

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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**SENATE BILL 314
Pensions and Retirement and Aging Committee Substitute Adopted 5/11/21**

Short Title: Local Gov Commission Assistance Toolkit.

(Public)

Sponsors:

Referred to:

March 18, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE ADDITIONAL TOOLS FOR THE LOCAL GOVERNMENT
3 COMMISSION TO ASSIST LOCAL GOVERNMENT UNITS AVOID AND CORRECT
4 FISCAL DISTRESS THAT REQUIRES THAT THE IMPACT OF CHANGES TO SALES
5 TAX DISTRIBUTION FORMULAS BE DELAYED UNTIL THE FISCAL YEAR
6 FOLLOWING THE INITIAL DECISION, MANDATES THAT A STATEMENT FROM
7 THE LOCAL GOVERNMENT COMMISSION BE INCLUDED IN THE PETITION TO
8 THE GENERAL ASSEMBLY WHEN A NEW MUNICIPALITY IS PROPOSED, ADDS
9 OPTIONAL SOURCES FOR TRAINING FOR FINANCE OFFICERS, ALLOWS THE
10 LOCAL GOVERNMENT COMMISSION TO MANDATE SPECIALIZED TRAINING
11 FOR CITY AND COUNTY MANAGERS WHEN A UNIT IS EXHIBITING FISCAL
12 DISTRESS AND TO ESTABLISH A PROCESS FOR A MUNICIPALITY TO INITIATE
13 A TRANSITION TO RECOVER FROM FINANCIAL DISTRESS AND TO ESTABLISH
14 A PROCESS FOR THE LOCAL GOVERNMENT COMMISSION TO TRANSFER THE
15 ASSETS, LIABILITIES, AND OTHER OBLIGATIONS AND DISSOLVE
16 MUNICIPALITIES DETERMINED TO BE IN FINANCIAL DISTRESS.

17 The General Assembly of North Carolina enacts:

18 **SECTION 1.** G.S. 105-472(b) reads as rewritten:

19 "(b) Distribution Between Counties and Cities. – The Secretary shall divide the amount
20 allocated to each taxing county among the county and its municipalities in accordance with the
21 method determined by the county. The board of county commissioners shall, by resolution,
22 choose one of the following methods of distribution:

23 (1) Per Capita Method. – The net proceeds of the tax collected in a taxing county
24 shall be distributed to that county and to the municipalities in the county on a
25 per capita basis according to the total population of the taxing county, plus the
26 total population of the municipalities in the county. In the case of a
27 municipality located in more than one county, only that part of its population
28 living in the taxing county is considered its "total population". In order to
29 make the distribution, the Secretary shall determine a per capita figure by
30 dividing the amount allocated to each taxing county by the total population of
31 that county plus the total population of all municipalities in the county. The
32 Secretary shall then multiply this per capita figure by the population of the
33 taxing county and by the population of each municipality in the county; each
34 respective product shall be the amount to be distributed to the county and to
35 each municipality in the county. To determine the population of each county



1 and each municipality, the Secretary shall use the most recent annual estimate
2 of population certified by the State Budget Officer.

