

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 495
Committee Substitute Favorable 5/21/97

Short Title: Natural Gas.

(Public)

Sponsors:

Referred to:

March 11, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO ADDRESS NORTH CAROLINA'S URGENT INFRASTRUCTURE
3 NEEDS BY CLARIFYING THAT THE NORTH CAROLINA UTILITIES
4 COMMISSION MAY ESTABLISH DIFFERENT RATES FOR NATURAL GAS
5 SERVICE TO UNSERVED COUNTIES THAT REFLECT THE COST OF
6 PROVIDING SERVICE TO THE UNSERVED COUNTIES AND AUTHORIZING
7 THE CREATION OF NATURAL GAS DISTRICTS FOR NATURAL GAS
8 EXPANSION.

9 The General Assembly of North Carolina enacts:

10 **PART I.**
11 **DIFFERENT RATES**

12 Section 1. G.S. 62-140(a) reads as rewritten:

13 "(a) No public utility shall, as to rates or services, make or grant any unreasonable
14 preference or advantage to any person or subject any person to any unreasonable
15 prejudice or disadvantage. No public utility shall establish or maintain any unreasonable
16 difference as to rates or services either as between localities or as between classes of
17 service. The Commission may determine any questions of fact arising under this section;
18 provided that it shall not be an unreasonable preference or advantage or constitute
19 discrimination against any person, firm or corporation or general rate payer for telephone

1 utilities to contract with motels, hotels and hospitals to pay reasonable commissions in
2 connection with the handling of intrastate toll calls charged to a guest or patient and
3 collected by the motel, hotel or hospital; provided further, that payment of such
4 commissions shall be in accordance with uniform tariffs which shall be subject to the
5 approval of the Commission. Provided further, that it shall not be considered an
6 unreasonable preference or advantage for the Commission to order, if it finds the public
7 interest so requires, a reduction in local telephone rates for low-income residential
8 consumers meeting a means test established by the Commission in order to match any
9 reduction in the interstate subscriber line charge authorized by the Federal
10 Communications Commission.

11 Nothing in this section prohibits the Commission from establishing different rates for
12 natural gas service to counties that are substantially unserved, to the extent that those
13 rates reflect the cost of providing service to the unserved counties and upon a finding by
14 the Commission that natural gas service would not otherwise become available to the
15 counties."

16 PART II.

17 NATURAL GAS DISTRICTS

18 Section 2. Chapter 160A of the General Statutes is amended by adding a new
19 Article to read:

20 "ARTICLE 27.

21 "REGIONAL NATURAL GAS DISTRICT.

22 "§ 160A-630. Title.

23 This Article is the 'Regional Natural Gas District Act' and may be cited by that name.

24 "§ 160A-631. Purpose; definitions.

25 (a) The purpose of a district created under this Article is to enhance the quality of
26 life in its territorial jurisdiction by promoting the development of natural gas distribution
27 systems to enhance the economic development of the area.

28 (b) The following definitions apply in this Article:

29 (1) Board of Trustees. – The governing board of the district in which the
30 general legislative powers of the district are vested.

31 (2) District. – A regional natural gas district.

32 (3) Regional natural gas district. – A body corporate and politic organized
33 in accordance with the provisions of this Article for the purposes, with
34 the powers, and subject to the restrictions set forth in this Article.

35 (4) Unit of local government. – Any county, city, town, or municipality of
36 this State, and any other political subdivision, public corporation, or
37 district in this State, that is or may be authorized by law to acquire,
38 establish, construct, enlarge, improve, maintain, own, or operate natural
39 gas systems.

40 (5) Unit of local government's chief administrative official. – The county
41 manager, city manager, town manager, or other person, by whatever
42 title known, in whom the responsibility for the unit of local
43 government's administrative duties is vested.

1 **"§ 160A-632. Territorial jurisdiction and service area of district.**

2 (a) A district may be created for one or more entire counties that are totally
3 unserved with natural gas and in which a specific natural gas project has not been
4 approved by the Utilities Commission at the time of creation of the district. This area is
5 the territorial jurisdiction and the service area of the district.

6 (b) The creation of a district does not confer on the district the exclusive right to
7 provide natural gas service in that territorial jurisdiction.

