

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

HOUSE BILL 391
RATIFIED BILL

AN ACT TO REVISE THE LAWS RELATING TO COUNTY RESEARCH AND PRODUCTION SERVICE DISTRICTS TO REFLECT CHANGED CIRCUMSTANCES, TO ALLOW FLEXIBILITY IN PROVISION OF SERVICES IN URBAN AREAS OF SUCH DISTRICTS, AND TO AMEND THE COUNTY SERVICE DISTRICT ACT OF 1973 RELATING TO APPROVAL OF PROPERTY TAXES IN MULTIJURISDICTIONAL INDUSTRIAL PARK DISTRICTS.

The General Assembly of North Carolina enacts:

SECTION 1. Part 2 of Article 16 of Chapter 153A of the General Statutes reads as rewritten:

"Part 2. County Research and Production Service ~~Districts~~Districts and Urban Research Service Districts.

"§ 153A-311. Purposes for which districts may be established.

The board of commissioners of any county may define a county research and production service district in order to finance, provide, and maintain for the district any service, facility, or function that a county or a city is authorized by general law to provide, finance, or maintain. Such a service, facility, or function shall be financed, provided, or maintained in the district either in addition to or to a greater extent than services, facilities, or functions are financed, provided, or maintained for the entire county.

"§ 153A-312. Definition of research and production service district.

(a) Standards. – The board of commissioners may by resolution establish a research and production service district for any area of the county that, at the time the resolution is adopted, meets the following standards:

- (1) All (i) real property in the district is being used for or is subject to covenants that limit its use to ~~research~~research; or scientifically-oriented ~~production or for~~production, technology, education; or associated ~~commercial~~commercial, residential, or institutional purposes; or ~~for other purposes specifically authorized pursuant to the terms and conditions of the covenants, or~~ (ii) if all the real property in the district is part of a multijurisdictional industrial park that satisfies the criteria of G.S. 143B-437.08(h), all such real property in the district is subject to covenants that limit its use to research or scientifically oriented production, associated commercial or institutional purposes, or other industrial and associated commercial and institutional uses.
- (2) The district (i) contains at least 4,000 acres or (ii) satisfies the criteria of G.S. 143B-437.08(h).
- (3) The district (i) includes research and production facilities that in combination employ at least 5,000 persons or (ii) satisfies the criteria of G.S. 143B-437.08(h).
- (4) ~~All real property located in the district was at one time or is currently owned by a nonprofit corporation, which developed or is developing the property as a research and production park.~~
- (5) A petition requesting creation of the district signed by at least fifty percent (50%) of the owners of real property in the district who own at least fifty percent (50%) of total area of the real property in the district has been presented to the board of commissioners. In determining the total area of real property in the district and the number of owners of real property, there shall



be excluded (1) real property exempted from taxation and real property classified and excluded from taxation and (2) the owners of such exempted or classified and excluded property.

- (6) ~~The district has no more than 25 permanent residents.~~
- (7) There exists in the district an association of owners and tenants, to which at least seventy-five percent (75%) of the owners of nonresidential real property belong, which association can make the recommendations provided for in G.S. 153A-313. This subdivision shall not apply to a research and production service district that satisfies the criteria of G.S. 143B-437.08(h).
- (8) ~~There exists, or will exist when conveyed by the nonprofit corporation described in subdivision (4) of this subsection,~~ exist deed-imposed conditions, covenants, restrictions, and reservations that apply to all real property in the district other than property owned by the federal government district, provided that the covenants, restrictions, and reservations shall not be effective against the United States as long as it owns or leases property in the district but shall apply to any subsequent owner or lessee of such property.
- (9) No part of the district lies within the boundaries of any incorporated city or town.

The Board of Commissioners may establish a research and production service district if, upon the information and evidence it receives, the Board finds that:

- (1) The proposed district meets the standards set forth in this subsection; and
- (2) It is impossible or impracticable to provide on a countywide basis the additional or higher levels of services, facilities, or functions proposed for the district; and
- (3) It is economically feasible to provide the proposed services, facilities, or functions to the district without unreasonable or burdensome tax levies.

