

GENERAL ASSEMBLY OF NORTH CAROLINA
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Short Title: Local Gov. Commission Assistance Toolkit.

(Public)

Sponsors:

Referred to:

March 18, 2021

A BILL TO BE ENTITLED

AN ACT TO PROVIDE ADDITIONAL TOOLS FOR THE LOCAL GOVERNMENT COMMISSION TO ASSIST LOCAL GOVERNMENT UNITS AVOID AND CORRECT FISCAL DISTRESS THAT REQUIRES THAT THE IMPACT OF CHANGES TO SALES TAX DISTRIBUTION FORMULAS BE DELAYED UNTIL THE FISCAL YEAR FOLLOWING THE INITIAL DECISION; TO MANDATE THAT A STATEMENT FROM THE LOCAL GOVERNMENT COMMISSION BE INCLUDED IN THE PETITION TO THE GENERAL ASSEMBLY WHEN A NEW MUNICIPALITY IS PROPOSED; TO ADD OPTIONAL SOURCES FOR TRAINING FOR FINANCE OFFICERS; TO ALLOW THE LOCAL GOVERNMENT COMMISSION TO MANDATE SPECIALIZED TRAINING FOR CITY AND COUNTY MANAGERS WHEN A UNIT IS EXHIBITING FISCAL DISTRESS; TO ESTABLISH A PROCESS FOR A MUNICIPALITY TO INITIATE A TRANSITION TO RECOVER FROM FINANCIAL DISTRESS; AND TO ESTABLISH A PROCESS FOR THE LOCAL GOVERNMENT COMMISSION TO TRANSFER THE ASSETS, LIABILITIES, AND OTHER OBLIGATIONS AND DISSOLVE MUNICIPALITIES DETERMINED TO BE IN FINANCIAL DISTRESS.

The General Assembly of North Carolina enacts:

SECTION 1. 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



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1 taxing county and by the population of each municipality in the county; each
2 respective product shall be the amount to be distributed to the county and to
3 each municipality in the county. To determine the population of each county
4 and each municipality, the Secretary shall use the most recent annual estimate
5 of population certified by the State Budget Officer.

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

37 The board of county commissioners in each taxing county shall, by resolution adopted during
38 the month of April of each year, determine which of the two foregoing methods of distribution
39 shall be in effect in the county during the ~~next fiscal year~~ following the succeeding fiscal year.
40 In order for the resolution to be effective, a certified copy of it must be delivered to the Secretary
41 in Raleigh within 15 calendar days after its adoption. If the board fails to adopt a resolution
42 choosing a method of distribution not then in effect in the county, or if a certified copy of the
43 resolution is not timely delivered to the Secretary, the method of distribution then in effect in the
44 county shall continue in effect for the following fiscal year. The method of distribution in effect
45 on the first of July of each fiscal year shall apply to every distribution made during that fiscal
46 year."

47 **SECTION 2.** G.S. 120-163(c) reads as rewritten:

48 "(c) The petition must include a proposed name for the city, a map of the city, a list of
49 proposed services to be provided by the proposed municipality, the names of three persons to
50 serve as interim governing board, a proposed charter, a statement of the estimated population,
51 assessed valuation, degree of development, population density, and recommendations as to the

1 form of government and manner of election. The petition must contain a statement that the
2 proposed municipality will have a budget ordinance with an ad valorem tax levy of at least five
3 cents (5¢) on the one hundred dollar (\$100.00) valuation upon all taxable property within its
4 corporate limits. The petition must contain a statement that the proposed municipality will offer
5 four of the following services no later than the first day of the third fiscal year following the
6 effective date of the incorporation: (i) police protection; (ii) fire protection; (iii) solid waste
7 collection or disposal; (iv) water distribution; (v) street maintenance; (vi) street construction or
8 right-of-way acquisition; (vii) street lighting; and (viii) zoning. In order to qualify for providing
9 police protection, the proposed municipality must propose either to provide police service or to
10 have services provided by contract with a county or another municipality that proposes that the
11 other government be compensated for providing supplemental protection. The petition must
12 contain a statement from the Local Government Commission regarding the proposed
13 municipality's prospects for financial viability and effective fiscal management. The proposed
14 municipality may not contain any noncontiguous areas."

15 **SECTION 3.** G.S. 153A-82 reads as rewritten:

16 "**§ 153A-82. Powers and duties of manager.**

17 (a) The manager is the chief administrator of county government. ~~He~~ The manager is
18 responsible to the board of commissioners for the administration of all departments of county
19 government under the board's general control and has the following powers and duties:

20 ...

