



Legislative Bulletin

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The Weekly Recap

WHAT HAPPENED: Last week, we shared insights into the Senate's draft budget, which the chamber adopted and sent to the House for consideration. The House, which previously issued its own state budget proposal, rejected the differing Senate version this week. Meanwhile, legislative committees were active with hearings on significant policy bills like sports wagering and a reorganization of Blue Cross and Blue Shield. In the mix, bills of interest to cities and towns saw activity as well. Look for a writeup in this Bulletin on how state senators listened to the concerns of local officials across the state before scaling back legislation regarding municipal authority and extra-territorial jurisdiction.

WHAT IT MEANS: This week's activity represented regular driving speed at the General Assembly, with not only budget action and committee hearings but also customary lobby days from various interest groups visiting with lawmakers to discuss their priorities. This week also saw a meeting of the legislature's Municipal Caucus, whose members (each of whom have municipal government experience) discussed several bills of potential impact to municipalities.

ON TAP: The budget will become the subject of a conference committee designated to sort out differences between the two plans toward a compromise version that both chambers can agree upon. This is a common step in the budget-making process. Also, separately, please note that today is the final day to submit a form of interest for members to serve on the NCLM Legislative Policy Committee. See details below.

THE SKINNY: A busy but steady week at the General Assembly made for state budget movement and action on some of the bills we've been tracking.

Senators Scale Back, Send on ETJ Proposal

In a two-day series of hearings this week, state senators listened to the concerns of local officials across the state, scaling back and then sending on [a proposal](#) that originally eliminated all municipal extra-territorial jurisdiction (ETJ) authority. Cities exercise ETJ authority as a primary way to manage and plan for growth on the edge of town. In advance of legislators' consideration of [SB 675 Land Use Clarification and Changes](#) Wednesday, local officials made the case for keeping this planning tool intact.

As a result of this outreach to legislators, the pared-down version of SB 675 would only apply to cities in counties of less than 50,000 in population. City officials appreciate primary bill sponsor Sen. Michael Lee for responding to their concerns over the loss of this authority.

At the same time, the bill still affects all cities with ETJs. In addition to eliminating the authority for those cities in low-population counties, SB 675 also freezes in place all current ETJ boundaries (Section 3.2(a)). And for those cities with local acts regarding ETJ authority, those local acts would be repealed under this bill (Section 3.2(b)).

Finally, the bill contains numerous unrelated land use provisions, such as a minimum lot size standard discussed elsewhere in this Bulletin. Then, another provision would designate wetlands, stream buffers, and stormwater facilities as open space (Section 4.1). In their planning practices, cities often respond to community desires for more natural features by including open space requirements in their development codes. This provision would undermine those practices, especially as to stormwater facilities, which in many urban settings are not natural features at all, but instead, are underground pipes and storage tanks.

Please consider this updated bill in light of your city's planning and development code, and communicate any remaining concerns to your state legislative members ([with suggested talking points here](#)). The bill next moves to the [Senate Finance Committee](#).

Bill Sets Five Homes Per Acre Minimum

A significant [land-use proposal](#) would impose on communities a minimum five homes per acre standard for residential zoning districts throughout North Carolina, after a legislative committee amendment this week. The new minimum lot size standard, which would apply to every residential zoning code in counties and cities statewide, was designed to increase density. The Senate Judiciary Committee advanced it as Part IV to [SB 675 Land Use Clarification and Changes](#). The NC Home Builders Association, whose executive vice president spoke in favor of it at a committee hearing Wednesday, promoted the concept.

Effectively, the new standard would impose a level of density much higher than many local zoning codes allow today. In addition to the five homes per acre minimum, the Committee added a complementary standard saying that no lots may be zoned larger than 8,700 square feet for single-family homes and townhomes. The proposal contained a limited exception from these minimum standards for certain agricultural uses. Please contact your state senator with concerns and specific examples of where this change would impact your community. Similarly, also contact members of the [Senate Finance Committee](#), which will hear this proposal next.

Legislative Committee Interest Forms Now Available - Deadline to Apply

NC League of Municipalities President William Harris seeks to appoint interested city officials as new members of the NCLM Legislative Policy Committee, and you may [sign up](#) now.

The Legislative Policy Committee is an internal group of city officials that forms policy positions on key issues for North Carolina cities. Committee members also serve as

advocates on municipal legislation and are an integral part of the League. If you are interested in serving on this committee, please fill out [this form](#) no later than May 26.

