



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

SENATE BILL 434: Merger of Certain Sewerage Districts.

2019-2020 General Assembly

Committee:	Senate Agriculture/Environment/Natural Resources. If favorable, re-refer to Finance. If favorable, re-refer to Rules and Operations of the Senate	Date:	May 22, 2019
Introduced by:	Sen. Sanderson	Prepared by:	Kyle Evans
Analysis of:	PCS to First Edition S434-CSBRxf-20		Committee Counsel

OVERVIEW: Senate Bill 434 would establish a procedure to require the Environmental Management Commission to dissolve a metropolitan sewerage district and to transfer its assets to another metropolitan sewerage district within the same county when meeting certain criteria and when requested by the governing district board of the dissolving metropolitan sewerage district and the governing district board of the transferee district board.

The Proposed Committee Substitute to S434 would make technical and conforming changes.

CURRENT LAW: Article 5 of Chapter 162A governs metropolitan sewerage districts (MSD). The governing body of any two or more political subdivisions, or any political subdivision and any unincorporated area, may request creation of a MSD by resolution to the board or boards of county commissioners (BOC) within which the proposed MSD will lie. Upon receipt of the resolution, the BOC must notify the Environmental Management Commission (EMC) who then must hold a joint public hearing with the BOC. If, after the hearing, the EMC and the BOC determine that creation of the MSD will preserve and promote the public health and welfare, the EMC shall adopt a resolution defining the territorial boundaries of the district. The MSD is a body politic governed by a district board with enumerated statutory powers, including the power to tax, adopt ordinances, and issue bonds. Article 5 contains provisions for expansion of a MSD but contains no provisions for merger or dissolution of a MSD.

BILL ANALYSIS: Senate Bill 434 would amend Article 5 of Chapter 162A by adding a new section requiring the EMC to adopt a resolution dissolving a MSD and transferring its assets to another MSD provided:

- The district boards of the dissolving district and transferee district adopt a resolution requesting the EMC hold a public hearing on the issue of dissolution and transfer.
- Notice of the public hearing is posted at least 30 days prior to the hearing and published once a week for four successive weeks.
- The dissolving district and transferee district are in the same county.
- The county population is less than 15,000 and contains nine or more incorporated municipalities.
- The dissolving district and transferee district serve no less than six of the municipalities.
- The areas served by each district are contiguous.
- The dissolving district has no customers.
- The dissolving district leases its assets to the transferee district.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

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Effective July 1 following adoption of the EMS resolution, the transferring MSD is dissolved and all its assets, liabilities, liens, suits, and obligations are transferred to the transferee MSD.

EFFECTIVE DATE: This act would be effective October 1, 2019.

Billy Godwin, Staff Attorney, contributed significantly to this summary.