21 (9) The manager shall receive a minimum of six clock hours of education upon
22 the occurrence, or within six months of the occurrence, of any of the
23 following:

24 a. The Local Government Commission is exercising its authority under
25 Article 10 of Chapter 159 of the General Statutes with respect to the
26 county.

27 b. The county has received a unit letter from the Local Government
28 Commission due to a deficiency in complying with Chapter 159 of the
29 General Statutes.

30 c. The county has an internal control material weakness or significant
31 deficiency in the most recently completed financial audit.

32 d. The county is included on the most recently published Unit Assistance
33 List issued by the Department of State Treasurer.

34 (b) The education required by subdivision (9) of subsection (a) of this section shall
35 incorporate fiscal management and the requirements of Chapter 159 of the General Statutes. The
36 education may be provided by the Local Government Commission, the School of Government at
37 the University of North Carolina, the North Carolina Community College System, the North
38 Carolina League of Municipalities, the North Carolina Association of County Commissioners,
39 or other qualified sources at the choice of the governing board and upon the prior approval of the
40 Local Government Commission. The clerk to the governing board shall maintain a record
41 verifying receipt of the education by the manager and shall provide this information, upon
42 request, to the Secretary of the Local Government Commission."

43 **SECTION 4.** G.S. 159-25(d) reads as rewritten:

44 "(d) The Local Government Commission has the authority to require any finance officer
45 or any other employee who performs the duties of a finance officer to participate in training
46 related to the powers, duties, and responsibilities of the finance officer under any of the following
47 circumstances: (i) the Commission is exercising its authority under Article 10 of this Chapter
48 with respect to the employing local government or public authority, (ii) the employing local
49 government or public authority has received a unit letter from the Commission due to a deficiency
50 in complying with this Chapter, (iii) the employing local government or public authority has an
51 internal control material weakness or significant deficiency in the most recently completed

1 financial audit, or (iv) the finance officer fails to annually meet or attest to the minimum
2 qualifications of the position, as established by the ~~Local Government Commission~~. The
3 ~~Commission may collaborate with training~~ may be provided by the Commission, the School of
4 Government at the University of North Carolina, the North Carolina Community College System,
5 and other educational institutions in the State to develop and deliver the training required by this
6 subsection. the North Carolina League of Municipalities, the North Carolina Association of
7 County Commissioners, or other qualified sources at the choice of the governing board and upon
8 the prior approval of the Commission. When the Commission requires a finance officer or other
9 employee to participate in training as authorized in this subsection, the Commission shall notify
10 the finance officer or other employee and the employing local government or public authority of
11 the required training. Upon completion of the required training by the finance officer or other
12 employee, the employing local government or public authority shall submit, in writing, to the
13 Commission proof that the training requirements have been satisfied."

14 **SECTION 5.** G.S. 160A-148 reads as rewritten:

15 **"§ 160A-148. Powers and duties of manager.**

16 (a) The manager shall be the chief administrator of the city. ~~He~~ The manager shall be
17 responsible to the council for administering all municipal affairs placed in ~~his~~ the manager's
18 charge by ~~them, the council,~~ and shall have the following powers and duties:

19 ...

20 (9) The manager shall receive a minimum of six clock hours of education upon
21 the occurrence, or within six months of the occurrence, of any of the
22 following:

- 23 a. The Local Government Commission is exercising its authority under
24 Article 10 of Chapter 159 of the General Statutes with respect to the
25 city.
26 b. The city has received a unit letter from the Local Government
27 Commission due to a deficiency in complying with Chapter 159 of the
28 General Statutes.
29 c. The city has an internal control material weakness or significant
30 deficiency in the most recently completed financial audit.
31 d. The city is included on the most recently published Unit Assistance
32 List issued by the Department of State Treasurer.

33 (b) The education shall incorporate fiscal management and the requirements of Chapter
34 159 of the General Statutes. The education may be provided by the Local Government
35 Commission, the School of Government at the University of North Carolina, the North Carolina
36 Community College System, the North Carolina League of Municipalities, the North Carolina
37 Association of County Commissioners, or other qualified sources at the choice of the governing
38 board and upon the prior approval of the Local Government Commission. The clerk to the
39 governing board shall maintain a record verifying receipt of the education by the manager and
40 shall provide this information, upon request, to the Secretary of the Local Government
41 Commission."