8 **"§ 160A-633. Creation of district.**

9 (a) The boards of commissioners of any one or more counties within an area for
10 which a district may be created as provided by G.S. 160A-632 may by resolution signify
11 their determination to organize a district under the provisions of this Article. Each of
12 these resolutions shall be adopted after a public hearing thereon, notice of which hearing
13 shall be given by publication at least once, not less than 10 days prior to the date fixed for
14 the hearing, in a newspaper having a general circulation in the county. The notice shall
15 contain a brief statement of the substance of the proposed resolution, shall set forth the
16 proposed articles of incorporation of the district, and shall state the time and place of the
17 public hearing. A copy of the notice shall be mailed not later than the first day of
18 newspaper publication to the business office of any public utility that holds a franchise
19 from the North Carolina Utilities Commission to serve any part of the proposed district
20 with natural gas service. No county shall be required to make any other publication of the
21 resolution under the provisions of any other law. Any municipality located within the
22 area may join the district by following the procedures set out in this section.

23 (b) Each resolution shall include articles of incorporation which shall set forth all
24 of the following:

25 (1) The name of the district.

26 (2) The composition of the board of trustees, terms of office, and the
27 manner of making appointments and filling vacancies.

28 (3) A statement that the district is organized under this Article.

29 (4) The names of the organizing counties and municipalities.

30 (5) Provision for the distribution of assets in the event the district is
31 terminated.

32 (c) A certified copy of each of the resolutions signifying the determination to
33 organize a district under the provisions of this Article shall be filed with the Secretary of
34 State, together with proof of publication and mailing of the notice of hearing on each of
35 the resolutions. If the Secretary of State finds that the resolutions, including the articles
36 of incorporation, conform to the provisions of this Article and that the notices of hearing
37 were properly published and mailed, the Secretary of State shall file the resolutions and
38 proofs of publication and mailing, shall issue a certificate of incorporation under the seal
39 of the State, and shall record the certificate in an appropriate book of record. The
40 issuance of this certificate of incorporation by the Secretary of State shall constitute the
41 district a public body and body politic and corporate of the State of North Carolina. The
42 certificate of incorporation shall be conclusive evidence of the fact that the district has
43 been duly created and established under this Article.

1 (d) When the district has been duly organized and its officers elected, the secretary
2 of the district shall certify to the Secretary of State the names and addresses of the
3 officers, the name and address of the registered agent, and the address of the principal
4 office of the district. The district shall be subject to the provisions of Article 5 of Chapter
5 55A of the General Statutes.

6 **"§ 160A-634. Membership; officers; compensation.**

7 (a) The governing body of a district is the Board of Trustees. The Board of
8 Trustees shall consist of members as provided in the articles of incorporation.

9 (b) Service on the Board of Trustees may be in addition to any other office which
10 a person is entitled to hold. Each voting member of the Board of Trustees may hold
11 elective public office as defined by G.S. 128-1.1(d).

12 (c) Members of the Board of Trustees shall reside within the territorial jurisdiction
13 of the district as defined by G.S. 160A-632.

14 (d) The Board of Trustees shall annually elect from its membership a Chair and a
15 Vice-chair, and shall annually elect a Secretary and a Treasurer.

16 (e) Members of the Board of Trustees shall receive a sum not to exceed fifty
17 dollars (\$50.00) as compensation for attendance at each duly conducted meeting of the
18 district.

19 **"§ 160A-635. Quorum.**

20 A majority of the members of the Board of Trustees shall constitute a quorum for the
21 transaction of business.

22 **"§ 160A-636. Advisory committees.**

23 The Board of Trustees may provide for the selection of any advisory committees that
24 it finds appropriate, which may or may not include members of the Board of Trustees.

25 **"§ 160A-637. General powers of the district.**

26 The general powers of the district include all of the following:

27 (1) To sue and be sued.

28 (2) To have a seal.

29 (3) To make rules not inconsistent with this Article, for its organization and
30 internal management.

31 (4) To employ persons deemed necessary to carry out the functions and
32 duties assigned to them by the district and to fix their compensation,
33 within the limit of available funds.

