



Municipal Service District: Property Owner Engagement Policy

PURPOSE

To provide City Council guidance for evaluating requests to increase property tax rates within established Municipal Service Districts and policy for public engagement.

POLICY SCOPE

This policy applies to Municipal Service Districts established by City Council and includes all contracted service providers.

DEFINITIONS

Municipal Service District (MSD) – A defined area within a city, town, or village (hereinafter city) in which the unit's governing board levies an additional property tax to provide projects or extra services that benefit the properties in the district.

Rate Payer – A rate payer may include property owners and/or tenants that directly or indirectly pay MSD taxes and benefit from the services being proposed.

POLICY DESCRIPTION

- 1) **Requirements to Request Tax Increase:** Requests to increase MSD tax rates (including rate adjustments during revaluation years that exceed the revenue neutral rate) shall be submitted by written report to the Mayor, City Council, and City Manager on or before February 1. The prepared report shall contain:
 - A. A map of the district,
 - B. A statement of need and the requested property tax rate,
 - C. A description of the services currently provided and additional services, facilities, functions, or promotional and developmental activities proposed to be provided, and
 - D. A plan for providing any such new services, facilities, functions, or promotional and developmental activities in the district.

The report shall be made available for public inspection in the Office of the City Clerk. A formal presentation of the written report may be requested at the discretion of the Mayor, City Council, or the City Manager.

- 2) **Direction to Seek Feedback:** City Council shall consider the merits of such requests, current needs of the district, and the long-range plans and goals for the service district (as defined in North Carolina General Statute § 160A-542). City Council shall provide the City Manager direction at the first scheduled budget meeting regarding Council's desire to formally seek feedback from MSD rate payers.
- 3) **Engagement Process Requirements:** Upon direction from City Council, the author of the report shall be responsible for completing a MSD rate payer engagement process within six weeks of receiving written notice of City Council's direction to proceed. The engagement shall include:



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- A. Notice in writing to rate payers located within the boundaries for which a MSD tax rate increase is being requested of City Council, including but not limited to:
 1. The name, address, and phone number of the person(s) or organization making the request,
 2. The location(s) where property owners can review the report,
 3. Clear instructions for providing feedback regarding the content of the report,
 4. The date, time, and place of the budget public hearing, and
 5. A point of contact for questions.
 - B. A structured process, approved by the city, for soliciting feedback from rate payers located within the boundaries of the MSD where a tax rate increase is being requested. Examples include but are not limited to:
 1. Postcards
 2. Email correspondence
 3. Surveys
 4. Focus groups
- 4) **Results:** Results shall be compiled by the city and shared with City Council no later than three weeks prior to the City Manager's scheduled budget presentation to City Council.
 - 5) **Direction to the City Manager:** City Council shall evaluate the results from the engagement process and provide direction to the City Manager regarding inclusion of the requested property tax rate increase in the budget. Direction from City Council shall be provided no later than one week prior to the City Manager's budget presentation.
 - 6) **Public Hearing:** The public shall be provided the opportunity to offer additional feedback to City Council during the budget public hearing.

IMPLEMENTATION

Effective Date: October 14, 2019.