



SENATE BILL 69: Hendersonville Public Enterprises Operation.

2025-2026 General Assembly

Committee:	Senate State and Local Government. If favorable, re-refer to Rules and Operations of the Senate	Date:	May 6, 2025
Introduced by:	Sen. Moffitt	Prepared by:	Ike McRee
Analysis of:	Second Edition		Committee Co-Counsel

OVERVIEW: *Senate Bill 69 would amend the City of Hendersonville's authority to operate public enterprises and would require that the city account for a public enterprise in a separate fund from which money cannot be transferred except for obligations of the public enterprise and construction and renovation of assets of the public enterprise. The bill also would require that in a voluntary annexation, an owner petitioning for annexation must include a statement that the petition is not based upon a representation by the city that public enterprise services available outside the city limits will be withheld without the petition for annexation. The bill specifically would exempt transportation and off-street parking facility enterprises from the operation of the act.*

BILL ANALYSIS:

Section 1 of the bill would amend the City of Hendersonville's authority to operate public enterprises under G.S. 160A-312 as follows:

- The bill would remove the provisions shielding the city from liability for damages to those outside the city limits for failure to furnish public enterprise services.
- The bill would require that the city adopt rules that:
 - Apply equally to the public enterprise system both within and without the city's corporate limits.
 - May not apply differing treatment within and outside the city limits.
 - Make access to public enterprise services available within and outside the city limits equally.
 - May prioritize the continuation of the provision of services based on the availability of excess capacity to provide the service.
 - May be enforced with the remedies available under the law.
- The bill would require the city to account for a public enterprise in a separate fund and would prohibit the transfer of money from that fund to another fund except for construction or replacement of assets for that public enterprise. Obligations of the public enterprises could be paid from the separate fund, but those obligations must not include any other funds or line items in the city's budget.

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Sections 2 and 3 of the bill would require that in voluntary annexations, including satellite annexations, the owner petitioning for voluntary annexation must provide a statement that the petition is not based on a representation by the municipality that a public enterprise service available outside the corporate limits of the municipality would be withheld from the owner's property without the petition for annexation.

Section 4 of the bill would limit the application of the act to the City of Hendersonville. It would also provide that Section 1 of the bill does not apply to public transportation systems or off-street parking facilities.

EFFECTIVE DATE: The bill would become effective June 30, 2025. Section 1 would apply to FY 2025-2026 and thereafter. Any assets, liabilities, or equity of a public enterprise operated or held by the city during FY 2025-2026 would have to be transferred to the separate fund provided for in Section 1. Sections 2 and 3 would apply to petitions for annexation received on or after June 30, 2025.

BACKGROUND: The General Assembly granted similar authority to the City of Asheville in S.L. 2005-139. The Court of Appeals found that this act was not a prohibited local act under the North Carolina Constitution. *City of Asheville v. State*, 192 N.C. App. 1 (2008).

Brad Krehely and Erika Churchill, Staff Attorneys with the Legislative Analysis Division, substantially contributed to this summary.