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The Weekly Recap

WHAT HAPPENED: Following last week's packed slate at the 2023 General Assembly, lawmakers this past week went on a planned "spring break," quieting the hallways at the Legislative Building until they regroup this coming Monday. But, for cities and towns, impactful proposals afloat in the meantime require attention and action.

WHAT IT MEANS: In this Bulletin, below, we provide updates, with calls to action, regarding bills on water system rate caps and on extra-territorial jurisdiction elimination, respectively. Please contact your legislators this weekend to share your concerns about these these problematic proposals, for which we provide all relevant detail below.

ON TAP: Lawmakers are winding down their weeklong break with plans to return Monday, full speed on committee action and with a final stretch of bill filing. The House has its last bill-filing deadlines for the session just ahead -- on April 18 (for bills not related to appropriations or finance) and April 25 (for those with appropriations or finance elements). After that, the focus will stick to negotiating bills as they move through the legislative process in advance of the May 4 crossover deadline -- essentially a test of survival for filings this year. By crossover, most bills have to have received approval from their originating chamber to remain in play.

THE SKINNY: While it was a quiet week at the Legislative Building, things are about to pick right up in the coming week. Please prioritize conversations with your lawmakers this weekend on the bills we've highlighted below, and thank you for your continued involvement.

ACTION ALERT: Water System Rate Caps

Please contact your legislators this weekend regarding [a legislative proposal](#) that places artificial caps on the rates local water systems may charge. The Senate has scheduled [SB 515 Water and Sewer Affordability Act](#) for its first hearing Tuesday morning in the [Senate Agriculture, Energy, and Environment Committee](#). Section 3 of the bill would direct the rates charged to customers outside of a local government's jurisdiction to be calculated using one of two statutory methods. Generally, the first method would limit the out-of-town rates to the in-town rates plus a surcharge of no more than 25 percent. In the alternative, SB 515 would allow a local system to set a higher rate if it held a public hearing and could demonstrate that the higher rates were "just and equitable," likely not to exceed a surcharge of 75 percent of in-town rates.

Local water systems balance numerous factors when setting customer rates. Typically, the costs to provide water and sewer outside municipal boundaries run much higher than in town, due to distance from treatment plants and other facilities. Approximately three out of five N.C. local water systems charge higher rates to out-of-town customers. Of that group, a vast majority of them charge average out-of-town amounts that exceed the limits in SB 515. If the legislature acts to limit local rate-making in this way, in-town businesses and residents in many communities will face increased rates to support system operations and debt service. Ultimately, such actions could impact business recruitment to the state and the bond ratings of both the State of North Carolina and its local governments.

Take Action on ETJ Elimination

Without action to inform legislators of the value of the extra-territorial jurisdiction (ETJ) growth management tool, local governments face elimination of the policy under [SB 675 Land Use Clarification and Changes](#). The bill, filed by Senate leaders last week, would fully repeal ETJ authority that has been used to provide for structured, orderly growth across North Carolina since the post-World War II era. Because it allows municipalities to extend their planning and land use authority in areas adjacent to town limits, the ETJ policy ensures that local governments make smart decisions about infrastructure and other economic investments in areas attracting development. ETJ residents and businesses have a voice in those decisions through representation on municipal planning boards and boards of adjustment. Importantly, though, ETJ residents and businesses do not pay municipal taxes.

Repealing this vital growth authority would immediately impact county governments, which would take on the significant workload for managing development in these areas. Read more about how ETJ works and how repealing the authority would affect property owners in cities [in this fact sheet](#), and use these points in your discussions with legislators. Because it is subject to the May 4 crossover deadline, SB 675 would need to receive Senate approval in the next several weeks. It is slated to be heard first in the [Senate Judiciary Committee](#), then the [Senate Finance Committee](#).



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