3 (2) Ad Valorem Method. – The net proceeds of the tax collected in a taxing county
4 shall be distributed to that county and the municipalities in the county in
5 proportion to the total amount of ad valorem taxes levied by each on property
6 having a tax situs in the taxing county during the fiscal year next preceding
7 the distribution. For purposes of this section, the amount of the ad valorem
8 taxes levied by a county or municipality includes ad valorem taxes levied by
9 the county or municipality in behalf of a taxing district and collected by the
10 county or municipality. In addition, the amount of taxes levied by a county
11 includes ad valorem taxes levied by a merged school administrative unit
12 described in G.S. 115C-513 in the part of the unit located in the county. In
13 computing the amount of tax proceeds to be distributed to each county and
14 municipality, the amount of any ad valorem taxes levied but not substantially
15 collected shall be ignored. Each county and municipality receiving a
16 distribution of the proceeds of the tax levied under this Article shall in turn
17 immediately share the proceeds with each district in behalf of which the
18 county or municipality levied ad valorem taxes in the proportion that the
19 district levy bears to the total levy of the county or municipality. Any county
20 or municipality that fails to provide the Department of Revenue with
21 information concerning ad valorem taxes levied by it adequate to permit a
22 timely determination of its appropriate share of tax proceeds collected under
23 this Article may be excluded by the Secretary from each monthly distribution
24 with respect to which the information was not provided in a timely manner,
25 and those tax proceeds shall then be distributed only to the remaining counties
26 or municipalities, as appropriate. For the purpose of computing the
27 distribution of the tax under this subsection to any county and the
28 municipalities located in the county for any month with respect to which the
29 property valuation of a public service company is the subject of an appeal and
30 the Department of Revenue is restrained by law from certifying the valuation
31 to the county and the municipalities in the county, the Department shall use
32 the last property valuation of the public service company that has been
33 certified.

34 The board of county commissioners in each taxing county shall, by resolution adopted during
35 the month of April of each year, determine which of the two foregoing methods of distribution
36 shall be in effect in the county during the ~~next fiscal year~~ following the succeeding fiscal year.
37 In order for the resolution to be effective, a certified copy of it must be delivered to the Secretary
38 in Raleigh within 15 calendar days after its adoption. If the board fails to adopt a resolution
39 choosing a method of distribution not then in effect in the county, or if a certified copy of the
40 resolution is not timely delivered to the Secretary, the method of distribution then in effect in the
41 county shall continue in effect for the following fiscal year. The method of distribution in effect
42 on the first of July of each fiscal year shall apply to every distribution made during that fiscal
43 year."

44 **SECTION 2.** G.S. 120-163(c) reads as rewritten:

45 "(c) The petition must include a proposed name for the city, a map of the city, a list of
46 proposed services to be provided by the proposed municipality, the names of three persons to
47 serve as interim governing board, a proposed charter, a statement of the estimated population,
48 assessed valuation, degree of development, population density, and recommendations as to the
49 form of government and manner of election. The petition must contain a statement that the
50 proposed municipality will have a budget ordinance with an ad valorem tax levy of at least five
51 cents (5¢) on the one hundred dollar (\$100.00) valuation upon all taxable property within its

1 corporate limits. The petition must contain a statement that the proposed municipality will offer
2 four of the following services no later than the first day of the third fiscal year following the
3 effective date of the incorporation: (i) police protection; (ii) fire protection; (iii) solid waste
4 collection or disposal; (iv) water distribution; (v) street maintenance; (vi) street construction or
5 right-of-way acquisition; (vii) street lighting; and (viii) zoning. In order to qualify for providing
6 police protection, the proposed municipality must propose either to provide police service or to
7 have services provided by contract with a county or another municipality that proposes that the
8 other government be compensated for providing supplemental protection. The petition must
9 contain a statement from the Local Government Commission regarding the proposed
10 municipality's prospects for financial viability and effective fiscal management. The proposed
11 municipality may not contain any noncontiguous areas."

12 **SECTION 3.** G.S. 153A-82 reads as rewritten:

13 **"§ 153A-82. Powers and duties of manager.**

14 The manager is the chief administrator of county government. He is responsible to the board
15 of commissioners for the administration of all departments of county government under the
16 board's general control and has the following powers and duties:

17 ...

