



# HOUSE BILL 538: Clarify Water and Sewer Authority Powers

2015-2016 General Assembly

**Committee:** House Environment  
**Introduced by:** Rep. Millis  
**Analysis of:** Second Edition

**Date:** April 21, 2015  
**Prepared by:** Jeff Hudson  
Committee Counsel

**SUMMARY:** *House Bill 538 would specifically authorize water and sewer authorities created under Article 1 of Chapter 162A to:*

- *Adopt ordinances concerning the regulation and control of water systems owned by the authority.*
- *Enter into reimbursement agreements with property owners for design and construction of infrastructure.*
- *Offer and pay rewards up to \$5,000 for information leading to conviction of persons who willfully deface, damage, or destroy, or commits acts of vandalism or larceny of, authority property.*

## CURRENT LAW:

There are several different mechanisms a county and city can use to address water and sewer concerns. One such mechanism is the creation of a water and sewer authority. One or more counties, cities, sanitary districts, or any other political subdivision may create water and sewer authorities. The governing body of each political subdivision must adopt a resolution stating its intent to organize an authority. The resolution must be adopted after a public hearing is held on the issue and notice of the public hearing must be published. A political subdivision can withdraw from an authority at any time prior to the creation of any obligations by the authority.

Generally upon creation, each of the entities has a governing board appointed by the units of local government involved in the operation of the system, with specific authority to set rates and fees, power to sue and be sued, and authority to contract in the name of the entity, amongst other powers and duties. Additionally, a water and sewer authority may issue revenue bonds; impose rates, fees, and charges; and levy special assessments.

## BILL ANALYSIS:

**Section 1** would authorize a water and sewer authority to adopt an ordinance concerning the regulation and control of a water system owned or operated by the authority.

**Section 2** would add two new powers and duties for water and sewer authorities as follows:

- To enter into reimbursements agreements with a property owner or private developer, in accordance with an ordinance setting out procedures for such actions adopted by the authority, for the design and construction of infrastructure that is included on the authority's capital improvement plan and serves the property owner or private developer. Such agreements are not subject to the public contracting provisions, except that the property owner or private developer shall solicit sealed bids or informal bids, if the authority would have had to do so for the project.

O. Walker Reagan  
Director



Research Division  
(919) 733-2578

# House Bill 538

*Page 2*

- Offer and pay a reward not to exceed \$5,000 for information leading to the arrest and conviction of any person who willfully defaces, damages, or destroys authority property, or any person who commits an act of vandalism or larceny of authority property.

**EFFECTIVE DATE:** Effective when it becomes law.

*Erika Churchill, counsel to House Local Government, substantially contributed to this summary.*