42 **SECTION 6.** Chapter 160A of the General Statutes is amended by adding a new
43 Article to read:

44 "Article 32.

45 "Transitions for Unsustainable Cities.

46 "Part 1. General Provisions.

47 **"§ 160A-825. Purpose of Article; definition.**

48 (a) The purpose of this Article is to provide a process for a city in financial distress to
49 transition out of that distress either on its own initiative or with assistance from or under the
50 direction of the Local Government Commission.

51 (b) For purposes of this Article, the following terms shall apply:

1 (1) City. – As defined in G.S. 160A-1.

2 (2) Commission. – The Local Government Commission.

3 (3) Council. – As defined in G.S. 160A-1.

4 "**§§ 160A-826 through 160A-830.** Reserved for future codification purposes.

5 "Part 2. Transition Initiation by Local Government Commission.

6 "**§ 160A-831. Initiation of process.**

7 (a) The process established by this Article to rehabilitate a city's financial affairs may be
8 initiated by the Commission. The Commission shall establish criteria for evaluating a city for
9 financial rehabilitation under this Article.

10 (b) The Commission shall apply those criteria to each city with respect to which the
11 Commission has exercised its authority under G.S. 159-181(c) and each city with respect to
12 which the Commission has received a referral from any of the following persons:

13 (1) The State Auditor.

14 (2) The Department of Environmental Quality.

15 (3) The city's auditor for the current or most recent annual audit.

16 (c) After application and review of the criteria established under this section, the
17 Commission shall make a determination whether or not the city shall be subject to this Part and
18 shall so notify the mayor, council, and city finance officer within 10 days of such determination.

19 "**§ 160A-832.** Reserved for future codification purposes.

20 "**§ 160A-833. Assessment of services and financial affairs.**

21 (a) Upon initiation of the process under G.S. 160A-831, the city shall cooperate and
22 provide information to the Commission to assess the city's financial affairs. The assessment shall
23 include a review of all of the following:

24 (1) The revenues of the city.

25 (2) The future revenue forecast of the city.

26 (3) The real property owned by the city, including the amounts of any outstanding
27 debt associated with that real property.

28 (4) The contractual obligations of the city.

29 (5) Any internal control matters highlighted in prior audits and the city's ongoing
30 responses to those matters.

31 (6) The outstanding debts of the city.

32 (7) Any public enterprise accounts.

33 (8) The general fund balance.

34 (9) Any other information requested by the Commission.

35 (b) Upon initiation of the process under G.S. 160A-831, the city shall prepare a report for
36 its citizens and the Commission on the status of any of the following services provided by that
37 city which shall include the costs of those services over the five most recent fiscal years, any
38 revenues from those services over the five most recent fiscal years, the time period that service
39 has been provided, and any other information required by the Commission:

40 (1) Any public enterprise, whether owned, operated, or contracted by the city.

41 (2) Fire protection.

42 (3) Law enforcement.

43 (4) Building inspection.

44 (5) Streets, lighting, and sidewalks.

45 (6) Land use regulation.

46 (7) Buildings, facilities, and property owned or leased by the city.

47 (8) Parks and recreation.

48 (9) Public libraries.

49 (10) Animal control.

50 (11) Any other amenities provided by the city.

1 (c) The report required by subsection (b) of this section shall be remitted to the
2 Commission no more than 90 days after initiation under G.S. 160A-831, shall be presented to the
3 council at a regular meeting of the council no more than 60 days after remittance to the
4 Commission, and shall be made available to the public. A copy of the report shall be delivered
5 to the board or boards of county commissioners in which the city lies prior to the regular meeting
6 of the council during which the report is presented.

7 (d) If the Commission determines that preparing the report under subsection (b) of this
8 section presents a substantial hardship on a city, the Commission may prepare the report on behalf
9 of the city. Reports prepared by the Commission shall be completed within 90 days of the
10 hardship determination and presented to the council at a regular meeting of the council no more
11 than 60 days after the report is completed. The report shall be made available to the public. A
12 copy of the report shall be delivered to the board or boards of county commissioners in which
13 the city lies prior to the regular meeting of the council during which the report is presented.

14 **"§§ 160A-834 through 160A-840.** Reserved for future codification purposes.