34 (5) With the approval of the unit of local government's chief administrative
35 official, to use officers, employees, agents, and facilities of the unit of
36 local government for such purposes and upon such terms as may be
37 mutually agreeable.

38 (6) To retain and employ counsel, auditors, engineers, and private
39 consultants on an annual salary, contract basis, or otherwise for
40 rendering professional or technical services and advice.

41 (7) To acquire, lease as lessee with or without option to purchase, hold,
42 own, and use any franchise, property, real or personal, tangible or
43 intangible, or any interest therein and to sell, lease as lessor with or

1 without option to purchase, transfer (or dispose thereof) whenever the
2 property is no longer required for purposes of the district, or exchange it
3 for other property or rights which are useful for the district's purposes.
4 Except as provided in any covenant or debt instrument designed to
5 protect the creditor, if any loans or grants by the Department of
6 Commerce have not been repaid, all or a substantial part of an operating
7 natural gas district may not be disposed of without the approval of the
8 Department of Commerce. If the sale is approved by the Department of
9 Commerce, the district shall repay the State the lesser of the amount of
10 any capital grant made by the State or one-half of the amount of the
11 proceeds.

12 (8) To acquire by gift, purchase, lease as lessee with or without option to
13 purchase or otherwise to construct, improve, maintain, repair, operate,
14 or administer any component parts of a natural gas system. The district
15 also may contract for the maintenance, operation, or administration
16 thereof or to lease as lessor the same for maintenance, operation, or
17 administration by private parties.

18 (9) To make or enter into contracts, agreements, deeds, leases with or
19 without option to purchase, conveyances, or other instruments,
20 including contracts and agreements with the United States, the State of
21 North Carolina, and units of local government.

22 (10) To develop and make data, plans, information, surveys, and studies of
23 natural gas facilities within the territorial jurisdiction of the district and
24 to prepare and make recommendations in regard thereto.

25 (11) To enter in a reasonable manner lands, waters, or premises for the
26 purpose of making surveys, soundings, drillings, and examinations.
27 This entry shall not be deemed a trespass except that the district shall be
28 liable for any actual and consequential damages resulting from the
29 entry.

30 (12) To develop and carry out demonstration projects.

31 (13) To make, enter into, and perform contracts with private parties and
32 natural gas companies with respect to the management and operation of
33 natural gas systems.

34 (14) To make, enter into, and perform contracts with any public utility,
35 railroad, or transportation company for the joint use of property or
36 rights.

37 (15) To own, lease, and operate gas production, storage, transmission, and
38 distribution systems. These systems may also include the purchase or
39 lease, or both, of natural gas fields and natural gas reserves within the
40 State, and the purchase of natural gas supplies within or without the
41 State. A district may operate that part of a gas system involving the
42 purchase or lease, or both, of natural gas fields, natural gas reserves, and
43 natural gas supplies, in an operating agreement, partnership or joint

1 venture arrangement with natural gas utilities and private enterprise.
2 The district may acquire, purchase, construct, receive, own, operate,
3 maintain, enlarge, and improve natural gas systems, and transport and
4 sell at wholesale all or any part of its gas supply.

5 (16) To purchase or finance real or personal property under G.S. 160A-20.

6 (17) To obtain grants, loans, and assistance from the United States, the State
7 of North Carolina, any public body, or any private source.

8 (18) To enter into and perform contracts and agreements with other natural
9 gas districts, regional natural gas districts, or units of local government
10 pursuant to the provisions of Part 1 of Article 20 of Chapter 160A of the
11 General Statutes) and to enter into contracts and agreements with
12 private natural gas companies, but this subdivision does not authorize
13 the operation of, or contracting for the operation of, service of a natural
14 gas system outside the service area of the district.

15 (19) Except as restricted by covenants in bonds, notes, security interests, or
16 trust certificates, to set in its sole discretion rates, fees, and charges for
17 use of its natural gas system in accordance with G.S. 160A-648.

18 (20) To do all related things necessary to carry out its purpose and to
19 exercise the powers granted to the district.

20 (21) To issue bonds or other obligations of the district as provided by law
21 and apply the proceeds thereof to the financing of any natural gas
22 system or any part thereof and to refund, whether or not in advance of
23 maturity or the earliest redemption date, any such bonds or other
24 obligations.

