



LEGISLATIVE BRIEF: WATER/WASTEWATER

Background

The 2009 General Assembly created the Legislative Study Commission on Water and Wastewater Infrastructure. Early in its deliberations, the Study Commission divided into four “working groups,” each of which was charged with analyzing different aspects of the commission’s overall charge, to “focus on the development of an ongoing process to identify and regularly report ... on statewide water and wastewater infrastructure needs and to improve the delivery of state appropriated water and wastewater programs.” The working groups and their tasks were described as follows:

- Working Group #1: Identifying and reporting infrastructure needs. This group looked at several existing surveys and compilations of needs and made several recommendations focused on improving and coordinating the compilation of short-term and long-term needs and incorporating needs estimates into asset management plans and local water supply plans.
- Working Group #2: Infrastructure funding priorities. This group looked at infrastructure funding priorities (and criteria) set out in state statutes and at gaps between current priorities and available funds, between priorities and needs and between priorities or criteria and needed local flexibility. The group recommended including regionalization and drought management as funding criteria as well as sustainability and an increased High Unit Cost Threshold (water sewer rates as a percentage of median household income). The sustainability recommendation included a proposal to empower the Local Government Commission to identify and challenge systems that are not adequately investing in their water infrastructure. The group also recommended creation of a “Water Database,” a funding database to track and locate current water and wastewater infrastructure project needs and funding patterns.
- Working Group #3: Financing the current critical gaps. This group looked at the funding of the state’s most pressing needs, especially needs facing communities with severe financial constraints and needs that are not priorities for federally assisted programs. The group identified \$44 million to \$55 million in critical needs based on reports from the Clean Water Management Trust Fund and the Rural Economic Development Center. The group discussed ability to pay criteria, sustainability and the gap between needs and available funds.
- Working Group #4: Long-term state assistance and financing. This group was asked to “examine the options and determine the parameters for on-going state assistance to address water and wastewater infrastructure needs in North Carolina.” This group, the one working group composed entirely of legislators, came up with two tentative long-term funding initiatives identified by Commission staff: 1) existing local impact fees would be paid back to the state by local governments receiving grants; 2) increasing the statewide Deed Stamp tax with funds going into infrastructure funding and repealing local authority to levy land transfer taxes after referenda.

Outlook for 2010

The NCACC has not taken a position on any of the recommendations of the Study Commission, most of which will not be presented as legislative proposals in 2010. Of concern, however, is the possibility that fees or taxes imposed on transactions that are or could be local revenue sources could become state sources of revenue to fund water and wastewater infrastructure.