15 **"§ 160A-841. Local Government Commission control.**

16 (a) If the Commission determines a city should be subject to this Part but the Commission
17 has not exercised its authority under G.S. 159-181(c) after completion of the financial assessment
18 and receipt or completion of the report required by G.S. 160A-833, the Commission may
19 impound the books and records of the city and assume full control of all its financial affairs. If
20 the Commission exercises its authority under this section, the Commission is vested with all of
21 the powers of the council as to the levy of taxes, expenditure of money, adoption of budgets, and
22 all other financial powers conferred upon the council by law.

23 (b) When the Commission exercises its authority under G.S. 159-181(c) or subsection (a)
24 of this section with respect to a city subject to this Part, the council shall continue to be vested
25 with all other powers of the city, such as land use regulation, not assumed by the Commission.
26 The council shall have no authority to implement any new service or other amenity unless
27 specifically approved by the Commission.

28 (c) Regardless of whether the Commission exercises its authority under G.S. 159-181(c)
29 or subsection (a) of this section, a city subject to this Part shall cooperate with the Commission
30 to identify options to address deficiencies in the city's financial affairs, to identify potential
31 partners to assist the city in the continuation of the provision of services to its citizens, and to
32 educate the council and the citizens on merger with other local government partners. A city that
33 fails to cooperate under this section is subject to those enforcement actions under Article 11 of
34 Chapter 159 of the General Statutes.

35 (d) Subsection (a) of this section shall not apply to contractual obligations undertaken by
36 the city in a debt instrument issued pursuant to Chapter 159G of the General Statutes unless such
37 debt instrument is secured by a pledge of the faith and credit of the city.

38 **"§§ 160A-842 through 160A-844.** Reserved for future codification purposes.

39 **"§ 160A-845. Reassessment of financial status.**

40 (a) After the first fiscal year of cooperation with the Commission, and every year
41 thereafter, the council shall reassess its financial affairs with the assistance of the Commission.
42 Upon completion of the reassessment, the Commission shall make a recommendation to the city
43 as to whether or not the city's financial affairs are sufficiently stable to permit the city to continue
44 operations.

45 (b) If the Commission finds that the city's financial affairs for three consecutive fiscal
46 years are sufficiently stable to continue operations, the Commission shall relinquish any
47 authorities exercised under G.S. 159-181 or G.S. 160A-841 with respect to that city.

48 (c) Notwithstanding subsection (a) of this section, if at any time the Commission finds
49 that the city's financial affairs are not sufficiently stable to continue operations, the Commission
50 may exercise, or continue to exercise, its authority under this Part and begin to identify local
51 government partners for merger or dissolution of the city.

1 "§§ 160A-846 through 160A-847. Reserved for future codification purposes.

2 "§ 160A-848. Distribution of services, assets, liabilities, and other obligations.

3 (a) Upon a determination under G.S. 160A-845(c), the city shall work with the
4 Commission to identify local government partners able to provide the services identified by the
5 city as necessary for its citizens. The city shall, after negotiating its terms, enter into interlocal
6 agreements with any local government partner willing to provide one or more of those services.

7 (b) In negotiating interlocal agreements under subsection (a) of this section, the city shall
8 work with the Commission to identify local government partners, whether any other county, city,
9 or consolidated city-county with whom to merge assets, liabilities, and other obligations of the
10 city. Upon Commission determination it is in the best interest of the people of the city and State,
11 the Commission may adopt a resolution to transfer the assets, liabilities, and other obligations to
12 the local government partner and dissolve the city.

13 (c) Upon the adoption of a resolution under subsection (b) of this section by the
14 Commission, the effective date for transfer and dissolution shall be fixed in the resolution as the
15 first June 30 that is at least six months following the adoption of the resolution.

16 "§ 160A-849. Reserved for future codification purposes.

17 "§ 160A-850. Effect of merger or dissolution.

18 (a) Upon adoption of the resolution of transfer and dissolution by the Commission under
19 G.S. 160A-848, all of the following shall apply on the effective date set forth in the resolution of
20 transfer and dissolution:

21 (1) All property, real, personal, and mixed, including accounts receivable,
22 belonging to the dissolving city shall be transferred, disposed of, or otherwise
23 accounted for as provided in the resolution of transfer and dissolution.

24 (2) All judgments, liens, rights of liens, and causes of action of any nature in favor
25 of the dissolving city shall vest in and remain and inure to the benefit of the
26 local government partner as provided in the resolution of transfer and
27 dissolution.

28 (3) All taxes, assessments, sewer charges, and any other debts, charges, or fees
29 owing to the dissolving city shall be owed to and collected as provided in the
30 resolution of transfer and dissolution.