25 **"§ 160A-638. Fiscal accountability.**

26 A district is a public authority subject to the provisions of Chapter 159 of the General
27 Statutes.

28 **"§ 160A-639. Funds.**

29 The establishment and operation of a district is a public purpose, and the State of
30 North Carolina and any unit of local government may appropriate funds to support the
31 establishment and operation of the district. The State of North Carolina and any unit of
32 local government may also dedicate, sell, convey, donate, or lease any of their interests in
33 any property to the district. A district may apply for grants from the State of North
34 Carolina, or from the United States or any department, agency, or instrumentality thereof.
35 The Department of Commerce may allocate to a district any funds appropriated for
36 natural gas.

37 **"§ 160A-640. Effect on existing franchises and operations.**

38 Creation of the district does not affect any existing franchises granted by any unit of
39 local government. Those existing franchises shall continue in full force and effect until
40 legally terminated, and all ordinances and resolutions of the unit of local government
41 regulating local natural gas systems shall continue in full force and effect unless
42 superseded by rules of the district. This superseding, if any, may occur only on the basis

1 of prior mutual agreement between the district and the respective unit of local
2 government.

3 **"§ 160A-641. Termination of district.**

4 The Board of Trustees, after providing for the continued availability of natural gas
5 service to its customers, if any, may terminate the existence of the district at any time
6 when it has no outstanding indebtedness. The Board of Trustees shall file notification of
7 the termination with the Secretary of State.

8 **"§ 160A-642. Controlling provisions.**

9 Insofar as the provisions of this Article are not consistent with the provisions of any
10 other law, public or private, the provisions of this Article shall be controlling.

11 **"§ 160A-643. Bonds and notes authorized.**

12 In addition to the powers granted by this Article, the district may issue bonds and
13 notes pursuant to the provisions of the State and Local Government Revenue Bond Act,
14 Article 5 of Chapter 159 of the General Statutes, for the purpose of financing natural gas
15 systems or any part thereof and to refund the bonds and notes, whether or not in advance
16 of their maturity or earliest redemption date.

17 **"§ 160A-644. Equipment trust certificates.**

18 In addition to the powers granted in this Article, the district shall have continuing
19 power to purchase equipment, and in connection therewith to execute agreements, leases
20 with or without option to purchase, or equipment trust certificates. All money required to
21 be paid by the district under the provisions of these agreements, leases with or without
22 option to purchase, and equipment trust certificates shall be payable solely from the fares,
23 fees, rentals, charges, revenues, and earnings of the district, moneys derived from the sale
24 of any surplus property of the district and gifts, grants, and contributions from any
25 source. Payment for such equipment or rentals therefore, may be made in installments;
26 the deferred installments may be evidenced by equipment trust certificates payable solely
27 from the aforesaid revenues or receipts and title to the equipment may or may not vest in
28 the district until the equipment trust certificates are paid.

29 **"§ 160A-645. Acquisition, power of eminent domain.**

30 (a) The district shall have continuing power to acquire, by gift, grant, devise,
31 bequest, exchange, purchase, lease with or without option to purchase, or any other
32 lawful method including, but not limited to, the power of eminent domain, the fee or any
33 lesser interest in real or personal property for use by the district.

34 (b) Exercise of the power of eminent domain by the district shall be as a private
35 condemnor in accordance with Chapter 40A of the General Statutes. Notwithstanding
36 Chapter 40A of the General Statutes, before final judgment may be entered in any action
37 of condemnation initiated by the district, the district shall furnish proof that the county
38 board of commissioners of the county where the land is located has consented by
39 resolution or ordinance to the taking.

40 **"§ 160A-646. Tax exemption.**

41 Property owned by the district is exempt from property tax. Income of the district is
42 exempt from State income tax. This tax exemption does not apply to the lease, or other
43 arrangement that amounts to a leasehold interest, of district property to a private party, or

1 to the income of the lessee, unless the property is leased solely for the purpose of the
2 district, in which case the activities of the lessee are considered the activities of the
3 district. The interest on bonds or obligations issued by the district are exempt from State
4 taxes.

