



HOUSE BILL 298: Local Gov'ts/System Development Fees.

2025-2026 General Assembly

Committee:	House Housing and Development. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 9, 2025
Introduced by:	Rep. Pickett	Prepared by:	Ike McRee
Analysis of:	First Edition		Committee Co-Counsel

OVERVIEW: *House Bill 298 would allow system development fees for new nonresidential development with an increased flow rate between 325 to 2,500 gallons per day to be paid in installments over a period of up to three years from the time of application for a building permit or the time of application for connection to the service or facilities, whichever is first.*

CURRENT LAW: Local governmental units may impose a system development fee on the owner of a new development within its territorial jurisdiction to fund the cost of water and sewer infrastructure necessitated by the new development, to recoup the costs of existing facilities serving the new development, or a combination of the two. A new development is defined as (i) the subdivision of land; (ii) construction, or any change to an existing structure, that causes an increase in the need for service; or (iii) any use or extension of the use of land which increases the need for service. The fee may not be assessed on an existing development. Under G.S. 162A-213, fees for new development not involving the subdivision of land are collected either at the time of application for connection of the individual unit of development to the services or facilities or when water or sewer service is committed by the local governmental unit, whichever comes first.

BILL ANALYSIS: House Bill 298 would amend G.S. 162A-213 to allow the installment payment of system development fees for new nonresidential development with a calculated increased flow rate between 325 and 2,500 gallons per day. The interest rate on installment payments could be no greater than the rate established by the Secretary of Revenue for the interest that accrues on overpayments of assessments and taxes on the date of the individual development unit connection to the services or facilities. The installment payments could be spread over a period of three years or less from the time of application for a building permit or the time of application for connection of the individual development unit to the service or facilities, whichever comes first.

EFFECTIVE DATE: The act would be effective when it becomes law and apply to system development fees imposed on or after that date.

Kara McCraw
Director



Legislative Analysis
Division
919-733-2578