(a1) Additional Uses. – A developer of a research and production service district established prior to June 1, 2012, may amend the covenants that limit the use of real property in the district to include any of the following uses: research; or scientifically-oriented production, technology, education; or associated commercial, residential, or institutional purposes; or for other purposes specifically authorized pursuant to the terms and conditions of the covenants. A research and production service district is presumed to be in compliance with the standards in subsection (a) of this section if the district met the standards in subsection (a) of this section, as that subsection was enacted at the time of the establishment of the district.

(b) Multi-County Districts. – If an area that meets the standards for creation of a research and production service district lies in more than one county, the boards of commissioners of those counties may adopt concurrent resolutions establishing a ~~service~~ district, even if that portion of the district lying in any one of the counties does not by itself meet the standards. Each of the county boards of commissioners shall follow the procedure set out in this section for creation of a ~~service~~ district.

If a multi-county ~~service~~ district is established, as provided in this subsection, the boards of commissioners of the counties involved shall jointly determine whether the same appraisal and assessment standards apply uniformly throughout the ~~district~~ district, or, in the case of a multijurisdictional industrial park that satisfies the criteria of G.S. 143B-437.08(h), whether there is a current need in each participating county to levy a tax, which determination shall be made by each participating county's board of commissioners. This determination shall be set out in concurrent resolutions of the boards. If the same appraisal and assessment standards apply uniformly throughout the district, the boards of commissioners of all the counties shall levy the same rate of tax for the district, so that a uniform rate of tax is levied for district purposes throughout the district. If the boards determine that the same standards do not apply uniformly throughout the district, the boards shall agree on the extent of divergence between the counties and on the resulting adjustments of tax rates that will be necessary in order that an effectively uniform rate of tax is levied for district purposes throughout the district. In the event that one or more of the boards of commissioners in one or more of the counties participating in a multijurisdictional industrial park that satisfies the criteria of G.S. 143B-437.08(h) determines that there is no current need to levy a tax for all or part of the property meeting said requirements within its jurisdictional boundaries, then that county or those counties shall be under no obligation to do so. That county or those counties participating in a multijurisdictional

industrial park that satisfies the criteria of G.S. 143B-437.08(h) that choose to levy a tax for all or part of the property meeting said requirements within its jurisdictional boundaries may do so without setting an effectively uniform rate of tax as described above, provided such rate shall not exceed the rate allowed in G.S. 143B-317(b).

The boards of commissioners of the counties establishing a multi-county ~~service~~-district pursuant to this subsection may, by concurrent resolution, provide for the administration of services within the district by one or more counties on behalf of all the establishing counties."

(c) Report. – Before the public hearing required by subsection (d), 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 services, facilities, or functions 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.

(d) Hearing and Notice. – The board of commissioners shall hold a public hearing before adopting any resolution defining a ~~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 (c) 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 at least four weeks before the date of the hearing by any class of U.S. mail which is fully prepaid 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.

(e) 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.

"§ 153A-313. Advisory Research and production service district advisory committee.

(a) The board or boards of commissioners, in the resolution establishing a research and production service district, shall also provide for an advisory committee for the district. Such a committee shall have at least 10 members, serving terms as set forth in the resolution; one member shall be the representative of the developer of the research and production ~~park~~-~~park~~ established as a research and production service district. The resolution shall provide for the appointment or designation of a ~~chairman~~-~~chair~~. The board of commissioners or, in the case of a multi-county ~~service~~-district, the boards of commissioners shall appoint the members of the advisory committee. If a multi-county ~~service~~-district is established, the concurrent resolutions establishing the district shall provide how many members of the advisory committee are to be appointed by each board of commissioners. Before making the appointments, the appropriate board shall request the association of owners and tenants, required by G.S. 153A-312(a), to submit a list of persons to be considered for appointment to the committee; the association shall submit at least two names for each appointment to be made. Except as provided in the next two sentences, the board of commissioners shall make the appointments to the committee from the list of persons submitted. In addition, the developer of the research and production park shall appoint one person to the advisory committee as the developer's representative on the committee. In addition, in a single county ~~service~~-district, the board of commissioners may make two additional appointments of such other persons as the board of commissioners deems appropriate, and in a multi-county ~~service~~-district, each board of county commissioners may make one additional appointment of such other person as that board of commissioners deems appropriate. Whenever a vacancy occurs on the committee in a position filled by appointment by ~~a~~-~~the~~ board of commissioners, the appropriate board, before filling the vacancy, shall request the association to submit the names of at least two persons to be considered for the vacancy; and the board shall fill the vacancy by appointing one of the persons so submitted, except that if the vacancy is in a position appointed by the board of commissioners under the preceding sentence of this section, the board of commissioners making that appointment shall fill the vacancy with such person as that board of commissioners deems appropriate.

