



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: Noncontiguous Expansion of MSDs.
Bill Number: House Bill 451 (First Edition)
Sponsor(s): Rep. Hardister and Rep. Clemmons

SUMMARY TABLE

FISCAL IMPACT OF H.B.451, V.1

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
Local Impact					
Local Revenue	-	-	-	-	-
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	Likely Insignificant Impact-Refer to Fiscal Analysis Section				

FISCAL IMPACT SUMMARY

H.B. 451 would affect municipal service districts’ revenues because it would permit the extension of municipal service districts to noncontiguous areas so long as certain criteria are met.

FISCAL ANALYSIS

A municipal service district (MSDs) is a defined area within a municipality where the unit’s governing board levies an additional property tax to provide extra services to residents or properties in the district (beyond those services already provided using traditional property tax revenues).¹ Currently, MSDs may be extended, but only to contiguous property that requires the services of the district. H.B. 451 would create an additional mechanism for the extension of municipal service districts by annexation. Under this new process, the area proposed to be annexed would not have to be contiguous with the boundaries of the service district, but would have to meet several conditions (e.g., petition by 100% of real property owners of the area to be annexed, satellite area must be within 1,000 feet from the district, etc.). Because of the narrow conditions that must be met and the inability to predict which parcels of property would be the subject of such annexation, the fiscal impact of the bill is unknown, but likely insignificant.

TECHNICAL CONSIDERATIONS

N/A.

¹ MSDs are also referred to as Business Improvement Districts (BIDs).

DATA SOURCES

One or more municipal government; UNC School of Government.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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