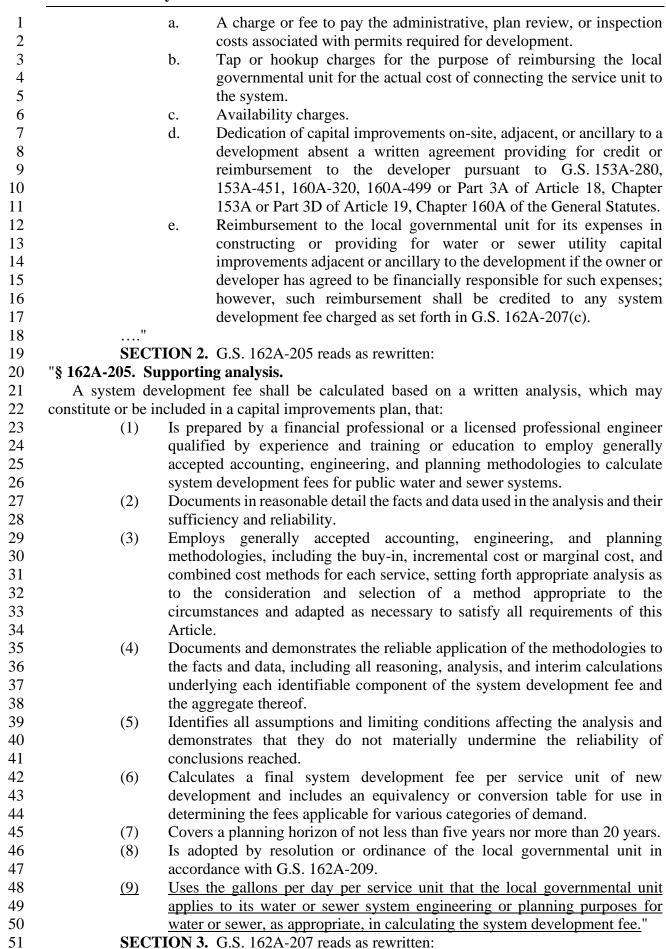
GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2021

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HOUSE BILL 344 Committee Substitute Favorable 4/29/21 PROPOSED SENATE COMMITTEE SUBSTITUTE H344-PCS40633-SVf-23

Short Title: S	system Development Fees Update. (Pu	ıblic)
Sponsors:		
Referred to:		
	March 23, 2021	
MAY IMPOUTHAT A WAY FOR INCOUNTRUCTURE General AS SEC	sembly of North Carolina enacts: TION 1. G.S. 162A-201 reads as rewritten:	IDE BLE
 (4)	Facility. – A water supply, treatment, storage, or distribution facility, wastewater collection, treatment, or disposal facility, including for reus reclamation of water, facility providing a general benefit to the area facility serves and is owned or operated, or to be owned or operated, by a governmental unit and land associated with such facility.unit. This include facilities for the reuse or reclamation of water and any land associated with the facility.	se or that local shall
(7)	Service. – Water or sewer service, or water and sewer service, provided local governmental unit.unit, including water or sewer service provided pursuant to a wholesale arrangement between a water and sewer authorganized under Article 1 of Chapter 162A of the General Statutes and a governmental unit.	<u>vided</u> ority
(9)	System development fee. – A charge or assessment for service—ser including service provided pursuant to a wholesale arrangement betwee water and sewer authority organized under Article 1 of Chapter 162A or General Statutes and a local governmental unit, imposed with respect to development to fund costs of capital improvements necessitated by attributable to such new development, to recoup costs of existing facility which serve such new development, or a combination of those costs provided in this Article. The term includes amortized charges, lump-charges, and any other fee that functions as described by this defin regardless of terminology. The term does not include any of the following	een a f the new and lities s, as -sum ition





"§ 162A-207. Minimum requirements.

- (a) Maximum. A system development fee shall not exceed that calculated based on the system development fee analysis.
- (b) Revenue Credit. In applying the incremental cost or marginal cost, or the combined cost, method to calculate a system development fee with respect to water or sewer capital improvements, the system development fee analysis must include as part of that methodology a credit against the projected aggregate cost of water or sewer capital improvements. That credit shall be determined based upon generally accepted calculations and shall reflect a deduction of either the outstanding debt principal or the present value of projected water and sewer revenues received by the local governmental unit for the capital improvements necessitated by and attributable to such new development, anticipated over the course of the planning horizon. In no case shall the credit be less than twenty-five percent (25%) of the aggregate cost of capital improvements.
- (c) Construction or Contributions Credit. In calculating the system development fee with respect to new development, the local governmental unit shall credit the value of costs in excess of the development's proportionate share of connecting facilities required to be oversized for use of others outside of the development. No credit shall be applied, however, for water or sewer-capital improvements on-site or to connect new development to water or sewer-facilities."

SECTION 4. Article 7 of Chapter 62 of the General Statutes is amended by adding a new section to read:

§ 62-133.12B. Computation of income tax expense for rate-making purposes; taxable contributions.

A water or wastewater public utility is solely responsible for funding the income taxes on taxable contributions in aid of construction and customer advances for construction and shall record the income taxes the water or wastewater utility pays in accumulated deferred income taxes for accounting and rate-making purposes."

SECTION 5. This act is effective when it becomes law and clarifies existing law with minimum standards employed by all generally accepted accounting, engineering, and planning methodologies used to calculate system development fees for public water and sewer systems.