31 (4) All actions, suits, and proceedings pending against, or having been instituted
32 by the dissolving city shall not be abated by merger, but all such actions, suits,
33 and proceedings may be continued and completed in the manner stated in the
34 resolution of transfer and dissolution if that resolution states which local
35 government partner shall be a party to all such actions, suits, and proceedings
36 in the place and stead of the dissolving city. No new process is required to be
37 served in any such action, suit, or proceeding.

38 (5) All obligations of the dissolving city, including outstanding indebtedness,
39 shall be assumed as provided in the resolution of transfer and dissolution, and
40 all such obligations and outstanding indebtedness shall constitute obligations
41 and indebtedness as provided in the resolution of transfer and dissolution.

42 (6) All ordinances, regulations, and policies of the dissolving city shall be void
43 on the effective date of the dissolution.

44 (7) The dissolving city shall be abolished and shall no longer be constituted a
45 public body or a body politic and corporate, except for purposes of carrying
46 into effect the provisions and intent of this section.

47 (b) The Commission is authorized to take the actions and execute the documents
48 necessary to effectuate the provisions and intent of this section.

49 (c) As used in this section, "dissolving city" shall mean a city dissolved by resolution of
50 transfer and dissolution under G.S. 160A-848.

51 "§§ 160A-851 through 160A-852. Reserved for future codification purposes.

1 **"§ 160A-853. Action by the General Assembly.**

2 A resolution of transfer and dissolution by the Commission under G.S. 160A-848 remains in
3 effect unless it is specifically disapproved by the General Assembly in a bill enacted into law on
4 or before the effective date of the resolution. A resolution of transfer and dissolution that is
5 specifically disapproved in accordance with this section is repealed as of the date specified in the
6 act.

7 **"§ 160A-854.** Reserved for future codification purposes.

8 "Part 3. Transition Initiated by City.

9 **"§ 160A-855. Initiation of voluntary dissolution.**

10 Any city may initiate administrative dissolution in accordance with this Part by adoption of
11 a resolution of intent. Such resolution of intent shall be adopted at a regular meeting of the city.
12 A copy of the adopted resolution of intent shall be delivered to the Commission and the county
13 or counties in which the city lies.

14 **"§ 160A-856.** Reserved for future codification purposes.

15 **"§ 160A-857. Impact statement.**

16 (a) Within 90 days of the adoption of a resolution of intent to dissolve, the council shall
17 release an impact statement to educate the city residents of the potential ramifications of
18 dissolution. The impact statement shall be filed in the office of the city clerk where it shall remain
19 available for public inspection. The clerk shall make a copy of the impact statement available to
20 all news media in the county or counties in which the city lies. The clerk shall also publish a
21 statement that the impact statement has been prepared and is available for public inspection in
22 the office of the clerk. The published statement shall also give notice of the time and place of the
23 public hearing required by G.S. 160A-859.

24 (b) The impact statement shall include at least all of the following:

25 (1) For each of the services below provided by that city, the costs of those services
26 over the two most recent fiscal years, any revenues resulting from those
27 services over the two most recent fiscal years, how long each service has been
28 provided, and any other relevant information:

29 a. Any public enterprise, whether owned, operated, or contracted by the
30 city.

31 b. Fire protection.

32 c. Law enforcement.

33 d. Building inspection.

34 e. Streets, lighting, and sidewalks.

35 f. Land use regulation.

36 g. Buildings, facilities, and property owned or leased by the city.

37 h. Parks and recreation.

38 i. Public libraries.

39 j. Animal control.

40 k. Any other amenities provided by the city.

41 (2) Information for the two most recent fiscal years on the following:

42 a. The revenues of the city.

43 b. With respect to real property owned by the city, the amounts of any
44 outstanding debt associated with that real property.

45 c. The contractual obligations of the city.

46 d. The outstanding debts of the city.

47 e. Any public enterprise accounts.

48 f. Ending fund balance.

49 (3) The future revenue forecast of the city for at least the next two fiscal years.

50 (4) Any ongoing litigation in which the city is a defendant.

1 (c) Upon adoption of the resolution of intent to dissolve, the impact statement and a copy
2 of the adopted resolution of intent to dissolve shall be posted on the city's website, if any, in a
3 conspicuous placement.

4 **"§ 160A-858.** Reserved for future codification purposes.

