

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB138 (Proposed House Committee Substitute - CSLA-001)

**SHORT TITLE:** Dissolve Sanitary District

**SPONSOR(S):**

<b>FISCAL IMPACT</b>				
<b>Yes ( )</b>	<b>No ( X )</b>	<b>No Estimate Available ( )</b>		
<b><u>FY 1998-99</u></b>	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY2001-02</u></b>	<b><u>FY 2002-03</u></b>
<b>Dissolution of Sanitary Districts</b>		<b>See Assumptions and Methodology</b>		
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> The Commission for Health Services and the Department of Health and Human Resources				
<b>EFFECTIVE DATE:</b> This act is effective when it becomes law.				

**BILL SUMMARY:** The first edition of Senate Bill 138, introduced by Senator Fountain Odom during the 1997 Regular Session, amended the North Carolina Drinking Water Act to conform with federal law. The House companion bill (HB 189) made identical changes to North Carolina Drinking Water Act and those conforming changes became law with enactment of House Bill 189 during the 1997 Regular Session.<sup>1</sup>

The proposed House committee substitute (PCS) for Senate Bill 138 makes the following principal changes to the first edition:

1. removes the original provisions of the bill; and,
2. provides an alternative procedure for the dissolution of a sanitary district that has no indebtedness and which is located within or are coterminous with corporate limits of the city or town.

**ASSUMPTIONS AND METHODOLOGY:** The addition of an alternative procedure for the dissolution of a sanitary district should not cause an increase in costs to the departments affected or have a fiscal impact on the state General Fund.

**Dissolution of Sanitary Districts**

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<sup>1</sup> Memo to House Committee on Environment dated July 15, 1998 from Jeff Hudson, Committee Counsel.

The addition of an alternative procedure for dissolution of a sanitary district should have no fiscal impact at the state level for the two departments affected by the change, specifically the Commission for Health Services and the Department of Health and Human Resources. Under existing law, 51 percent or more of the “resident freeholders” within a sanitary district may petition the board of county commissioners to dissolve the district. The alternative procedure provided for in this PCS would allow the board of the sanitary district, by unanimous vote, to petition the board of county commissioners in which the district is located to dissolve the district provided that the sanitary district meets the following conditions:

- 1) is located within a single county;
- 2) has no outstanding indebtedness;
- 3) was not located entirely within or coterminous with the corporate limits of a municipality when initially created;
- 4) has not provided water or sewer service for at least five years;
- 5) has not levied any ad valorem tax in the current year;
- 6) has been for at least five years located entirely within or coterminous with the corporate limits of a municipality; and,
- 7) has been annexed by and is located entirely within the corporate limits of a municipality that assumed all the assets and liabilities of the district.

The county commissioners must then notify both the governing body of the city or town and the Department of Health and Human Resources of the proposed dissolution. If the Commission for Health Services, the county board of commissioners and the municipality agree to the petition, the Commission will dissolve the district. Matters related to the sanitary district’s collection of taxes, property and causes of action will pass to the city or town.<sup>2</sup> The net effect of the dissolution is the transfer of these matters from the sanitary district to the municipality.

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION**

**733-4910**

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**APPROVED BY:** Tom Covington

**DATE:** July 21, 1998



**Signed Copy Located in the NCGA Principal Clerk's Offices**

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<sup>2</sup> Memo to House Committee on Environment dated July 15, 1998 from Jeff Hudson, Committee Counsel.