Each year, before adopting the budget for the ~~service~~ district and levying the tax for the district, the board or boards of commissioners shall request recommendations from the advisory committee as to the level of services, facilities, or functions to be provided for the district for the ensuing year. The board or boards of commissioners shall, to the extent permitted by law, expend the proceeds of any tax levied for the district in the manner recommended by the advisory ~~board~~ committee.

(b) In the event that the research and production service district satisfies the criteria of G.S. 143B-437.08(h), the board of directors for the nonprofit corporation which owns the industrial park shall serve as the advisory committee described in subsection (a) of this section.

"§ 153A-314. Extension of service districts.

(a) Standards. – A board of commissioners may by resolution annex territory to a research and production service district upon finding that:

- (1) The conditions, covenants, restrictions, and reservations required by G.S. 153A-312(a)(8) that apply to all real property in the ~~research district, other than property owned by the federal government, district~~ also apply or will apply to the property, other than property owned by the federal government, to be annexed property to be annexed, provided that the covenants, restrictions, and reservations shall not be effective against the United States as long as it owns or leases property in the district but shall apply to any subsequent owner or lessee of such property.
- (2) One hundred percent (100%) of the owners of real property in the area to be annexed have petitioned for annexation.
- (3) The district, following the annexation, will continue to meet the standards set out in G.S. 153A-312(a).
- (4) The area to be annexed requires the services, facilities, or functions financed, provided, or maintained for the district.
- (5) The area to be annexed is contiguous to the district.

(b) Report. – Before the public hearing required by subsection (c), the board shall cause to be prepared a report containing:

- (1) A map of the district and the adjacent territory proposed to be annexed, showing the present and proposed boundaries of the district; and
- (2) A statement showing that the area to be annexed meets the standards and requirements of subsection (a) of this section.

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 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 (b) of this section is available for inspection in the office of the clerk to the board. The notice shall be published at least once not less than four weeks before the hearing. In addition, the notice shall be mailed at least four weeks before the date of the hearing by any class of U.S. mail which is fully prepaid 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 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 the certificate shall be conclusive in the absence of fraud.

(d) 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.

"§ 153A-314.1. Removal of territory from ~~service~~ districts.

(a) Standards. – A board of commissioners may by resolution remove territory from a research and production service district upon finding that:

- (1) The owners of the territory to be removed contemplate placing residential uses on some of the territory to be removed, removal has been recommended by a vote of two-thirds of the eligible votes of the owners and tenants association.
- (2) One hundred percent (100%) of the owners of real property in the territory to be removed have petitioned for removal.

- (3) The territory to be removed no longer requires the services, facilities, or functions financed, provided, or maintained for the district.
- (b) Report. – Before the public hearing required by subsection (c) of this section, the board shall cause to be prepared a report containing:
 - (1) A map of the district highlighting the territory proposed to be removed, showing the present and proposed boundaries of the district; and
 - (2) A statement showing that the territory to be removed meets the standards and requirements of subsection (a) of this section.

The report shall be available for public inspection in the office of the clerk to the board for at least 10 days before the date of the public hearing.

(c) Hearing and Notice. – The board shall hold a public hearing before adopting any resolution reducing 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 (b) of this section is available for inspection in the office of the clerk to the board. The notice shall be published at least once not less than seven days before the hearing. In addition, the notice shall be mailed at least two weeks before the date of the hearing by any class of U.S. mail which is fully prepaid 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 territory to be removed. The person designated by the board to mail the notice shall certify to the board that the mailing has been completed, and the certificate shall be conclusive in the absence of fraud.

(d) Municipal Annexation Allowed Under General Law. – The general law concerning annexation, Article 4A of Chapter 160A of the General Statutes, shall apply to any territory removed from the district under this section, notwithstanding any local act to the contrary.

(e) Effective Date. – The resolution reducing the boundaries of the district shall take effect at the beginning of a fiscal year commencing after its passage, as determined by the board.

"§ 153A-315. Required provision or maintenance of services.