5 **"§ 160A-647. Authority to fix and enforce rates.**

6 (a) A district may establish and revise from time to time schedules of rents, rates,
7 fees, charges, and penalties made applicable throughout the district for the gas services.
8 Schedules of rents, rates, fees, charges, or penalties may vary according to classes of
9 service. Before it establishes or revises a schedule of rents, rates, fees, charges, or
10 penalties, the district Board of Trustees shall hold a public hearing on the matter. A
11 notice of the hearing shall be given at least once in a newspaper having general
12 circulation in the area, not less than seven days before the public hearing.

13 (b) A district may collect delinquent accounts by any remedy provided by law for
14 collecting and enforcing private debts. A district may also discontinue service to any
15 customer whose account remains delinquent for more than 30 days. When service is
16 discontinued for delinquency, it shall be unlawful for any person other than a duly
17 authorized agent or employee of the district to do any act that results in a resumption of
18 services. If a delinquent customer is not the owner of the premises to which the services
19 are delivered, the payment of the delinquent account may not be required before
20 providing services at the request of a new and different tenant or occupant of the
21 premises, but this restriction shall not apply when the premises are occupied by two or
22 more tenants whose services are measured by the same meter.

23 (c) Rents, rates, fees, charges, and penalties for services shall be legal obligations
24 of the person contracting for them and shall in no case be a lien upon the property or
25 premises served.

26 (d) Rents, rates, fees, charges, and penalties for services shall be legal obligations
27 of the owner of the premises served when the property or premises are leased or rented to
28 more than one tenant and services rendered to more than one tenant are measured by the
29 same meter."

30 Section 3. G.S. 105-116 reads as rewritten:

31 **"§ 105-116. Franchise or privilege tax on electric power, natural gas, water, and**
32 **sewerage companies.**

33 (a) Tax. – An annual franchise or privilege tax is imposed on ~~a person, firm, or~~
34 ~~corporation, other than a municipal corporation, that is:~~ the following:

35 (1) An electric power company engaged in the business of furnishing
36 electricity, electric lights, current, or power.

37 (2) A natural gas company engaged in the business of furnishing piped
38 natural gas.

39 (2a) A regional natural gas district created under Article 27 of Chapter 160A
40 of the General Statutes.

41 (3) A water company engaged in owning or operating a water system
42 subject to regulation by the North Carolina Utilities Commission.

- 1 (4) A public sewerage company engaged in owning or operating a public
2 sewerage system.

3 The tax on an electric power company is three and twenty-two hundredths percent
4 (3.22%) of the company's taxable gross receipts from the business of furnishing
5 electricity, electric lights, current, or power. The tax on a natural gas company is three
6 and twenty-two hundredths percent (3.22%) of the company's taxable gross receipts from
7 the business of furnishing piped natural gas. The tax on a regional natural gas district is
8 three and twenty-two hundredths percent (3.22%) of the district's taxable gross receipts
9 from the furnishing of piped natural gas. The tax on a water company is four percent
10 (4%) of the company's taxable gross receipts from owning or operating a water system
11 subject to regulation by the North Carolina Utilities Commission. The tax on a public
12 sewerage company is six percent (6%) of the company's taxable gross receipts from
13 owning or operating a public sewerage company. A company's taxable gross receipts are
14 its gross receipts from business inside the State less the amount of gross receipts from
15 sales reported under subdivision (b)(2). A company that engages in more than one
16 business taxed under this section shall pay tax on each business. A company is allowed a
17 credit against the tax imposed by this section for the company's investments in certain
18 entities in accordance with Division V of Article 4 of this Chapter.

19 (b) Report and Payment. – The tax imposed by this section is payable monthly or
20 quarterly as specified in this subsection. A report is due quarterly. An electric power
21 ~~company or company,~~ a natural gas ~~company-company,~~ or a regional natural gas district
22 shall pay tax monthly. A monthly tax payment is due by the last day of the month that
23 follows the month in which the tax accrues, except the payment for tax that accrues in
24 May. The payment for tax that accrues in May is due by June 25. ~~An electric power~~
25 ~~company or a natural gas company~~ A taxpayer is not subject to interest on or penalties for
26 an underpayment of a monthly amount due if the ~~company-taxpayer~~ taxpayer timely pays at least
27 ninety-five percent (95%) of the amount due and includes the underpayment with the
28 next report the company files. A water company or a public sewerage company shall pay
29 tax quarterly when filing a report.

