



# HOUSE BILL 758: MSD Expansion and Governance.

**This Bill Analysis  
reflects the contents  
of the bill as it was  
presented in  
committee.**

2019-2020 General Assembly

|                       |  |                     |                   |
|-----------------------|--|---------------------|-------------------|
| <b>Committee:</b>     | Senate Agriculture/Environment/Natural Resources. If favorable, re-refer to Rules and Operations of the Senate | <b>Date:</b>        | June 27, 2019     |
| <b>Introduced by:</b> | Rep. McGrady   | <b>Prepared by:</b> | Kyle Evans        |
| <b>Analysis of:</b>   | Third Edition  |                     | Committee Counsel |

**OVERVIEW:** House Bill 758 would require expansion of a metropolitan sewerage district in certain limited circumstances and upon the Environmental Management Commission finding that the inclusion of the new territory would not adversely affect customer service in the district and would preserve and promote the public health and welfare of the district. Effective when it becomes law.

**CURRENT LAW:** Chapter 162A governs water and sewer systems, and in particular metropolitan sewerage districts (MSD). A MSD may be created upon request to the governing body of each political subdivision or upon petition of at least 51% of the qualified voters residing in any unincorporated area, and approval of the Environmental Management Commission. Once approved, a district board is appointed.

Once established, a MSD may expand its territory upon receiving a resolution from a political subdivision or petition of at least 51% of the qualified voters residing in any unincorporated area requesting to be included. If the district board favors the inclusion of the territory in the district, the district board then files a report with the Environmental Management Commission, who in turn shall determine if the request would preserve and promote the public health and welfare and may include the new area in the district. Alternatively, the qualified registered voters of the district may request an election to determine the question of expansion.

If the MSD is expanded, appointments to the district board are to be made by the additional political subdivisions, in accordance with G.S. 162A-68(i), which requires that when the territory of the district is expanding into new territory, any county without representation on the district board must be represented by 3 additional members. The new members must be qualified voters residing within the new territory, and are appointed by the county board of commissioners governing the new territory.

**BILL ANALYSIS:** The bill would require the inclusion of new territory in the district, if so requested by a county not currently in the district. The Environmental Management Commission would be required to hold a public hearing, after receiving certain information from the district board and the requesting county. If, after the public hearing, the Environmental Management Commission determines that the inclusion of the territory will not adversely affect customer service in the district and would preserve and promote the public health and welfare of the district, the Environmental Management Commission is required to adopt a resolution expanding the district to include the requesting territory in the district. Upon expansion, the district board would be increased by two board members. The two new board members must be qualified voters residing within the new territory, and are appointed by the county board of

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commissioners governing the new territory. Also upon expansion, the territory added to the district would be responsible for any outstanding debt of the district.

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

*Erika Churchill, Staff Attorney, contributed significantly to this summary.*