(a) New District. – When a county or counties define a research and production service district, it or they shall provide, maintain, or let contracts for the services for which the district is 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 territory is annexed to a research and production service district, the county or counties shall provide, maintain, or let contracts for the services provided or maintained throughout the district to property in the area annexed to the district within a reasonable time, not to exceed one year, after the effective date of the annexation.

"§ 153A-316. Abolition of ~~service~~-districts.

A board or boards of county commissioners may by resolution abolish a research and production service district upon finding that (i) a petition requesting abolition, signed by at least fifty percent (50%) of the owners of nonresidential real property in the district who own at least fifty percent (50%) of the total area of nonresidential real property in the district, has been submitted to the board or boards; and (ii) there is no longer a need for such ~~service~~-district. In determining the total area of nonresidential real property in the district and the number of owners of nonresidential real property, there shall be excluded (1) real property exempted from taxation and real property classified and excluded from taxation and (2) the owners of such exempted or classified and excluded property. The board or boards 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 or boards. If a multi-county ~~service~~-district is established, it may be abolished only by concurrent resolution of the board of commissioners of each county in which the district is located.

"§ 153A-316.1. Urban research service district (URSD).

(a) Standards. – The board of commissioners of a county may establish one or more urban research service districts ("URSD" as used in this Part) that meets the following standards:

- (1) The URSD is within a county research and production service district located partly within that county.
- (2) The URSD is located wholly within that county.

- (3) The URSD is not contained within another URSD.
- (4) A petition requesting creation of the URSD signed by at least fifty percent (50%) of the owners of real property in the URSD who own at least fifty (50%) of total area of the real property in the URSD has been presented to the board of commissioners.

(b) Report. – Before the public hearing required by subsection (c) of this section, the board of commissioners shall cause to be prepared and adopted by it a report. 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. The report shall contain the following:

- (1) A map of the proposed URSD, showing its proposed boundaries.
- (2) A statement showing that the proposed URSD is for the purpose of providing urban services, facilities, or functions to a greater extent than (i) in the entire county and (ii) in the county research and production service district.
- (3) A plan for providing one or more services, facilities, or functions to the URSD.

(c) Hearing and Notice. – The board of commissioners shall hold a public hearing before adopting any resolution defining a URSD 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 URSD and a statement that the report required by subsection (b) of this section 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 at least four weeks before the date of the hearing by any class of U.S. mail that is fully prepaid to the owners, as shown by the county tax records as of the preceding January 1, of all property located within the proposed URSD. The person designated by the board to mail the notice shall certify to the board that the mailing has been completed, and the designated person's certificate is conclusive in the absence of fraud.

(d) Effective Date. – The resolution defining a URSD shall take effect at the beginning of a fiscal year commencing after its passage, as determined by the board of commissioners.

"§ 153A-316.2. URSD advisory committee.

(a) Members. – The board of commissioners, in the resolution establishing a URSD, shall also provide for an advisory committee for the URSD. The committee shall have at least 10 members, serving terms as set forth in the resolution. The resolution shall provide for the appointment or designation of a chairperson. The board of commissioners shall appoint the members of the URSD advisory committee. Before making the appointments, the board shall request the association of owners and tenants, required by G.S. 153A-312(a), to submit a list of persons to be considered for appointment to the committee. The association shall submit at least two names for each appointment to be made. Except as provided in subsection (b) of this section, the board of commissioners shall make the appointments to the committee from the list of persons submitted.

(b) Additional Members. – In addition to the members provided in subsection (a) of this section, the developer of the research and production park established as a research and production service district shall appoint one person to the URSD advisory committee as the developer's representative on the committee. The board of commissioners may make two additional appointments of such other persons as the board of commissioners deems appropriate.

(c) Vacancy. – Whenever a vacancy occurs on the committee in a position filled by appointment by the board of commissioners, the board, before filling the vacancy, shall request the association to submit the names of at least two persons to be considered for the vacancy, and the board shall fill the vacancy by appointing one of the persons so submitted, except that if the vacancy is in a position appointed by the board of commissioners under subsection (b) of this section, the board of commissioners making that appointment shall fill the vacancy with such person as the board of commissioners deems appropriate.

