



Architect's rendering courtesy Greensboro Airport Authority.

Special Districts and Authorities

by Susan Wall

In North Carolina, counties and municipalities — the two types of general purpose governmental units in the state — provide most local services. In addition, 266 special districts and public authorities have substantial fiscal and administrative power, independent of any county or municipality.

The chart on page 11 provides summary information on N.C. special districts and authorities. It is based primarily on data from the U.S. Census, the N.C. Local Government Commission (see page 6), and the Institute of Government (see page 6). Depending on the criteria used, the exact number of special districts and authorities can vary. This listing of 266 special districts/authorities is based on criteria established by the U.S. Census.

The U.S. Census defines a separate unit of government as “an organized entity which, in addition to having governmental character, has sufficient discretion in the management of its affairs to distinguish it as separate from the administrative structure of any other governmental units.”¹ From this definition, three criteria emerge:

The Greensboro Airport Authority, like most others in the state, may issue revenue bonds and collect user fees, but it has no authority to tax.

1) *organized entity* — the agency must have an independent organizational structure with corporate powers;

2) *governmental character* — officers must be elected or appointed by elected officials; the agency must meet public disclosure and reporting requirements and must provide functions commonly provided by governments; and

3) *substantial autonomy* — the agency must determine its own budget without review or modification by a municipality or county, must rely substantially for revenues from sources other than a municipality or county, and must plan for and provide services without substantial specifications by other local governments.

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Special Districts and Public Authorities in North Carolina

I. Governmental Units with Taxing Authority

(1) Unit	(2) No. in N.C.	(3) Authorized By	(4) General Functions	(5) Governing Body	(6) Financial Authority
1. Airport Districts	1	NCGS Chapter 63, Article 8	Aid in construction and financing of aeronautical facilities	Appointed Board	Levy ad valorem taxes Issue Bonds
2. Metropolitan Sewer Districts	2*	NCGS Chapter 162A, Article 5	Provide and operate sewage systems	Appointed Board	Levy ad valorem taxes Issue Bonds Fix and collect sewer charges
3. Metropolitan Water Districts	1*	NCGS Chapter 162A, Article 4	Provide and operate sewage systems and water supply distribution systems	Appointed Board	Levy ad valorem taxes Issue bonds Fix and collect user charges
4. Mosquito Control Districts	1*	NCGS Chapter 130A, Article 12	Provide for the control of mosquitoes	Appointed Board	Levy ad valorem taxes Issue bonds
5. Sanitary Districts	33*	NCGS Chapter 130A, Article 2	Maintain and operate water and sewer systems and other limited municipal services	Elected District Board	Levy ad valorem taxes Issue bonds Fix and collect user charges

II. Governmental Units without Taxing Authority

6. Airport Authority	11*	NCGS 63-56	Manage airport operations and fix airport fees and charges	Appointed Board	Issue revenue bonds Fix and collect user charges
7. Drainage Districts	13*	NCGS Chapter 156, Articles 5 and 6	Provide for drainage facilities and reclamation of agricultural lands	Appointed Board	Levy special assessment bonds Levy benefit assessments
8. Hospital Authority	5*	NCGS Chapter 131, Article 12	Provide and operate publicly owned hospitals	Appointed Board	Issue revenue bonds Fix and collect rates and fees Accept county and city appro- priations
9. Housing Authority	98*	NCGS Chapter 157, Article 1	Carry out federal housing pro- grams; acquire public land; and finance, construct, and operate public housing units	Appointed Board	Issue revenue bonds Establish and collect charges for use of facilities
10. Industrial and Pollution Control Facilities Financing Authority	93	NCGS Chapter 159C-4	Develop and lease industrial and pollution control facilities	Appointed Board	Issue revenue bonds Fix and collect fees for services Receive grants
11. Municipal Electric Power Agency	3*	NCGS 159B-1 to 159B-36	Finance and construct electric power facilities	Appointed Board	Issue revenue bonds Accept grants Fix and collect fees
12. Soil and Water Conservation Districts	2*	NCGS Chapter 139, Article 1	Soil and water conservation	Elected Board	Issue revenue bonds Levy benefit assessments Receive federal grants
13. Watershed Improve- ment District	1*	NCGS Chapter 139, Article 2	Provide for soil and water con- servation and flood control	Elected Board	Issue special assessment bonds Levy benefit assessments
14. Water and Sewer Authority	2*	NCGS Chapter 162A, Article 1	Maintain and operate water and sewage	Appointed Board	Issue revenue bonds Levy benefit assessments Fix and collect fees for facilities

