

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS45340-CC-4A

Short Title: Water & Sewer Allocation Reforms. (Public)

Sponsors: Senators Lazzara, P. Newton, and Jarvis (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROMOTE THE DEVELOPMENT OF WATER AND SEWER
3 INFRASTRUCTURE AND TO FACILITATE THE ALLOCATION OF WATER AND
4 SEWER SERVICE FOR RESIDENTIAL DEVELOPMENT.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 162A-900 reads as rewritten:

7 "Article 11.

8 "Miscellaneous.

9 "§ 162A-900. Limitations on allocating service for residential development.

10 (a) ~~For purposes of this section, "residential development" means new development of~~
11 ~~single-family or multifamily housing.~~ The following definitions apply in this section:

12 (1) Local government unit. – A political subdivision, as defined in
13 G.S. 162A-201, that serves more than 1,000 residential service connections.

14 (2) Residential development. – Any new development of single-family or
15 multi-family housing.

16 (b) A local government ~~unit, as defined in G.S. 162A-201,~~ unit shall not require an
17 applicant for water or sewer service for residential development to agree to any condition not
18 otherwise authorized by law, or to accept any offer by the applicant to consent to any condition
19 not otherwise authorized by law. These conditions include, without limitation, any of the
20 following:

21 (1) Payment of taxes, impact fees or other fees, or contributions to any fund.

22 (2) Adherence to any restrictions related to land development or land use,
23 including those within the scope of G.S. 160D-702(c).

24 (3) Adherence to any restrictions related to building design elements within the
25 scope of G.S. 160D-702(b).

26 (c) A local government ~~unit, as defined in G.S. 162A-201,~~ unit shall not implement a
27 scoring or preference system to allocate water or sewer service among applicants for water or
28 sewer service for residential ~~development that does any of the following:~~

29 (1) ~~Includes consideration of building design elements, as defined in~~
30 ~~G.S. 160D-702(b).~~

31 (2) ~~Sets a minimum square footage of any structures subject to regulation under~~
32 ~~the North Carolina Residential Code.~~

33 (3) ~~Requires a parking space to be larger than 9 feet wide by 20 feet long unless~~
34 ~~the parking space is designated for handicap, parallel, or diagonal parking.~~

35 (4) ~~Requires additional fire apparatus access roads into developments of one- or~~
36 ~~two-family dwellings that are not in compliance with the required number of~~



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~~fire apparatus access roads into developments of one or two family dwellings set forth in the Fire Code of the North Carolina Residential Code development.~~

(d) A local government unit shall not withhold the allocation of water or sewer service among applicants for water or sewer service for residential development if water or sewer allocation capacity is available.

(e) If public funds are received by a local government unit for water or sewer infrastructure, the local government unit shall do all of the following:

(1) Monitor available water and sewer capacity by preparing and publishing a quarterly report detailing:

a. Current water and sewer capacity.

b. Capacity allocated to approved projects.

c. Projected future demand.

d. Actions taken to expand capacity.

(2) Make all reasonable efforts to expand water and sewer allocation capacity consistent with growth and demand by:

a. Preparing and submitting a detailed expansion plan to the State Water Infrastructure Authority each year, including timelines and funding strategies.

b. Conducting public outreach and consulting with State and regional planning agencies to identify funding opportunities or technical assistance.

c. Prioritizing expansion in areas where demand is expected to exceed capacity within a five-year horizon.

(f) If water or sewer capacity is unavailable due to physical or environmental constraints, the local government unit shall do all of the following:

(1) Publish a written explanation detailing the specific constraints and provide a timeline for resolving the capacity issue.

(2) Develop and implement a temporary allocation policy, consistent with State law, to prioritize critical development projects until capacity is restored.

(3) Notify applicants of their status in the allocation process and provide estimated timelines for service availability.

(g) Any aggrieved party may institute a civil action for injunctive relief to compel a local government unit to comply with the requirements of this section. The action shall be brought in the superior court of the county in which the local government unit is located. Upon finding that a local government unit has violated the requirements of this section, a court may do any of the following:

(1) Order the local government unit to approve applications for water and sewer service for residential development where capacity exists.

(2) Mandate corrective actions, including the development of a compliance plan with specific timelines.

(3) Assess a civil penalty of up to five thousand dollars (\$5,000), or, in the case of a continuing violation, five thousand dollars (\$5,000) per day for violation of this section. The clear proceeds of the penalty shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

SECTION 2. G.S. 159G-71 reads as rewritten:

"§ 159G-71. State Water Infrastructure Authority; powers and duties.

The Authority has the following additional duties:

(1) After reviewing the recommendations for grants and loans submitted to it by the Division, to determine the rank of applications and to select the

- 1 applications that are eligible to receive grants and loans, consistent with
2 federal law.
- 3 (2) To establish priorities for making loans and grants under this Chapter,
4 consistent with federal law.
- 5 (3) To review the criteria for making loans and grants under G.S. 159G-23 and
6 make recommendations, if any, to the Department for additional criteria or
7 changes to the criteria, consistent with federal law.
- 8 (4) To develop guidelines for making loans and grants under this Chapter,
9 consistent with federal law.
- 10 (5) To develop a master plan to meet the State's water infrastructure needs.
- 11 (6) To assess and make recommendations on the role of the State in the
12 development and funding of wastewater, drinking water, and stormwater
13 infrastructure in the State.
- 14 (7) To analyze the adequacy of projected funding to meet projected needs over
15 the next five years.
- 16 (8) To make recommendations on ways to maximize the use of current funding
17 resources, whether federal, State, or local, and to ensure that funds are used in
18 a coordinated manner.
- 19 (9) To review the application of management practices in wastewater, drinking
20 water, and stormwater utilities and to determine the best practices.
- 21 (10) To assess the role of public-private partnerships in the future provision of
22 utility service.
- 23 (11) To assess the application of the river basin approach to utility planning and
24 management.
- 25 (12) To assess the need for a "troubled system" protocol.
- 26 (13) To monitor compliance with the water and sewer allocation requirements of
27 G.S. 162A-900, and to provide technical assistance to local government units
28 to satisfy those requirements."

29 **SECTION 3.** This act is effective when it becomes law.