30 A quarterly report covers a calendar quarter and is due by the last day of the month
31 that follows the quarter covered by the report. A ~~company-taxpayer~~ shall submit a report
32 on a form provided by the Secretary. The report shall include the ~~company's-taxpayer's~~
33 gross receipts from all property it owned or operated during the reporting period in
34 connection with its business taxed under this section and shall contain the following
35 information:

- 36 (1) The ~~company's-taxpayer's~~ gross receipts for the reporting period from
37 business inside and outside this State, stated separately.
- 38 (2) The ~~company's-taxpayer's~~ gross receipts from commodities or services
39 described in subsection (a) that are sold to a vendee subject to the tax
40 levied by this section or to a joint agency established under G.S.
41 Chapter 159B or a municipality having an ownership share in a project
42 established under that Chapter.

1 (3) The amount of and price paid by the ~~company-taxpayer~~ for commodities
2 or services described in subsection (a) that are purchased from others
3 engaged in business in this State and the name of each vendor.

4 (4) For an electric power ~~company or company~~, a natural gas company, or a
5 regional natural gas district, the ~~company's entity's~~ gross receipts from
6 the sale within each municipality of the commodities and services
7 described in subsection (a).

8 A ~~company-taxpayer~~ shall report its gross receipts on an accrual basis.

9 (c) Gas Special Charges. – Gross receipts of a natural gas company and a regional
10 natural gas district do not include the following:

11 (1) Special charges collected within this State by the company or district
12 pursuant to drilling and exploration surcharges approved by the North
13 Carolina Utilities Commission, if the surcharges are segregated from the
14 other receipts of the company or district and are devoted to drilling,
15 exploration, and other means to acquire additional supplies of natural
16 gas for the account of natural gas customers in North Carolina and the
17 beneficial interest in the surcharge collections is preserved for the
18 natural gas customers paying the surcharges under rules established by
19 the Commission.

20 (2) Natural gas expansion surcharges imposed under G.S. 62-158.

21 (d) Distribution. – For the purpose of this subsection, the term 'distribution
22 amount' means three and nine hundredths percent (3.09%) of the taxable gross receipts
23 derived during a period by an electric power ~~company and company~~, a natural gas
24 ~~company company~~, or a regional natural gas district from sales within a municipality of
25 the commodities and services described in subsection (a) of this section. The Secretary
26 shall distribute to each municipality the distribution amount for that municipality for the
27 preceding calendar quarter less an amount equal to one-fourth of the excess of the
28 distribution amount for that municipality for the period April 1, 1994, to March 31, 1995,
29 over the distribution amount for that municipality for the period April 1, 1990, to March
30 31, 1991, as certified by the Secretary. The Secretary shall distribute the revenue within
31 75 days after the end of each quarter. If a ~~company's taxpayer's~~ report does not state the
32 ~~company's taxpayer's~~ taxable gross receipts derived within a municipality, the Secretary
33 shall determine a practical method of allocating part of the ~~company's taxpayer's~~ taxable
34 gross receipts to the municipality.

35 As used in this subsection, the term 'municipality' includes an urban service district
36 defined by the governing board of a consolidated city-county. The amount due an urban
37 service district shall be distributed to the governing board of the consolidated city-county.

38 (e) Local Tax. – So long as there is a distribution to municipalities of the amount
39 herein provided from the tax imposed by this section, no municipality shall impose or
40 collect any greater franchise, privilege or license taxes, in the aggregate, on the
41 businesses taxed under this section, than was imposed and collected on or before January
42 1, 1947. If any municipality shall have collected any privilege, license or franchise tax
43 between January 1, 1947, and April 1, 1949, in excess of the tax collected by it prior to

1 January 1, 1947, then upon distribution of the taxes imposed by this section to
2 municipalities, the amount distributable to any municipality shall be credited with such
3 excess payment.

