



JACKSON COUNTY ADMINISTRATION

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To: Jackson County Board of Commissioners
From: Don Adams *DA*
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Subject: Funding Methods for Fire Protection Services

There are three primary taxing methods available to Counties to fund fire protection services within its jurisdiction. These methods include general property taxation, creating a fire service district and/or creating a Rural Fire Protection District. Descriptions of each are as follows:

General Property Taxation

Property taxes are the largest revenue source for Jackson County representing almost 57% of our total general fund revenues. The NC Constitution permits Counties the power of taxation for public purposes only. Fire protection services are considered a public purpose. The Jackson County Board of Commissioners set the tax rates annually through the budget process. NC law requires Counties to hold a public hearing regarding the proposed budget prior to adoption. Tax rates must be set/approved by the Board of Commissioners annually prior July 1 of each fiscal year. Jackson County's general fund tax rate must be applied uniformly throughout the County to all property (real, personal and registered motor vehicles). Jackson County has scheduled its public hearing to take place on June 1, 2021. Adoption of the budget ordinance (includes setting tax rates and approving budget) is scheduled to take place on June 15, 2021.

Jackson County currently uses its general taxation authority to fund six volunteer fire departments. These departments include Cullowhee VFD, Sylva VFD, Savannah VFD, Balsam VFD, Canada VFD and Qualla VFD. The County will expend \$1,555,470 in current FY 20-21 supporting these fire operations.

Creating a Fire Service District

The North Carolina Constitution carves out an exception to the general rule of uniform taxation allowing the General Assembly to enact laws authorizing the governing body of any county to define territorial areas and levy additional property taxes in those areas. Fire protection services are among the handful of purposes for which the General Assembly has authorized counties to establish special tax districts. A Fire Service District is one form of an allowable special tax district. The basic methodology to establish a Fire Service District is as follows:

1. In determining whether to establish a proposed fire service district, the board of commissioners shall consider the following:
 - a) Resident/seasonal population and population density in the proposed district,
 - b) The appraised value of property subject to taxation in the proposed district,
 - c) The present tax rates of the County,
 - d) The ability of the of the proposed district to sustain additional taxes necessary to support the proposed district, and
 - e) Any other matters that the commissioners believe to have bearing on whether the district should be established.

2. The board of commissioners may establish a service district if, upon the information and evidence it receives, finds that all of the following apply:
 - a) That there is a demonstrable need for providing one or more of the services in the district,
 - b) That it is impossible or impracticable to provide the services on a countywide basis,
 - c) That it is economically feasible to provide the proposed services in the district without unreasonable or burdensome annual tax levies, and
 - d) That there is a demonstrable demand for the proposed services by persons residing in the proposed district.

3. The Board of Commissioners must cause to be created a report that contains the following:
 - a) A map of the proposed district showing the proposed boundaries,
 - b) A statement showing that the proposed district meets the standards and findings discussed above, and
 - c) A plan for providing the proposed fire service.

The report shall be available for public inspection in the office of the clerk to the board for at least four weeks before the date of the public hearing.

4. The Board of Commissioners shall hold a public hearing prior to adopting a resolution creating a new fire service district. The hearing and notice requirements are as follows:
 - a) Notice of the public hearing must be provided not less than one week before the hearing,
 - b) The public hearing notice shall state the date, hour, and place of the hearing. The notice shall contain the subject matter, a map of the proposed district and a statement that the report referenced above is available for public inspection at the office of the clerk to the board.

- c) In addition, the notice shall be mailed at least four (4) weeks before the hearing to all residents of the proposed district shown on county tax records.
5. After the public hearing, the Board of County Commissioners may consider a resolution establishing the fire service district. The resolution defining a service district shall take effect at the beginning of a fiscal year commencing after its passage.

The actual tax rates for service districts are adopted in the budget ordinance during the normal budget process.

Jackson County has established two fire service districts. The two service districts are the Cashiers – Glenville Fire Service District and the Highlands Fire Service District. The County contracts with the Cashiers – Glenville Volunteer Fire Department and the Highlands Volunteer Fire Department to provide fire protection services in these districts.

Creating a Rural Fire Protection District

A Rural Fire Protection District is the other form of an allowable special tax district for fire services. The basic methodology to establish a Rural Fire Protection District is as follows:

1. The Board of Commissioners must receive a petition signed by 35% of the residents who live and own property within the proposed district. NC law sets the maximum tax rate at \$0.15 per \$100 assessed valuation of taxable property. Petition may not reference a lower maximum rate.
2. Upon receipt of a valid petition, the Board of County Commissioners must call an election within the proposed district on the question of whether or not the county may levy a special property tax to fund fire services within the district. The language on the ballot must reference the maximum levy rate of \$0.15.
3. If approved by the voters, the Board of Commissioners must establish the rural fire protection district.
4. The rural fire protection district is a municipal corporation that is a separate legal entity from the County.
5. A fire protection commission must govern the established district. The Board of Commissioners may either appoint themselves to serve as the commission or appoint a three-member board comprised of qualified voters who reside in the district.
6. The Board of Commissioners retain authority over setting the tax rate annually through the normal budget process.

Jackson County does not have an active Rural Fire Protection District.