(d) Advisory Role. – Each year, before adopting the budget for the URSD and levying the tax for the URSD, the board of commissioners shall request recommendations from the URSD advisory committee as to the level of services, facilities, or functions to be provided for the URSD for the ensuing year. The board of commissioners shall, to the extent permitted by law, expend the proceeds of any tax levied for the URSD in the manner recommended by the URSD advisory committee.

"§ 153A-316.3. Extension of URSD.

(a) Standards. – A board of commissioners may by resolution annex territory to a URSD upon finding that:

- (1) The conditions, covenants, restrictions, and reservations required by G.S. 153A-312(a)(8) that apply to all real property in the URSD also apply or will apply to the property to be annexed, provided that such covenants, restrictions, and reservations shall not be effective against the United States as long as it owns or leases property in the URSD but shall apply to any subsequent owner or lessee of such property.
- (2) One hundred percent (100%) of the owners of real property in the area to be annexed have petitioned for annexation.
- (3) The URSD, following the annexation, will continue to meet the standards set out in G.S. 153A-316.1(a).
- (4) The area to be annexed requires the services, facilities, or functions financed, provided, or maintained for the URSD.
- (5) The area to be annexed is contiguous to the URSD.

(b) Report. – Before the public hearing required by subsection (c) of this section, the board shall cause to be prepared a report. 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. The report shall contain the following:

- (1) A map of the URSD and the adjacent territory proposed to be annexed, showing the present and proposed boundaries of the URSD.
- (2) A statement showing that the area to be annexed meets the standards and requirements of subsection (a) of this section.

(c) Hearing and Notice. – The board shall hold a public hearing before adopting any resolution extending the boundaries of a URSD. 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) of this section is available for inspection in the office of the clerk to the board. The notice shall be published at least once not less than four weeks before the hearing. In addition, the notice shall be mailed at least four weeks before the date of the hearing by any class of U.S. mail that is fully prepaid 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 the certificate shall be conclusive in the absence of fraud.

(d) Effective Date. – The resolution extending the boundaries of the URSD shall take effect at the beginning of a fiscal year commencing after its passage, as determined by the board.

"§ 153A-316.4. Removal of territory from URSD.

(a) Standards. – A board of commissioners may by resolution remove territory from a URSD upon finding that:

- (1) The removal has been recommended by a vote of two-thirds of the eligible voters of the owners and tenants association.
- (2) One hundred percent (100%) of the owners of real property in the territory to be removed have petitioned for removal.
- (3) The territory to be removed no longer requires the services, facilities, or functions financed, provided, or maintained for the URSD.
- (4) The county has not financed any project for which taxes levied on the URSD provide debt service pursuant to G.S. 153A-317.1(c).

(b) Report. – Before the public hearing required by subsection (c) of this section, the board shall cause to be prepared a report. The report shall be available for public inspection in the office of the clerk to the board for at least 10 days before the date of the public hearing. The report shall contain the following:

- (1) A map of the URSD highlighting the territory proposed to be removed, showing the present and proposed boundaries of the URSD.
- (2) A statement showing that the territory to be removed meets the standards and requirements of subsection (a) of this section.

(c) Hearing and Notice. – The board shall hold a public hearing before adopting any resolution reducing the boundaries of the URSD. 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) of this section is available for inspection in the office of the clerk to the board. The notice shall be published at least once not less than seven days before the hearing. In addition, the notice shall be mailed at least two weeks before the date of the hearing by any class of U.S. mail that is fully prepaid to the owners, as shown by the county tax records as of the preceding January 1, of all property located within the territory to be removed. The person designated by the board to mail the notice shall certify to the board that the mailing has been completed, and the certificate shall be conclusive in the absence of fraud.

(d) Effective Date. – The resolution reducing the boundaries of the URSD shall take effect at the beginning of a fiscal year commencing after its passage, as determined by the board.

"§ 153A-316.5. Required provision or maintenance of services in URSD.

(a) New URSD. – When a county defines a URSD, it shall provide, maintain, or let contracts for the services for which the URSD is being taxed within a reasonable time, not to exceed one year, after the effective date of the definition of the URSD. When a county defines a URSD, it may designate the developer of the research and development park established as a research and production service district in which the URSD is located as an agent that may contract with any local government for the provision of services within the URSD.

(b) Extended URSD. – When a territory is annexed to a URSD, the county shall provide, maintain, or let contracts for the services provided or maintained throughout the URSD to property in the area annexed to the URSD within a reasonable time, not to exceed one year, after the effective date of the annexation.