4 (f) Municipal Exemption. – The tax imposed by this section does not apply to a
5 municipal corporation. A regional natural gas district is not considered a municipal
6 corporation under this section."

7 Section 4. G.S. 105-164.3(25) reads as rewritten:

8 "(25) 'Utility' means an electric power company, a gas company, ~~or~~ a
9 telephone ~~company~~ company, or a regional natural gas district that is
10 subject to a privilege tax based on gross receipts under G.S. 105-116 or
11 105-120, a business entity that provides local, toll, or private
12 telecommunications service as defined by G.S. 105-120(e) or a
13 municipality that sells electric power, other than a municipality whose
14 only wholesale supplier of electric power is a federal agency and who is
15 required by a contract with that federal agency to make payments in lieu
16 of taxes."

17 Section 5. G.S. 105-164.14(c) is amended by adding a new subdivision to
18 read:

19 "(22) A regional natural gas district created pursuant to Article 27 of Chapter
20 160A of the General Statutes."

21 Section 6. G.S. 159-81(1) reads as rewritten:

22 "(1) 'Municipality' means a county, city, town, incorporated village, sanitary
23 district, metropolitan sewerage district, metropolitan water district,
24 county water and sewer district, water and sewer authority, hospital
25 authority, hospital district, parking authority, special airport district,
26 regional public transportation authority, regional natural gas district,
27 regional sports authority, airport authority, joint agency created pursuant
28 to Part 1 of Article 20 of Chapter 160A of the General Statutes, and
29 joint agency authorized by agreement between two cities to operate an
30 airport pursuant to G.S. 63-56, but not any other forms of local
31 government."

32 Section 7. G.S. 160A-20(h) reads as rewritten:

33 "(h) As used in this section, the term 'unit of local government' means any of the
34 following:

- 35 (1) A county.
- 36 (2) A city.
- 37 (3) A water and sewer authority created under Article 1 of Chapter 162A of
38 the General Statutes.
- 39 (4) An airport authority whose situs is entirely within a county that has (i) a
40 population of over 120,000 according to the most recent federal
41 decennial census and (ii) an area of less than 200 square miles.

1 (5) An airport authority in a county in which there are two incorporated
2 municipalities with a population of more than 65,000 according to the
3 most recent federal decennial census.

4 (5a) An airport board or commission authorized by agreement between two
5 cities pursuant to G.S. 63-56, one of which is located partially but not
6 wholly in the county in which the jointly owned airport is located, and
7 where the board or commission provided water and wastewater services
8 off the airport premises before January 1, 1995; provided that the
9 authority granted by this section may be exercised by such a board or
10 commission with respect to water and wastewater systems or
11 improvements only.

12 (6) A local school administrative unit (i) that is located in a county that has
13 a population of over 90,000 according to the most recent federal
14 decennial census and (ii) whose board of education is authorized to levy
15 a school tax.

16 (7) An area mental health, developmental disabilities, and substance abuse
17 authority, acting in accordance with G.S. 122C-147.

18 (8) A consolidated city-county, as defined by G.S. 160B-2(1).

19 (9) A regional natural gas district, as defined by Article 27 of this Chapter."

20 Section 8. G.S. 62-3(23) is amended by adding a new sub-subdivision to read:

21 "k. The term 'public utility' shall not include a regional natural gas
22 district organized and operated pursuant to Article 27 of Chapter
23 160A of the General Statutes."

24 Section 9. G.S. 62-50(g) reads as rewritten:

25 "(g) For the purpose of this section, 'gas operators' include gas utilities and gas
26 pipeline carriers operating under a franchise from the Utilities Commission, municipal
27 corporations operating municipally owned gas distribution systems, regional natural gas
28 districts organized and operated pursuant to Article 27 of Chapter 160A of the General
29 Statutes, and public housing authorities and any person operating apartment complexes or
30 mobile home parks that distribute or submeter natural gas to their tenants. This section
31 does not confer any other jurisdiction over municipally owned gas distribution systems,
32 regional natural gas districts, public housing authorities or persons operating apartment
33 complexes or mobile home parks."

34 PART III.

35 EFFECTIVE DATES

36 Section 10. This act is effective when it becomes law.