NORTH CAROLINA GENERAL ASSEMBLY LEGISLATIVE FISCAL ESTIMATE

BILL NUMBER: SB 245

SHORT TITLE: Sewer/Sanitary District Financing

SPONSOR(S): Senator Ledbetter

FISCAL IMPACT

Yes () No () No Estimate Available (x)

<u>FY 1997-98</u> <u>FY 1998-99</u> <u>FY 1999-00</u> <u>FY 2000-01</u> <u>FY 2001-02</u>

REVENUES (SEE "ASSUMPTIONS AND METHODOLOGY")

EFFECTIVE DATE: Upon becoming law.

BILL SUMMARY: G.S. 160A-20(h) allows counties, cities and specifically named local authorities to use installment financing for capital projects. The bill adds metropolitan sewer districts and sanitary districts to the list. The bill also removes the population requirement for school systems with independent taxing authority, to use installment purchase financing. Current law requires a county population of 90,000 of more, in addition to independent taxing authority, before the county's schools can use installment purchase financing.

ASSUMPTIONS AND METHODOLOGY: Under G.S. 160A-20, units of local government have the ability to finance the purchase of property through installment contracts. The term "local unit of government," as defined in subpart (h), currently includes counties, cities, water and sewer authorities, certain airport authorities, area mental health and substance abuse authorities, and certain school districts with independent taxing authority. The bill adds metropolitan sewer districts and sanitary districts to the list. There is no direct impact on state or local revenues from these additions because the bill only gives them an additional financing tool.

Currently only two school boards have the independent authority to levy a school tax - Mooresville and Roanoke Rapids. Of these, only Mooresville meets the population requirement. As such, the only school system in the state that can use installment financing is Mooresville. By removing the population requirement, the bill effectively extends that privilege to Roanoke Rapids schools. There is no direct impact on state or local revenues from this change.

FISCAL RESEARCH DIVISION (733-4910)

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