18 (9) If (i) the Local Government Commission is exercising its authority under
19 Article 10 of Chapter 159 of the General Statutes with respect to the county,
20 (ii) the county has received a unit letter from the Commission due to a
21 deficiency in complying with this Chapter, (iii) the county has an internal
22 control material weakness or significant deficiency in the most recently
23 completed financial audit, or (iv) the county is included on the most recently
24 published Unit Assistance List issued by the Department of State Treasurer,
25 then the manager shall receive a minimum of six clock hours of education
26 when an event listed in (i) through (iv) occurs or within six months of it
27 occurring. The education shall incorporate fiscal management and the
28 requirements of Chapter 159 of the General Statutes. The education may be
29 provided by the Local Government Commission, the School of Government
30 at the University of North Carolina, the North Carolina Community College
31 System, the North Carolina League of Municipalities, the North Carolina
32 Association of County Commissioners, or other qualified sources at the choice
33 of the governing board and upon the prior approval of the Commission. The
34 clerk to the governing board shall maintain a record verifying receipt of the
35 education by the manager and shall provide this information, upon request, to
36 the Secretary of the Local Government Commission."

37 **SECTION 4.** G.S. 159-25(d) reads as rewritten:

38 "(d) The Local Government Commission has the authority to require any finance officer
39 or any other employee who performs the duties of a finance officer to participate in training
40 related to the powers, duties, and responsibilities of the finance officer under any of the following
41 circumstances: (i) the Commission is exercising its authority under Article 10 of this Chapter
42 with respect to the employing local government or public authority, (ii) the employing local
43 government or public authority has received a unit letter from the Commission due to a deficiency
44 in complying with this Chapter, (iii) the employing local government or public authority has an
45 internal control material weakness or significant deficiency in the most recently completed
46 financial audit, or (iv) the finance officer fails to annually meet or attest to the minimum
47 qualifications of the position, as established by the Local Government Commission. ~~The~~
48 ~~Commission may collaborate with training may be provided by the Commission, the School of~~
49 ~~Government at the University of North Carolina, the North Carolina Community College System,~~
50 ~~and other educational institutions in the State to develop and deliver the training required by this~~
51 ~~subsection~~ the North Carolina League of Municipalities, the North Carolina Association of

County Commissioners, or other qualified sources at the choice of the governing board and upon the prior approval of the Commission. When the Commission requires a finance officer or other employee to participate in training as authorized in this subsection, the Commission shall notify the finance officer or other employee and the employing local government or public authority of the required training. Upon completion of the required training by the finance officer or other employee, the employing local government or public authority shall submit, in writing, to the Commission proof that the training requirements have been satisfied."

SECTION 5. G.S. 160A-148 reads as rewritten:

"§ 160A-148. Powers and duties of manager.

The manager shall be the chief administrator of the city. He shall be responsible to the council for administering all municipal affairs placed in his charge by them, and shall have the following powers and duties:

...

(9) If (i) the Local Government Commission is exercising its authority under Article 10 of Chapter 159 of the General Statutes with respect to the city, (ii) the city has received a unit letter from the Commission due to a deficiency in complying with this Chapter, (iii) the city has an internal control material weakness or significant deficiency in the most recently completed financial audit, or (iv) the city is included on the most recently published Unit Assistance List issued by the Department of State Treasurer, then the manager shall receive a minimum of six clock hours of education when an event listed in (i) through (iv) occurs or within six months of it occurring. The education shall incorporate fiscal management and the requirements of Chapter 159 of the General Statutes. The education may be provided by the Local Government Commission, the School of Government at the University of North Carolina, the North Carolina Community College System, the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, or other qualified sources at the choice of the governing board and upon the prior approval of the Commission. The clerk to the governing board shall maintain a record verifying receipt of the education by the manager and shall provide this information, upon request, to the Secretary of the Local Government Commission."

SECTION 6.(a) Chapter 160A of the General Statutes is amended by adding a new Article to read:

"Article 31.

"Transitions for Unsustainable Cities.

"Part 1. General Provisions.

"§ 160A-800. Purpose of Article; definition.

(a) The purpose of this Article is to provide a process for a city in financial distress to transition out of that distress either on its own initiative or with assistance from or under the direction of the Local Government Commission.

(b) For purposes of this Article, the following terms shall apply:

(1) City. – As defined in G.S. 160A-1.

(2) Commission. – The Local Government Commission.