*These numbers represent those special districts and public authorities which operate *independently from any municipality or county*. Similar agencies serving a single municipality or county are not included.

Sources: 1982 Census of Governments, U.S. Census; N.C. Local Government Commission; Institute of Government; various state offices. N.C. General Statutes.

General Government Powers

In North Carolina, 14 types of special districts and public authorities meet all three Census criteria (see column 1 in the chart). These agencies have come into existence for a variety of reasons. For example, where unincorporated areas lack water or sewer facilities, a metropolitan water or sewage district may operate as a public utility and run on its own receipts. This reduces the need for a countywide tax to finance a service which directly benefits only certain areas of a county. Similarly, groups like airport or hospital authorities provide services which benefit people beyond a single county or municipality and which require a broad tax base. Finally, some special districts have been established because of the funding requirements of federal programs, especially in the area of natural resource management (see, for example, items 10, 12, and 13).

The exact number of special districts and authorities, as shown in column 2, varies from source to source. The U.S. Census, for example, despite establishing clear criteria, based *the number* of districts/authorities in its latest report on information from returned questionnaires. These U.S. Census numbers were not as reliable as numbers from the N.C. Local Government Commission and other state agencies, such as the Aviation Division of the N.C. Department of Transportation.

Those districts and authorities serving a single county and receiving substantial funding from that county fail to meet the third Census criteria and hence are not included in the count in column 2. Districts or authorities are included in column 2 only if they have substantial financial and administrative independence from any county or municipality. For example, although North Carolina has 94 soil and water conservation districts, only 2 of the 94 serve more than one county and have substantial financial and administrative independence.

Special districts or authorities function according to powers granted them by the N.C. General Assembly. Column 3 shows the statute authorizing the creation of the governmental unit; column 4 summarizes its general functions; column 5 indicates the type of governing body for each of the units. The information in these columns shows how these governmental units meet the first two Census criteria.

The N.C. General Statutes designate all the districts/authorities on the chart as "bodies corporate and politic." Hence, these units have the right to sue and be sued, to make contracts, and to acquire and dispose of property and exist until formally terminated. The financial records of all these units are public and subject to review

by the Local Government Commission due to the nature of their services and revenue sources. Of the 14 types of districts/authorities, only three have elected board members (sanitary districts, soil and water conservation districts, and watershed improvement districts).

Financial Authority

The five types of special districts in part I of the chart have the authority to issue bonds and levy property taxes. The nine types of districts or authorities in part II finance their operations primarily from the proceeds from revenue bonds. Of the total of 14 groups, only soil and water conservation districts (no. 12 on the chart) lack the authority to issue debt without approval from either a municipality or county. (See column 6 for more on financial authority.) All bond issues, by special districts and by other governmental units, must be approved by the N.C. Local Government Commission (see page 6).

Other types of agencies and boards often considered independent in nature meet the first two Census criteria but not the third and hence are not listed.

Local boards of education, for example, often have elected members, have corporate powers, have similar reporting requirements to those imposed on special districts and authorities, and perform a governmental service. But in North Carolina, local boards of education lack the statutory authority to meet the last Census requirement of substantial autonomy. A local board of education depends upon its county commissioners for local funds.

Similarly, rural fire districts within a county are receiving increased attention from county commissioners (see article on page 26). While fire districts also have many characteristics of a "special district," they lack the necessary autonomy to qualify under Census criteria. □

FOOTNOTE

¹U.S. Bureau of the Census, *1982 Census of Governments and Governmental Organizations*, 1983, p. 341.