5 **"§ 160A-859. Public hearings on proposed dissolution.**

6 (a) The council shall conduct at least two public hearings, at regular council meetings,
7 on the matter of the proposed dissolution of the city. The first public hearing shall be no less than
8 45 days after the filing of the impact statement with the city clerk and no more than 90 days after
9 the filing of the impact statement with the city clerk.

10 (b) The second public hearing shall be no less than 45 days after the first public hearing
11 and no more than 180 days after the first public hearing.

12 (c) The council may conduct additional public informational meetings or public hearings
13 about the proposed dissolution at any time.

14 (d) Notice of the two required public hearings under this section shall be published at
15 least once per week for two consecutive weeks, with each publication being on the same day of
16 the week, in a newspaper of general circulation. The date of the last publication shall not be more
17 than 10 days before the date fixed for the hearing. The notice shall also include information on
18 how to obtain or inspect a copy of the impact statement prepared in accordance with
19 G.S. 160A-827.

20 **"§ 160A-860.** Reserved for future codification purposes.

21 **"§ 160A-861. Plan of action; Local Government Commission approval.**

22 (a) Prior to adopting a resolution to dissolve under G.S. 160A-863, the council must
23 develop a plan of action to distribute all assets and liabilities of the city, and that plan must be
24 approved by the Commission. However, the council may, at a regular meeting separate and apart
25 from any public hearings required to be conducted by G.S. 160A-859, adopt a resolution to
26 request the assistance of the Commission to develop the plan of action.

27 (b) The council shall assist the Commission with any information, cooperation,
28 coordination, or other action needed by the Commission in assessing and considering the plan of
29 action. The Commission may modify the plan of action prior to approval.

30 (c) Upon notification from the Commission that the Commission has approved the plan
31 of action, the approved plan of action shall be presented at a regular meeting of the council.

32 **"§ 160A-862.** Reserved for future codification purposes.

33 **"§ 160A-863. Resolution to dissolve; public hearing.**

34 (a) After the plan of action has been presented as required under G.S. 160A-861, the
35 council shall conduct a public hearing on whether to adopt a resolution to dissolve the city in
36 accordance with the plan of action. Notice of the public hearing shall be published at least once
37 per week for two consecutive weeks, with each publication being on the same day of the week,
38 in a newspaper of general circulation. The date of the last publication shall not be more than 10
39 days before the date fixed for the hearing.

40 (b) At a regular meeting of the council separate and apart from the date of the public
41 hearing required by this section, the council may adopt a resolution to dissolve the city.

42 **"§ 160A-864.** Reserved for future codification purposes.

43 **"§ 160A-865. Citizen petition for referendum on dissolution.**

44 (a) The people may initiate a referendum on the resolution to dissolve the city by
45 submitting a petition bearing the signatures and resident addresses of a number of qualified voters
46 of the city equal to at least twenty-five percent (25%) of the whole number of voters who are
47 registered to vote in city elections according to the most recent figures certified by the State
48 Board of Elections. This petition must be submitted to the city clerk no later than 45 days after
49 adoption of the resolution to dissolve the city. Upon receipt of a valid initiative petition, the
50 council shall cease any action in furtherance of implementing the plan of action, call a special

1 election on the question of dissolving the city, and shall give public notice in accordance with
2 G.S. 163-287. The date of the special election shall be fixed on a date permitted by G.S. 163-287.

3 (b) A referendum to dissolve the city shall be printed on the ballot in substantially the
4 following form:

5 "Shall (name of city) be dissolved?

6 () YES

7 () NO"

8 (c) If a majority of the votes cast on the ballot question shall be in the affirmative, the
9 resolution to dissolve shall be sustained and put into effect as provided in this Part. If a majority
10 of the votes cast shall be against the ballot question, the resolution to dissolve shall be void and
11 of no effect.

12 "§ 160A-866. Reserved for future codification purposes.

13 "§ 160A-867. Dissolution.

14 After the time for submitting a petition under G.S. 160A-865 has passed and no petition has
15 been submitted or the referendum authorized under this Part was answered in favor of dissolution,
16 the city may implement the plan of action. The effective date of the plan of action to dissolve
17 shall be June 30 following completion of the process established by this Part. Upon completion
18 of the plan of action and written confirmation of its completion from the Commission, the city
19 shall file a copy of the resolution to dissolve with the Commission and the Secretary of State.
20 Upon filing of the resolution to dissolve, the body politic and corporate of the city shall cease to
21 exist."

22 **SECTION 7.** Except as otherwise provided, this act is effective when it becomes
23 law.