(3) Council. – As defined in G.S. 160A-1.

"§§ 160A-801 through 160A-804. Reserved for future codification purposes.

"Part 2. Transition Initiation by Local Government Commission.

"§ 160A-805. Initiation of process.

(a) The process established by this Article to rehabilitate a city's financial affairs may be initiated by the Commission. The Commission shall establish criteria for evaluating a city for financial rehabilitation under this Article.

(b) The Commission shall apply those criteria to each city with respect to which the Commission has exercised its authority under G.S. 159-181(c) and each city with respect to which the Commission has received a referral from any of the following persons:

- (1) The State Auditor.
- (2) The Department of Environmental Quality.
- (3) The city's auditor for the current or most recent annual audit.

(c) After application and review of the criteria established under this section, the Commission shall make a determination whether or not the city shall be subject to this Part and shall so notify the mayor, council, and city finance officer within 10 days of such determination.

"§ 160A-806. Reserved for future codification purposes.

"§ 160A-807. Assessment of services and financial affairs.

(a) Upon initiation under G.S. 160A-805, the city shall cooperate with the Commission to assess the city's financial affairs. The assessment shall include a review of all of the following:

- (1) The revenues of the city.
- (2) The future revenue forecast of the city.
- (3) The real property owned by the city, including the amounts of any outstanding debt associated with that real property.
- (4) The contractual obligations of the city.
- (5) Any internal control matters highlighted in prior audits and the city's ongoing responses to those matters.
- (6) The outstanding debts of the city.
- (7) Any public enterprise accounts.
- (8) The general fund balance.
- (9) Any other information requested by the Commission.

(b) Upon initiation under G.S. 160A-805, the city shall prepare a report for its citizens and the Commission on the status of any of the following services provided by that city which shall include the costs of those services over the five most recent fiscal years, any revenues from those services over the five most recent fiscal years, the time period that service has been provided, and any other information required by the Commission:

- (1) Any public enterprise, whether owned, operated, or contracted by the city.
- (2) Fire protection.
- (3) Law enforcement.
- (4) Building inspection.
- (5) Streets, lighting, and sidewalks.
- (6) Land use regulation.
- (7) Buildings, facilities, and property owned or leased by the city.
- (8) Parks and recreation.
- (9) Public libraries.
- (10) Animal control.
- (11) Any other amenities provided by the city.

(c) The report required by subsection (b) of this section shall be remitted to the Commission no more than 90 days after initiation under G.S. 160A-805, shall be presented to the council at a regular meeting of the council no more than 60 days after remittance to the Commission, and shall be made available to the public. A copy of the report shall be delivered to the board or boards of county commissioners in which the city lies prior to the regular meeting of the council during which the report is presented.

(d) If the Commission determines that preparing the report under subsection (b) of this section presents a substantial hardship on a city, the Commission may prepare the report on behalf of the city. Reports prepared by the Commission shall be completed within 90 days of the hardship determination and presented to the council at a regular meeting of the council no more than 60 days after the report is completed. The report shall be made available to the public. A

copy of the report shall be delivered to the board or boards of county commissioners in which the city lies prior to the regular meeting of the council during which the report is presented.

"§§ 160A-808 through 160A-809. Reserved for future codification purposes.

"§ 160A-810. Local Government Commission control.

(a) If the Commission determines a city should be subject to this Part but the Commission has not exercised its authority under G.S. 159-181(c) after completion of the financial assessment and receipt or completion of the report required by G.S. 160A-807, the Commission may impound the books and records of the city and assume full control of all its financial affairs. If the Commission exercises its authority under this section, the Commission is vested with all of the powers of the council as to the levy of taxes, expenditure of money, adoption of budgets, and all other financial powers conferred upon the council by law.

(b) When the Commission exercises its authority under G.S. 159-181(c) or subsection (a) of this section with respect to a city determined subject to this Part, the council shall continue to be vested with all other powers of the city, such as land use regulation, not assumed by the Commission. The council shall have no authority to implement any new service or other amenity unless specifically approved by the Commission.