"§ 153A-316.6. Abolition of URSD.

A county board of commissioners may by resolution abolish a URSD upon finding that (i) a petition requesting abolition, signed by at least fifty percent (50%) of the owners of nonresidential real property in the URSD who own at least fifty percent (50%) of the total area of nonresidential real property in the URSD, has been submitted to the board or boards; (ii) there is no longer a need for such URSD; and (iii) the county has not financed any project for which there is outstanding debt serviced by tax revenues levied within the URSD. In determining the total area of nonresidential real property in the URSD and the number of owners of nonresidential real property, there shall be excluded (i) real property exempted from taxation and real property classified and excluded from taxation and (ii) the owners of such exempted or classified and excluded property. The board or boards shall hold a public hearing before adopting a resolution abolishing a URSD. 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 URSD shall take effect at the end of a fiscal year following passage of the resolution, as determined by the board.

"§ 153A-317. Research and production service district taxes. Taxes authorized; rate limitation.

(a) Tax Authorized. – A county, upon recommendation of the advisory committee established pursuant to G.S. 153A-313, may levy property taxes within a research and production service district in addition to those levied throughout the county, in order to finance, provide, or maintain for the district 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. The proceeds of taxes only within a service district may be expended only for services provided for the district.

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.

(b) Limit. – Such additional property taxes may not be levied within any district established pursuant to this Article in excess of a rate of ten cents (10¢) on each one hundred dollars (\$100.00) value of property subject to taxation or, in the event that the research and production service district satisfies the criteria of G.S. 143B-437.08(h), such additional property taxes may not be levied within said district in excess of a rate of ~~fifteen cents (15¢)~~ twenty cents (20¢) on each one hundred dollars (\$100.00) value of property subject to taxation.

(c) Public Transportation. – For the purpose of constructing, maintaining, or operating public transportation as defined by G.S. 153A-149(c)(27), in addition to the additional property taxes levied under subsections (a) and (b) of this section, a county, upon recommendation of the advisory committee established pursuant to G.S. 153A-313, may levy additional property taxes within any service district established pursuant to this Article not in excess of a rate of ten

cents (10¢) on each one hundred dollars (\$100.00) value of property subject to taxation. Such property taxes for public transportation may only be used within the ~~service~~-district, or to provide for public transportation from the ~~service~~-district to other public transportation systems or to other places outside the ~~service~~-district including airports."

"§ 153A-317.1. Urban research service district taxes authorized; rate.

(a) Tax Authorized. – A county, upon recommendation of the advisory committee established pursuant to G.S. 153A-316.2, may levy property taxes within a URSD in addition to those levied throughout the county, and in addition to those levied throughout the county research and production service district, in order to finance, provide, or maintain for the URSD services provided therein in addition to or to a greater extent than those financed, provided, or maintained both for the entire county and for the county research and production service district. Only those services that cities are authorized by law to provide may be provided. In addition, a county may allocate to a URSD any other revenue not otherwise restricted by law.

(b) Rate. – Property subject to taxation in a newly established URSD or in an area annexed to an existing URSD is that subject to taxation by the county as of the preceding January. The maximum tax rate set forth in G.S. 153A-317 shall not apply to the URSD. The additional property taxes within any URSD may not be levied in excess of the rate levied in the prior year by a city that:

(1) Is the largest city in population that is contiguous to the county research and production service district where the URSD is located.

(2) Is located primarily within the same county the URSD is located.

(c) Use. – The proceeds of taxes levied within a URSD may be expended only for the benefit of the URSD. The taxes levied for the URSD may be used for debt service on any debt issued by the county that is used wholly or partly for capital projects located within the URSD, but not in greater proportion than expense of projects located within the URSD bear to the entire expense of capital projects financed by that borrowing of the county. For the purpose of this subsection, "debt" includes (i) general obligation bonds and notes issued under Chapter 159 of the General Statutes, (ii) revenue bonds issued under Chapter 159 of the General Statutes, (iii) financing agreements under Article 8 of Chapter 159 of the General Statutes, and (iv) special obligation bonds issued by the county."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 21st day of June, 2012.

s/ Walter H. Dalton
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

Beverly E. Perdue
Governor

Approved _____,m. this _____ day of _____, 2012