



Legislative Bulletin

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Legislators Seek To Modify Water System Rules For Residential Development

Legislators on the [Senate Agriculture, Energy, and Environment Committee](#) passed a concerning [amendment to HB 385 Various Energy/Env. Changes](#) Wednesday that would modify the authority of water and sewer systems during the residential development process. The new language would prohibit public water and sewer systems from imposing unauthorized conditions for residential development in utility development agreements. Under the bill, those conditions include items more typically negotiated during the conditional rezoning process, along with payment of taxes and fees. Another significant provision in this amendment would restrict local governments from implementing a scoring or preference system to allocate water and sewer among residential development applicants. The bill received a favorable report and heads to the [Senate Judiciary Committee](#), where it awaits further action.

Farm Bill Passes House With Amended Stormwater Fee Exemption Language

After approving League-suggested language to minimize the impact of a stormwater fee exemption for agriculture, a unanimous North Carolina House passed [SB 355 North Carolina Farm Act of 2024](#) this week. Originally, Section 14 of the bill prohibited cities and counties from imposing stormwater utility fees on properties used for bona fide farm properties. The definition of the term “bona fide farm” was very broad and potentially brought in a number of properties that would not traditionally be considered as having an agricultural use. Based on feedback from municipal officials, League staff engaged with the chairs of both the House and Senate Agriculture Committees to reach an acceptable compromise narrowing that broad definition.

Under the amendment approved on the House floor this week, if a property owner wanted to receive an exemption from payment of stormwater utility fees, that owner would have to provide one of four clear documents, including a farm sales tax exemption certificate issued by the Department of Revenue, a copy of the property tax listing showing that the property is eligible for participation in the present-use value program, a copy of the farm owner’s or operator’s Schedule F from the owner’s or operator’s most recent federal income tax return, or a forest management plan. The

League would like to thank Rep. Jimmy Dixon and Sen. Brent Jackson for their willingness to engage on this issue to find common ground.

House Approves Local Even-Year Elections Bill

House members approved a [measure](#) this week to move the City of Jacksonville's elections to even-numbered years, to align with the state and federal general elections calendar. [HB 1017 Even-Yr. Elections/City of Jacksonville](#) follows a trend by state legislators to move municipal elections in an effort to increase voter turnout and decrease the cost of elections. Jacksonville officials, however, are not supportive of this bill, noting in prior legislative committee testimony that local issues and candidates are more likely to be overshadowed by national and state issues if municipal elections occur in conjunction with the general election. With passage in the House this week, the bill now moves to the state Senate, where it awaits committee assignments.

Energy Financing Authority Measure Moves In Senate

State senators continued work this week on a bill that would allow local governments and the N.C. Department of Commerce to establish energy financing [Commercial Property Assessed Clean Energy \(C-PACE\)](#) programs. C-PACE, as provided by [SB 802 C-PACE Program](#), is a financing tool that allows commercial property owners to finance the upfront cost for qualified energy and energy efficiency projects.

Repayment of the amount financed would be secured by an assessment imposed on the improved property by a participating local government. The C-PACE lien would be inferior to all prior and subsequent federal, State, and local taxes or liens. Otherwise, the C-PACE lien would be superior to all other liens on the property. Under the current proposal, no city would be obligated to participate. Cities that chose to participate would need to get approval from their county commission and would delegate all billing and collection duties to the C-PACE financier. One large-scale C-PACE financier and commercial property owner, TIAA, has spoken publicly in favor of SB 802.

While the idea of C-PACE financing has existed for well over a decade—and N.C. legislators have introduced various versions of SB 802 during that time—this year represents the first series of committee hearings on the concept. Accordingly, the bill has faced a long road to full Senate consideration, passing through two committees in recent weeks before this week's discussion in the [Senate Finance Committee](#). A vote by that committee is expected next week, after which the bill will move to the Senate Appropriations/Base Budget Committee.

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