(c) Regardless of whether the Commission exercises its authority under G.S. 159-181(c) or subsection (a) of this section, a city determined subject to this Part shall cooperate with the Commission to identify options to address deficiencies in the city's financial affairs, to identify potential partners to assist the city in the continuation of the provision of services to its citizens, and to educate the council and the citizens on merger with other local government partners. A city that fails to cooperate under this section is subject to those enforcement actions under Article 11 of Chapter 159 of the General Statutes.

(d) Subsection (a) of this section shall not apply to contractual obligations undertaken by the city in a debt instrument issued pursuant to Chapter 159G of the General Statutes unless such debt instrument is secured by a pledge of the faith and credit of the city.

"§§ 160A-811 through 160A-813. Reserved for future codification purposes.

"§ 160A-814. Reassessment of financial status.

(a) After the first fiscal year of cooperation with the Commission, and every year thereafter, the council shall reassess its financial affairs with the assistance of the Commission. Upon completion of this reassessment, the Commission shall make a recommendation to the city as to whether or not the city's financial affairs are sufficiently stable to permit the city to continue operations.

(b) If the Commission finds that the city's financial affairs for three consecutive fiscal years are sufficiently stable to continue operations, the Commission shall relinquish any authorities exercised under G.S. 159-181 or G.S. 160A-810 with respect to that city.

(c) If at any time the Commission finds that the city's financial affairs are not sufficiently stable to continue operations, the Commission may exercise, or continue to exercise, its authority under this Part and begin to identify local government partners for merger or dissolution of the city.

"§§ 160A-815 through 160A-817. Reserved for future codification purposes.

"§ 160A-818. Distribution of services, assets, liabilities, and other obligations.

(a) Upon a determination under G.S. 160A-814(c), the city shall work with the Commission to identify local government partners able to provide the services identified by the city as necessary for its citizens. The city shall, after negotiating its terms, enter into interlocal agreements with any local government partner willing to provide one or more of those services.

(b) In negotiating interlocal agreements under subsection (a) of this section, the city shall work with the Commission to identify local government partners, whether any other county, city, or consolidated city-county with whom to merge assets, liabilities, and other obligations of the city. Upon Commission determination it is in the best interest of the people of the city and State,

the Commission may adopt a resolution to transfer the assets, liabilities, and other obligations to the local government partner and dissolve the city.

(c) Upon the adoption of a resolution under subsection (b) of this section by the Commission, the effective date for transfer and dissolution shall be fixed in the resolution as the first June 30 that is at least six months following the adoption of the resolution.

"§ 160A-819. Reserved for future codification purposes.

"§ 160A-820. Effect of merger or dissolution.

(a) Upon adoption of the resolution of transfer and dissolution by the Commission under G.S. 160A-818, all of the following shall apply on the effective date set forth in the resolution:

(1) All property, real, personal, and mixed, including accounts receivable, belonging to the dissolving city shall be transferred, disposed of, or otherwise accounted for as provided in the resolution of transfer and dissolution.

(2) All judgments, liens, rights of liens, and causes of action of any nature in favor of the dissolving city shall vest in and remain and inure to the benefit of the local government partner as provided in the resolution of dissolution.

(3) All taxes, assessments, sewer charges, and any other debts, charges, or fees owing to the dissolving city shall be owed to and collected as provided in the resolution of transfer and dissolution.

(4) All actions, suits, and proceedings pending against, or having been instituted by the dissolving city shall not be abated by merger, but all such actions, suits, and proceedings may be continued and completed in the manner stated in the resolution of transfer and dissolution if that resolution states which local government partner shall be a party to all such actions, suits, and proceedings in the place and stead of the dissolving city. No new process is required to be served in any such action, suit, or proceeding.

