

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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HOUSE DRH60347-LY-114 (5/7)

Short Title: Local Government Economic Development Tools. (Public)

Sponsors: Representatives Fox and G. Allen (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE LOCAL GOVERNMENTS THAT ARE JOINTLY UNDERTAKING A DEVELOPMENT PROJECT TO ENTER INTO AGREEMENTS TO FINANCE THE PROJECT; TO AMEND THE NORTH CAROLINA CONSTITUTION; AND TO CREATE A LOCAL OPTION PARTIAL PROPERTY TAX EXCLUSION FOR IMPROVEMENTS TO PROPERTY LOCATED IN A REDEVELOPMENT AREA.

The General Assembly of North Carolina enacts:

**SECTION 1.** Part 1 of Article 20 of Chapter 160A of the General Statutes is amended by adding a new section to read:

**"§ 160A-466. Revenue and expenditures for joint undertakings.**

When two or more units of local government are engaged in a joint undertaking, they may enter into agreements regarding financing, expenditures, and revenues related to the joint undertaking. Funds collected by any participating unit of government may be transferred to and expended by any other unit of government in a manner consistent with the agreement. An agreement regarding expenses and revenues may be of reasonable duration not to exceed 99 years."

**SECTION 2.** Article 2 of Chapter 158 of the General Statutes is amended by adding a new section to read:

**"§ 158-7.3. Interlocal agreements concerning economic development.**

(a) Any two or more units of local government may enter into contracts or agreements to execute undertakings pursuant to Part 1 of Article 20 of Chapter 160A of the General Statutes, under which each participating local government agrees to provide resources for the development of an industrial or commercial park or industrial or commercial site pursuant to G.S. 158-7.1. In consideration for that participation, the unit or units in which the park or site is located may agree to place the proceeds from some or all property taxes levied on the park or site into a common fund or transfer those

1 proceeds to a nonprofit corporation or other entity. The proceeds placed into the  
 2 common fund or transferred to the other entity may then be distributed among the  
 3 participating local governments as provided in the contract or agreement.

4 (b) Any undertaking entered into pursuant to this section may be for that period  
 5 that is agreed to by the participating local governments, up to a maximum of 40 years.

6 (c) Any undertaking entered into pursuant to this section is binding upon each  
 7 participating local government for the duration of the contract or agreement. Any  
 8 participating local government may bring an action to specifically enforce the contract  
 9 or agreement."

10 **SECTION 3.** Section 2(4) of Article V of the North Carolina Constitution  
 11 reads as rewritten:

12 "(4) Special tax areas. Subject to the limitations imposed by Section 4, the General  
 13 Assembly may enact general laws authorizing the governing body of any county, city,  
 14 or town to define territorial areas and to levy taxes within those areas, in addition to  
 15 those levied throughout the county, city, or town, in order to finance, provide, or  
 16 maintain services, facilities, and functions in addition to or to a greater extent than those  
 17 financed, provided, or maintained for the entire county, city, or town. The General  
 18 Assembly may enact general laws authorizing the governing body of any county, city,  
 19 or town to allow property tax incentives for redevelopment in defined special territorial  
 20 areas established pursuant to general laws applicable throughout the State."

21 **SECTION 4.** Article 12 of Chapter 105 of the General Statutes is amended  
 22 by adding a new section to read:

23 **§ 105-277.14. Taxation of improvements in redevelopment areas.**

24 (a) Qualifying improvements on redevelopment area properties are designated a  
 25 special class of property under Article V, Sec. 2(2) of the North Carolina Constitution  
 26 and redevelopment areas established under G.S. 160A-503 are designated a special  
 27 territorial area under Article V, Section 2(4) of the North Carolina Constitution. The  
 28 governing body of a county or municipality may, by resolution, opt to appraise, assess,  
 29 and tax qualifying improvements on redevelopment area properties in accordance with  
 30 this section. The resolution must allow an owner of land the partial exclusion provided  
 31 by this section for the first five taxable years beginning after completion of qualifying  
 32 improvements made after a date specified in the resolution. In no case may the date  
 33 specified in the resolution be earlier than the first day of the current fiscal year. After  
 34 property has qualified for the exclusion allowed by this section, the assessor for the  
 35 county in which the property is located shall annually appraise the improvements made  
 36 to the property during the period of time that the owner is entitled to the exclusion.

37 (b) For the purposes of this section, the terms 'qualifying improvements on  
 38 redevelopment area properties' and 'qualifying improvements' mean improvements  
 39 made to real property that is located within a redevelopment area as defined in G.S.  
 40 160A-503.

41 (c) The following table establishes the percentage of the appraised value of the  
 42 qualified improvements that is excluded based on the taxable year:

<u>Year</u>	<u>Percent of Appraised Value Excluded</u>
<u>Year 1</u>	<u>90%</u>

1	<u>Year 2</u>	<u>75%</u>
2	<u>Year 3</u>	<u>50%</u>
3	<u>Year 4</u>	<u>30%</u>
4	<u>Year 5</u>	<u>10%."</u>

5       **SECTION 5.** The amendment set out in Section 3 of this act shall be  
6 submitted to the qualified voters of the State at the next statewide general election,  
7 which election shall be conducted under the laws then governing elections in the State.  
8 Ballots, voting systems, or both may be used in accordance with Chapter 163 of the  
9 General Statutes. The question to be used in the voting systems and ballots shall be:

10                                   " **FOR**    **AGAINST**

11                   Constitutional amendment allowing local option property tax incentives for  
12 redevelopment in defined territorial areas established pursuant to general law".

13       **SECTION 6.** If a majority of votes cast on the question are in favor of the  
14 amendment set out in Section 3 of this act, the State Board of Elections shall certify the  
15 amendment to the Secretary of State whereupon the amendment shall become effective.  
16 The Secretary of State shall enroll the amendment so certified among the permanent  
17 records of that office.

18       **SECTION 7.** Section 4 of this act becomes effective for taxes imposed for  
19 the first taxable year beginning after the date of the certification required in Section 6 of  
20 this act. The remainder of this act is effective when it becomes law.