



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

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Memorandum #2012-08

TO: Officials of Local Governments and Public Authorities and Their Independent Auditors

FROM: Sharon Edmundson, Director, Fiscal Management Section

SUBJECT: Recent Legislative Changes Affecting State Street-Aid to Municipalities

DATE: October 4, 2011

The 2011 Session of the North Carolina General Assembly has passed many pieces of legislation that are of interest to local governments and public authorities. Some of the changes affect municipalities that receive funds from the State Street-Aid to Municipalities or Powell Bill funds. These changes are a result of S.L. 2011-145, The State Appropriations Act.

Section 28.10. (a) of the Act rewrites G.S. 136-41.1(a) to split the Powell Bill fund allocation for eligible municipalities into two distributions. One-half of the appropriated amount will be distributed on or before October 1st of each year and the other half on or before January 1st of each year. (Currently the full distribution is allocated in one distribution on or before October 1st of each year).

Section 28.10. (b) amends Article 2 of Chapter 136 of the General Statutes by adding a new section titled: **“Eligibility for funds; municipalities with no road miles ineligible”**. It states that no municipality may receive Powell Bill funds unless the municipality maintains public streets that are within its jurisdiction and do not form a part of the State highway system.

Section 28.10. (d) states that a municipality that receives Powell Bill funds may not accumulate an amount greater than the sum of the past 10 allocations. Now that there will be two allocations per year, a municipality will only be able to accumulate 5 years’ worth of Powell Bill funds (instead of 10 years’ worth). The Act amends G.S. 136-41.3 by directing the Department of Transportation to adopt a policy that allows small municipalities to accumulate up to the sum of the past 20 allocations, or the past 10 years worth. The North Carolina Department of Transportation defines small municipalities as those with a population of 5,000 or less.

Memorandum 2012-08
State Street-Aid to Municipalities
October 4, 2011
Page 2

S.L. 2011-391, Technical Changes to State Appropriations Act, amends Section 28.10. (c) by allowing municipalities deemed ineligible to receive Powell Bill funds until June 30, 2012 to spend previously allocated funds, at which point the funds will be reallocated to eligible municipalities in accordance with G.S. 136-41.1.

We will address other statutory changes that affect North Carolina local governments in a forthcoming memorandum. If you have any questions concerning this memorandum, please contact Manasa Cooper at (919) 807-2389 or via e-mail at manasa.cooper@nctreasurer.com.