(5) All obligations of the dissolving city, including outstanding indebtedness, shall be assumed as provided in the resolution of transfer and dissolution, and all such obligations and outstanding indebtedness shall constitute obligations and indebtedness as provided in the resolution of transfer and dissolution.

(6) All ordinances, regulations, and policies of the dissolving city shall be void on the effective date of the dissolution.

(7) The dissolving city shall be abolished and shall no longer be constituted a public body or a body politic and corporate, except for purposes of carrying into effect the provisions and intent of this section.

(b) The Commission is authorized to take the actions and execute the documents necessary to effectuate the provisions and intent of this section.

(c) As used in this section, "dissolving city" shall mean a city dissolved by resolution of transfer and dissolution under G.S. 160A-818.

"§§ 160A-821 through 160A-822. Reserved for future codification purposes.

"§ 160A-823. Action by the General Assembly.

A resolution of dissolution by the Commission under G.S. 160A-818 remains in effect unless it is specifically disapproved by the General Assembly in a bill enacted into law on or before the effective date of the resolution. A resolution of dissolution that is specifically disapproved in accordance with this section is repealed as of the date specified in the act.

"§ 160A-824. Reserved for future codification purposes.

"Part 3. Transition Initiated by City.

"§ 160A-825. Initiation of voluntary dissolution.

Any city may initiate administrative dissolution in accordance with this Part by adoption of a resolution of intent. Such resolution of intent shall be adopted at a regular meeting of the city. A copy of the adopted resolution of intent shall be delivered to the Commission and the county or counties in which the city lies.

1 "§ 160A-826. Reserved for future codification purposes.

2 "§ 160A-827. Impact statement.

3 (a) Within 90 days of the adoption of a resolution of intent to dissolve, the council shall
4 release an impact statement to educate the city residents of the potential ramifications of
5 dissolution. The impact statement shall be filed in the office of the city clerk where it shall remain
6 available for public inspection. The clerk shall make a copy of the impact statement available to
7 all news media in the county or counties in which the city lies. The clerk shall also publish a
8 statement that the impact statement has been prepared and is available for public inspection in
9 the office of the clerk. The published statement shall also give notice of the time and place of the
10 public hearing required by G.S. 160A-829.

11 (b) The impact statement shall include at least all of the following:

12 (1) For each of the services below provided by that city, the costs of those services
13 over the two most recent fiscal years, any revenues resulting from those
14 services over the two most recent fiscal years, how long each service has been
15 provided, and any other relevant information:

16 a. Any public enterprise, whether owned, operated, or contracted by the
17 city.

18 b. Fire protection.

19 c. Law enforcement.

20 d. Building inspection.

21 e. Streets, lighting, and sidewalks.

22 f. Land use regulation.

23 g. Buildings, facilities, and property owned or leased by the city.

24 h. Parks and recreation.

25 i. Public libraries.

26 j. Animal control.

27 k. Any other amenities provided by the city.

28 (2) Information for the two most recent fiscal years on the following:

29 a. The revenues of the city.

30 b. With respect to real property owned by the city, the amounts of any
31 outstanding debt associated with that real property.

32 c. The contractual obligations of the city.

33 d. The outstanding debts of the city.

34 e. Any public enterprise accounts.

35 f. Ending fund balance.

36 (3) The future revenue forecast of the city for at least the next two fiscal years.

37 (4) Any ongoing litigation in which the city is a defendant.

38 (c) Upon adoption of the resolution of intent to dissolve, the impact statement and the
39 resolution of intent to dissolve shall be posted on the city's website, if any, in a conspicuous
40 placement.

41 "§ 160A-828. Reserved for future codification purposes.

42 "§ 160A-829. Public hearings on proposed dissolution.

43 (a) The council shall conduct at least two public hearings, at regular council meetings,
44 on the matter of the proposed dissolution of the city. The first public hearing shall be no less than
45 45 days after the filing of the impact statement with the city clerk and no more than 90 days after
46 the filing of the impact statement with the city clerk.