Please direct questions to Grassroots Associate Abbie Britt at abritt@ncim.org.

Significant Rate Increases Proposed for Duke Energy Progress Customers

Testimony in the Duke Energy Progress rate case, in which the League intervened on behalf of cities, concluded this week at the North Carolina Utilities Commission (NCUC). Duke Energy Progress, which primarily serves electric customers in the eastern part of the state, has submitted a comprehensive proposal outlining substantial rate increases affecting cities and residential electric rates, among other customer classes. The proposed impact on cities is projected to result in a significant, 30.4 percent increase in lighting rates over a three-year term, concluding in 2025. Meanwhile, for residents, the proposed increase carries the potential to double their electric bills within the same three-year timeframe (read more in a WRAL article published this week, "[Talk about electric shock](#)").

By intervening in the case, the League aims to mitigate the extent of the rate increases for cities. The NCUC is anticipated to reach a decision on this matter in the near future. Additionally, it is noteworthy that a similar course of action is planned for Duke Energy Carolinas' territory, affecting customers more in the western part of the state. Scheduled hearings for this proposal are slated to commence in July, and the outcome of the current case will likely influence the next one.

Congresswoman Foushee, NC Mayors Discuss Pressing Issues



From infrastructure and federal grant access to housing affordability and community health, the practical issues facing North Carolina cities and towns were in focus last Friday in Chapel Hill as area mayors and other municipal leaders held a discussion session with U.S. Rep. Valerie Foushee, whose longtime governmental experience includes state legislative and local office. On a panel including NCLM President and Fuquay-Varina Commissioner William Harris with Chapel Hill Mayor Pam Hemminger, Congresswoman Foushee and her team recorded officials' concerns and ideas. She also discussed the priorities of Congress and its need for focus on such pressing issues in our communities. The luncheon event, held at the Rizzo Center and arranged by the League with the NC Mayors Association and the NC Metropolitan Mayors Coalition, recognized the individual roles that governmental officials at all levels play together to achieve transformative changes across our state. A photo album from the event is [viewable here](#).



Municipal Caucus Convened to Discuss Top City Bills

The General Assembly's Municipal Caucus met over lunch on Wednesday to discuss several bills that made the crossover deadline and may significantly impact cities if they were to become law. The Municipal Caucus exists to create an open environment for legislators with previous local government experience to offer education about the state-city partnership and share information and ideas about legislation that will impact local governments. At their meeting, caucus members had an extensive conversation about [S 675 Land Use Clarification and Changes](#), which seeks to eliminate municipal extraterritorial jurisdiction, or ETJ, in counties of a certain size. Caucus members were also briefed on [H 409 Regulation of Accessory Dwelling Units](#) and [H 140 Civilian Traffic Investigators/Pilot](#). The lunch meeting created an opportunity to reiterate these top priorities of cities and for Caucus members to ask important questions about the impact of these bills. The four co-chairs of the caucus include Sen. Gale Adcock (former Cary Council member), Sen. Michael Lazzara (former Jacksonville mayor pro

tem and past NCLM president), Rep. James Roberson (former Knightdale mayor), and Rep. Stephen Ross (former Burlington mayor).

League Cosponsors Broadband Event



On Tuesday, the North Carolina League of Municipalities cohosted the Closing the Digital Divide: Internet for All in NC event in Raleigh. The event brought together federal, state, and local leaders to discuss the development of the state's broadband plan which is required to access hundreds of millions in federal dollars provided through the Broadband Equity, Access, and Deployment (BEAD) Program, established by the federal bipartisan infrastructure law. The League was joined in hosting the event by the National Telecommunications and Information Administration, N.C. Department of Information Technology Division of Broadband and Digital Equity, and North Carolina Association of County Commissioners.

Mayor Scott Neisler from King's Mountain, immediate past president of the League, participated on a community needs panel where he outlined the importance of broadband deployment for his constituents. Mayor Neisler also made the case that to meet the goal of connecting all North Carolinians to high quality internet access, cities must be allowed to actively participate in the state's broadband plan and use existing infrastructure and local dollars to achieve the objective. Under current state law, cities are barred from using local dollars to deploy broadband or lease existing infrastructure to providers. Officials from the state broadband office also provided an extensive update of its efforts to challenge deficiencies in federal mapping of broadband access, as well as other broadband-related mapping efforts. Those can be found at www.nconemap.gov/pages/broadband.



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