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HOUSE BILL 462  
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Short Title: Local Utility Bills/Dare Utilities.

(Local)

Sponsors:

Referred to:

March 16, 1999

A BILL TO BE ENTITLED

AN ACT TO ALLOW THE TOWNS OF CHADBOURN AND MOUNT GILEAD,  
AND MONTGOMERY COUNTY, TO COLLECT UTILITY BILLS AS IF THEY  
WERE TAXES DUE THEM, AND TO ALLOW DARE COUNTY TO CREATE  
SPECIAL TAX DISTRICTS TO UNDERGROUND ELECTRIC UTILITY LINES.

The General Assembly of North Carolina enacts:

CHADBOURN, MOUNT GILEAD, AND MONTGOMERY COUNTY UTILITY BILL  
COLLECTION

Section 1. Section 2 of Chapter 1070 of the 1989 Session Laws, as amended  
by S.L. 1998-84, reads as rewritten:

"Sec. 2. This act applies to the Towns of ~~Richfield~~ Chadburn, Richfield, Mount  
Gilead, and Stanfield and ~~Stanfield~~, the City of ~~Locust~~ Locust, and Montgomery County  
only."

DARE UTILITY DISTRICT

Section 1.1. Authorization to Create Utility District. A county board of  
commissioners may create one or more Utility Districts for the purpose of raising and  
expending funds to underground electric utility lines in the district.

1 Section 2.(a) Procedure. A county board of commissioners may by resolution  
2 signify its determination to create a Utility District under the provisions of this act. The  
3 resolution shall be adopted after a public hearing thereon, notice of which hearing shall  
4 be given by publication at least once, not less than 10 days prior to the date fixed for the  
5 hearing, in a newspaper having a general circulation in the county. The notice shall  
6 contain a brief statement of the substance of the proposed resolution, shall set forth the  
7 boundaries of the district, and shall state the time and place of the public hearing. No  
8 other publication of the resolution is required under the provisions of any other law.

9 Section 2.(b) The resolution shall include articles of incorporation which shall set  
10 forth:

- 11 (1) The name of the district;
- 12 (2) A statement that the district is organized under this act; and
- 13 (3) A description of the boundaries, which may include any territory  
14 designated by the county board of commissioners that is not in the  
15 corporate limits of any municipality.

16 Section 2.(c) No territory may be in more than one district.

17 Section 2.(d) All territory of a district shall be within the county.

18 Section 2.(e) A certified copy of the resolution signifying the determination to  
19 organize a district under the provisions of this act shall be filed with the Secretary of  
20 State, together with proof of publication of the notice of hearing on the resolution. If the  
21 Secretary of State finds that the resolution, including the articles of incorporation,  
22 conforms to the provisions of this act and that the notice of hearing was properly  
23 published, the Secretary of State shall file the resolution and proof of publication in the  
24 records of that office, shall issue a certificate of incorporation under the seal of the State,  
25 and shall record the same in an appropriate book of record. The issuance of the  
26 certificate of incorporation by the Secretary of State shall constitute the district, a public  
27 body and body politic and corporate of the State of North Carolina. This certificate of  
28 incorporation shall be conclusive evidence of the fact that the district has been duly  
29 created and established under the provisions of this act.

30 Section 2.(f) When the district has been duly organized and its officers  
31 appointed as provided by this act, the secretary or clerk of the district shall certify to the  
32 Secretary of State the names and addresses of the officers as well as the address of the  
33 principal office of the district.

34 Section 3.(a) Annexation to District. By adoption of a resolution, and with the  
35 approval of the board of commissioners of a county by resolution, any municipality  
36 located wholly within that county may annex the entirety of that municipality to any  
37 Utility District created by this act, but no municipality may be in more than one district.  
38 The resolution shall be adopted by the municipal governing board after a public hearing  
39 thereon, notice of which hearing shall be given by publication at least once, not less than  
40 10 days prior to the date fixed for the hearing, in a newspaper having a general  
41 circulation in the county. The notice shall contain a brief statement of the substance of the  
42 proposed resolution and shall state the time and place of the public hearing. No other  
43 publication of the resolution is required under the provisions of any other law.

1 Section 3.(b) By adoption of a resolution, the board of commissioners of a  
2 county may annex any area within that county but not within the corporate limits of any  
3 municipality to a Utility District, but no area may be in more than one district. The  
4 resolution shall be adopted by the county board of commissioners after a public hearing  
5 thereon, notice of which hearing shall be given by publication at least once, not less than  
6 10 days prior to the date fixed for the hearing, in a newspaper having a general  
7 circulation in the county. The notice shall contain a brief statement of the substance of the  
8 proposed resolution, the boundaries of the proposed annexation, and shall state the time  
9 and place of the public hearing. No other publication of the resolution is required under  
10 the provisions of any other law.

11 Section 3.(c) If any area in a Utility District is annexed to the corporate limits  
12 of any municipality, it shall remain in the same Utility District notwithstanding any other  
13 provision of this act.

14 Section 4.(a) Governing Board. Each Utility District shall be governed by a  
15 special commission consisting of one person appointed by the board of commissioners of  
16 that county, one person appointed by the governing board of each municipality that has  
17 annexed its territory to the district under Section 3(a) of this act.

18 Section 4.(b) In the case of Dare County, one person shall also be appointed to  
19 the Special Commission by the Roanoke Island Commission established by Part 27A of  
20 Article 2 of Chapter 143B of the General Statutes. Appointments shall be for two-year  
21 terms.

