

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 694

Short Title: Study Water/Wastewater Regionalization. (Public)

Sponsors: Representatives Warren and Ross (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Agriculture and Environment, if favorable, Rules, Calendar, and Operations of the House

April 3, 2025

A BILL TO BE ENTITLED
AN ACT TO DIRECT THE ENVIRONMENTAL FINANCE CENTER AT THE SCHOOL OF
GOVERNMENT AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
TO STUDY WATER AND WASTEWATER REGIONALIZATION AND IDENTIFY
AREAS OF THE STATE WHERE THE COSTS OF WATER OR WASTEWATER
SERVICES COULD BE LOWERED AND QUALITY OF THOSE SERVICES
IMPROVED.

Whereas, North Carolina has a significant number of distressed water and wastewater systems, defined as systems that fail to generate sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services; and

Whereas, significant factors contributing to distressed systems include service populations too small or too geographically dispersed, or the closure of major industrial or commercial customers, which results in systems much larger and more expensive to operate than is needed for the population they serve; and

Whereas, competition among local governments to capture large industrial or commercial customers can lead to unnecessary facility duplication and result in short-term decisions that do not reflect a responsible and prudent approach to long-term infrastructure needs; and

Whereas, North Carolina's funding programs for water and wastewater infrastructure demonstrate preferences for regionalization of water and wastewater infrastructure solutions in order to create or sustain financial viability for systems with significant maintenance or upgrade needs, or serving high poverty areas of the State; and

Whereas, there continue to be information gaps and lack of awareness on the part of local government officials and policymakers of the benefits and obstacles to regionalization and the information these officials and policymakers need to guide local decisions on regionalization and other infrastructure decisions, particularly with regard to economic development and growth-related infrastructure needs, water system efficiency measures, and costs related to the development of new water sources; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. Study. – The Environmental Finance Center at the University of North Carolina at Chapel Hill School of Government (EFC) shall study and report on the benefits, costs, and financial, statutory, or regulatory obstacles to regionalization of water and wastewater



1 services across the State. In the report, the EFC shall provide recommendations regarding all of
2 the following:

- 3 (1) Legislative or regulatory changes in financial, auditing, or oversight
4 requirements imposed on public water and wastewater systems that will lead
5 to more informed decision making on financial stability of those systems, and
6 the potential of various regionalization measures to address financial
7 instability.
- 8 (2) Particular public water or wastewater systems in the State that would benefit
9 significantly from various regionalization measures.

10 **SECTION 2. Consultation.** – In compiling its report and recommendations, the EFC
11 shall consult with the State Water Infrastructure Authority, the Local Government Commission,
12 the North Carolina League of Municipalities, the North Carolina Association of County
13 Commissioners, and any other entity the EFC finds relevant to the issues it is studying.

14 **SECTION 3. Report.** – The EFC shall report its findings and recommendations no
15 later than April 1, 2026, to the chairs of the House Oversight Committee, the chairs of the Senate
16 Committee on Regulatory Reform, and the Joint Legislative Commission on Governmental
17 Operations.

18 **SECTION 4. Definitions.** – For the purposes of this act, "public water system" has
19 the same meaning as in G.S. 130A-313 and "wastewater system" has the same meaning as in
20 G.S. 159G-20.

21 **SECTION 5.** This act is effective when it becomes law.