47 (b) The second public hearing shall be no less than 45 days after the first public hearing
48 and no more than 180 days after the first public hearing.

49 (c) The council may conduct additional public informational meetings or public hearings
50 about the proposed dissolution at any time.

(d) Notice of the two required public hearings under this section shall be published at least once per week for two consecutive weeks, with each publication being on the same day of the week, in a newspaper of general circulation. The date of the last publication shall not be more than 10 days before the date fixed for the hearing. The notice shall also include information on how to obtain or inspect a copy of the impact statement prepared in accordance with G.S. 160A-827.

"§ 160A-830. Reserved for future codification purposes.

"§ 160A-831. Plan of action; Local Government Commission approval.

(a) Prior to adopting a resolution to dissolve under G.S. 160A-833, the council must develop a plan of action to distribute all assets and liabilities of the city, and that plan must be approved by the Commission. However, the council may, at a regular meeting separate and apart from any public hearings required to be conducted by G.S. 160A-829, adopt a resolution to request the assistance of the Commission to develop the plan of action.

(b) The council shall assist the Commission with any information, cooperation, coordination, or other action needed by the Commission in assessing and considering the plan of action. The Commission may modify the plan of action prior to approval.

(c) Upon notification from the Commission that the Commission has approved the plan of action, the approved plan of action shall be presented at a regular meeting of the council.

"§ 160A-832. Reserved for future codification purposes.

"§ 160A-833. Resolution to dissolve; public hearing.

(a) After the plan of action has been presented as required under G.S. 160A-831, the council shall conduct a public hearing on whether to adopt a resolution to dissolve the city in accordance with the plan of action. Notice of the public hearing shall be published at least once per week for two consecutive weeks, with each publication being on the same day of the week, in a newspaper of general circulation. The date of the last publication shall not be more than 10 days before the date fixed for the hearing.

(b) At a regular meeting of the council separate and apart from the date of the public hearing required by this section, the council may adopt a resolution to dissolve the city.

"§ 160A-834. Reserved for future codification purposes.

"§ 160A-835. Citizen petition for referendum on dissolution.

(a) The people may initiate a referendum on the resolution to dissolve the city by submitting a petition bearing the signatures and resident addresses of a number of qualified voters of the city equal to at least twenty-five percent (25%) of the whole number of voters who are registered to vote in city elections according to the most recent figures certified by the State Board of Elections. This petition must be submitted to the city clerk no later than 45 days after adoption of the resolution to dissolve the city. Upon receipt of a valid initiative petition, the council shall cease any action in furtherance of implementing the plan of action, call a special election on the question of dissolving the city, and shall give public notice in accordance with G.S. 163-287. The date of the special election shall be fixed on a date permitted by G.S. 163-287.

(b) A referendum to dissolve the city shall be printed on the ballot in substantially the following form:

"Shall (name of city) be dissolved?"

() YES

() NO"

(c) If a majority of the votes cast on the ballot question shall be in the affirmative, the resolution to dissolve shall be sustained and put into effect as provided in this Part. If a majority of the votes cast shall be against the ballot question, the resolution to dissolve shall be void and of no effect.

"§ 160A-836. Reserved for future codification purposes.

"§ 160A-837. Dissolution.

1 After the time for submitting a petition under G.S. 160A-835 has passed and no petition has
2 been submitted or the referendum authorized under this Part was answered in favor of dissolution,
3 the city may implement the plan of action. The effective date of the plan of action to dissolve
4 shall be June 30 following completion of the process established by this Part. Upon completion
5 of the plan of action and written confirmation of its completion from the Commission, the city
6 shall file a copy of the resolution to dissolve with the Commission and the Secretary of State.
7 Upon filing of the resolution to dissolve, the body politic and corporate of the city shall cease to
8 exist."

9 **SECTION 6.(b)** This section is effective when it becomes law.

10 **SECTION 7.** Except as otherwise provided, this act is effective when it becomes
11 law.