22 Section 5.(a) Powers. By resolution the board of commissioners of the county,  
23 acting ex officio on behalf of the Utility District, may levy a tax of up to one dollar  
24 (\$1.00) per month on each residential electric power customer bill for service within the  
25 district, and up to five dollars (\$5.00) per month on each commercial or industrial electric  
26 power customer bill within the district.

27 Section 5.(b) The Utility District may receive contributions from the State of  
28 North Carolina, local governments, and the private sector for corporate purposes  
29 authorized by this act.

30 Section 5.(c) The commission may contract with the State of North Carolina,  
31 another local government, or a private entity for carrying out the projects authorized by  
32 this act.

33 Section 6. Use of Funds. The taxes levied under this act, after being expended  
34 for the necessary administrative expenses of the utility district, shall be used only for  
35 undergrounding of electric utility lines within the district. The budget for the Utility  
36 District shall be adopted by the special commission for that district.

37 Section 7. Corporate Existence. A Utility District created under this act shall  
38 have the power granted by this act, and may do all acts reasonably necessary to fulfill this  
39 purpose. A simple majority of the governing board constitutes a quorum, and approval  
40 by a majority of those present is sufficient to determine any matter before the governing  
41 body, if a quorum is present.

42 Section 8. Fiscal Control. The Utility District is a special district under G.S.  
43 159-7 and is covered by the applicable provisions of Chapter 159 of the General Statutes.

1 Section 9.(a) Levy. A tax authorized by this act may be levied only by resolution,  
2 after not less than 10 days' public notice and after a public hearing held pursuant thereto.  
3 A tax authorized by this act shall become effective on the date specified in the resolution  
4 levying the tax. That date must be the first day of a calendar month, however, and may  
5 not be earlier than the first day of the third month after the date the resolution is adopted.  
6 In establishing the effective date, the board of commissioners shall consult with any  
7 utility that will be collecting the tax to determine any administrative lead times that might  
8 be desirable.

9 Section 9.(b) Collection. Every electric utility subject to a tax authorized by  
10 this act shall, on and after the effective date of the levy of the tax, collect the tax. The tax  
11 shall be collected as part of the charge for furnishing electric power. The tax shall be  
12 stated and charged separately and shall be paid by the purchaser to the utility as trustee  
13 for and on account of the Utility District. The tax shall be added to the sales price and  
14 shall be passed on to the purchaser instead of being borne by the utility. The Utility  
15 District shall design, print, and furnish to all appropriate utilities in the district the  
16 necessary forms for filing returns and instructions to ensure the full collection of the tax.  
17 A utility who collects a tax authorized by this act may deduct from the amount remitted  
18 to the Utility District a discount equal to the discount the State allows the utility for State  
19 sales and use tax. For the purpose of this act, a utility includes a government entity  
20 providing electric service, a cooperative, and any other electric utility. A utility shall  
21 have the same right to suspend or terminate service for nonpayment of the tax that it has  
22 to suspend or terminate service for payment of any other part of the utility bill. The  
23 obligation of the utility to pay the tax if the customer has not paid the bill is the same as  
24 its liability under G.S. 105-164.4(a)(4a).

25 Section 9.(c) Administration. The Utility District shall administer a tax it levies  
26 under this act. A tax authorized by this act is due and payable to the district finance  
27 officer in monthly installments on or before the last day of the month following the  
28 month in which the tax accrues. Every person, firm, corporation, or association liable for  
29 the tax shall, on or before the 15th day of each month, prepare and render a return on a  
30 form prescribed by the Utility District. The return shall state the total gross receipts  
31 derived in the preceding month from rentals upon which the tax is levied. A tax return  
32 filed with the district finance officer is not a public record and may not be disclosed  
33 except in accordance with G.S. 153A-148.1 as if the Utility District was a county. The  
34 Utility District may adopt a payment schedule keyed to the billing cycle of the utility  
35 collecting the tax rather than the calendar month, as long as there are at least 12 billing  
36 cycles per year.

37 Section 9.(d) Penalties. A person, firm, corporation, or association who fails or  
38 refuses to file a tax return or pay a tax authorized by this act as required by law is subject  
39 to the civil and criminal penalties set by G.S. 105-236 for failure to pay or file a return for  
40 State sales and use taxes. The governing board of the Utility District has the same  
41 authority to waive the penalties for a tax authorized by this act that the Secretary of  
42 Revenue has to waive the penalties for State sales and use taxes.

1           Section 9.(e) Increase, Repeal, or Reduction. A tax levied by a district under  
2 this act may be increased not in excess of the maximum allowed by this act, repealed or  
3 reduced by a resolution adopted by the board of commissioners of the county, acting ex  
4 officio on behalf of the Utility District. Repeal or reduction of a tax authorized by this  
5 act shall become effective on the first day of a month and may not be earlier than the first  
6 day of the third month after the date the resolution is adopted. Repeal or reduction of a  
7 tax authorized by this act does not affect a liability for a tax that was attached before the  
8 effective date of the repeal or reduction, nor does it affect a right to a refund of a tax that  
9 accrued before the effective date of the repeal or reduction. In establishing the effective  
10 date, the board of commissioners shall consult with any utility that will be collecting the  
11 tax to determine any administrative lead times that might be desirable.

12           Section 10. Interlocal Agreements. By interlocal agreement adopted under  
13 Chapter 160A of the General Statutes, a Utility District created under this act may  
14 contract with a municipality or county to handle tax collections and fiscal control.

15           Section 11. Sections 1.1 through 10 of this act apply to Dare County only.

16           Section 12. This act is effective when it becomes law.