

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 694
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30298-MH-7

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

Sponsors: Representative Warren.

Referred to:

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

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

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

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

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

24 Whereas, there continue to be information gaps and lack of awareness on the part of
25 local government officials and policymakers of the benefits and obstacles to regionalization and
26 the information these officials and policymakers need to guide local decisions on regionalization
27 and other infrastructure decisions, particularly with regard to economic development and
28 growth-related infrastructure needs, water system efficiency measures, and costs related to the
29 development of new water sources; Now, therefore,
30 The General Assembly of North Carolina enacts:

31 **SECTION 1.** Study. – The Environmental Finance Center at the University of North
32 Carolina at Chapel Hill School of Government (EFC) shall study and report on the benefits, costs,
33 and financial, statutory, or regulatory obstacles to regionalization of water and wastewater
34 services across the State. In the report, the EFC shall provide recommendations regarding all of
35 the following:



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(1) Legislative or regulatory changes in financial, auditing, or oversight requirements imposed on public water and wastewater systems that will lead to more informed decision making on financial stability of those systems, and the potential of various regionalization measures to address financial instability.

(2) Particular public water or wastewater systems in the State that would benefit significantly from various regionalization measures.

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

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

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

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