) of this section, if the city enters into a contract with a private agency or entity other than its own forces or another governmental agency for a service district under subdivision (a)(1a), (2), or (2a) of this section, the city shall comply with all of the following:

(1) The city shall solicit input from the residents and property owners as to the needs of the service district prior to entering into the contract.

(2) Prior to entering into, or the renewal of, any contract under this section, the city shall use a bid process to determine which private agency person or entity other than its own forces or another governmental agency is best suited to achieve the needs of the service district. The city shall determine criteria for selection of the private agency person or entity other than its own forces or another governmental agency and shall select a private agency in accordance with those criteria. If the city determines that a multiyear contract with a private agency person or entity other than its own forces or another governmental agency is in the best interest of the city and the service district, the city may enter into a multiyear contract not to exceed five years in length.

(3) The city shall hold a public hearing prior to entering into the contract, which shall be noticed by publication in a newspaper of general circulation, for at least two successive weeks prior to the public hearing, in the service district.

(4) The city shall require the private agency person or entity other than its own forces or another governmental agency with which the city contracted to report annually to the city, by presentation in a city council meeting and in
written report, regarding the needs of the service district, completed projects, and pending projects. Prior to the annual report, the private agency, person or entity other than its own forces or another governmental agency shall seek input of the property owners and residents of the service district regarding needs for the upcoming year.

(5) The contract shall specify the scope of services to be provided by the private agency, person or entity other than its own forces or another governmental agency. Any changes to the scope of services shall be approved by the city council.

SECTION 8. G.S. 162A-211 is amended by adding a new subsection to read:

"(a1) Revenue from system development fees calculated using the combined cost method may be expended for previously completed capital improvements for which capacity exists and for capital rehabilitation projects."

SECTION 9. Except as otherwise provided, this act is effective when it becomes law.