



HOUSE BILL 831: Cities/Prohibited Service Agreements.

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

2021-2022 General Assembly

Committee:	House Energy and Public Utilities. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 11, 2021
Introduced by:	Rep. Iler	Prepared by:	Chris Saunders
Analysis of:	First Edition		Committee Counsel

OVERVIEW: House Bill 831 would prohibit cities from entering into agreements with public water or sewer systems that condition the provision or extension of water or sewer services upon the annexation of the area to be served by the city or water or sewer service district.

CURRENT LAW AND BILL ANALYSIS: Part 6 of Article 4A of Chapter 160A of the General Statutes authorizes cities to enter into binding agreements concerning future annexation. These agreements designate one or more areas that are not subject to annexation by one or more of the participating cities.

A "public water or sewer system" is defined in G.S. 160A-58.56(a) as "a water or sewer authority formed under Article 1 of Chapter 162A of the General Statutes; a metropolitan water or sewerage district formed under Article 4 or Article 5 of Chapter 162A of the General Statutes; a county water or sewer district formed under Article 6 of Chapter 162A of the General Statutes; a sanitary district formed under Article 2 of Chapter 130A of the General Statutes; a county-owned water or sewer system; a municipal-owned water or sewer system; a water or sewer utility created by an act of the General Assembly; or a joint agency providing a water or sewer system by interlocal agreement under Article 20 of Chapter 160A of the General Statutes."

Section 1 of House Bill 831 would provide that no annexation agreement entered into under Part 6 of Article 4A of the General Statutes by a city and a "public water or sewer system," as that term is defined in G.S. 160A-58.56(a), could condition the provision or extension of water or sewer services, or both, upon the annexation of the area to be served by the city or by the public water or sewer service district.

Part 1 of Article 16 of Chapter 160A of the General Statutes grants cities the authority to operate public enterprises. G.S. 160A-311 defines a "public enterprise service" as including water supply and distribution systems and wastewater collection, treatment, and disposal systems of all types, including septic tank systems or other on-site collection or disposal facilities or systems.

Section 2 would prohibit a city from entering into any agreement that conditions or otherwise restricts the provision or extension of a public enterprise service, as defined in G.S. 160A-311, upon the annexation of the area to be served by the city.

Part 1 of Article 20 of Chapter 160A of the General Statutes generally allows any unit of local government in this State and any one or more other units of local government in this State or any other state, to the

Jeffrey Hudson
Director



Legislative Analysis
Division
919-733-2578

House Bill 831

Page 2

extent permitted by the laws of the other state, to enter into contracts or agreements with each other in order to execute any undertaking. G.S. 160A-464 sets forth the terms required to be specified in any such contract or agreement.

Section 3 would provide that no contract or agreement establishing an undertaking by a city and a "public water or sewer system," as that term is defined in G.S. 160A-58.56(a), could condition the provision or extension of water or sewer services, or both, upon the annexation of the area to be served by the city or by the public water or sewer service district.

EFFECTIVE DATE: This act would be effective when it becomes law, and would apply to agreements or contracts entered into on or after that date.