

April 12, 1999

**H 964. MUNICIPAL INCORPORATION PROCESS. TO REVISE THE MUNICIPAL INCORPORATION PROCESS SO AS TO PROVIDE MORE SCRUTINY.** Amends GS 120-163(c) to require that petitions for incorporation, with respect to municipalities for which the Joint Legislative Comm'n on Municipal Corporations makes recommendations on or after the date the act becomes law, state that the municipality will have in place an ad valorem tax at the rate of not less than 20 cents no later than the first day of the third fiscal year following incorporation, and specify that the municipality will offer four of the following services: 1) police protection, 2) fire protection, 3) solid waste collection or disposal, 4) water distribution, 5) street maintenance, 6) street construction or right-of-way acquisition, 7) street lighting, and 8) zoning. Amends GS 120-167 to specify that a proposed municipality have a population of at least 100 and a population density of at least 250 persons per square mile. Amends GS 120-168 to delete exception for proposed municipalities within two miles of the Atlantic Ocean, Albemarle Sound or Pamlico Sound from the requirement that all proposed municipalities have at least 40% area developed or dedicated as an open space. Amends GS 120-169.1 to require that Comm'n indicate in the report recommending incorporation the impact on other municipalities and counties caused by the diversion of levied local taxes or state revenue from existing local governments to support services in proposed municipality. Provide that no municipality incorporated on or after July 1, 1999 shall be eligible for state highway funds or for state sales and use tax proceeds unless it has levied an ad valorem tax of at least 20 cents upon all taxable property for the current fiscal year and has provided at least four of the services listed above. Act is effective when it becomes law.

**Intro. by Jarrell.**

Ref. to Ways & Means

GS 120, 136, 105

June 14, 1999

**H 964. MUNICIPAL INCORPORATION PROCESS.** Intro. 4/12/1999. House committee substitute makes the following changes to 2nd edition. Revises proposed amendment to GS 120-163(c) to require petition for municipal incorporation to contain a statement that the proposed municipality will have a budget ordinance with an ad valorem tax levy of at least 5 cents per \$100 valuation on all taxable property within its corporate limits. Removes amendment to GS 136-41.2, concerning eligibility for state highway funds, that would have denied funds if municipality's proposed budget had not estimated at least one third of its revenues from taxes. Amends GS 105-472(d), 105-486(d), 105-501, 105-113.82(h), and 105-116.1(e) (concerning distribution to municipalities of a variety of sales and use taxes) to forbid municipality to receive funds unless majority of mileage of its streets are open to public. This requirement applies to distribution of funds on or after July 1, 1999.

June 22, 1999

**H 964. MUNICIPAL INCORPORATION PROCESS.** Intro. 04/12/99. House amendments make the following changes to 3rd edition: (1) makes none of the sections of the bill (other than the repeal of GS 120-169.1(a), the provision prohibiting the Comm'n from making a positive recommendation unless the entire area proposed for incorporation meets applicable standards for annexation) applicable to any community for which a petition was filed with the Joint Legislative Comm'n on Municipal Incorporations prior to June 1, 1999, or to the community of Gray's Creek in Cumberland County or the community of Union Cross in Forsyth County, if either of those communities files a petition with the Comm'n before July 1, 2002, and (2) provides that no city may receive funds from sales or use taxes if it was incorporated with an effective date on or after Jan. 1, 2000, unless majority of the mileage of its streets are open to the public (3<sup>rd</sup> ed., no funds in such a circumstance regardless of the date of incorporation);

July 15, 1999

**H 964. MUNICIPAL INCORPORATION PROCESS.** Intro. 4/12/99. Senate amendment makes the following changes to 4th edition. Amendment #1 provides that bill does not apply to communities which filed petition with Joint Legislative Comm'n on Municipal Incorporations before July 20, 1999 (was, June 1, 1999). Amendment #2 provides that bill does not apply to community of Gray's

Creek in Cumberland County or Union Cross in Forsyth County if either files petition with Comm'n before July 1, 2000 (was, 2002).