



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

HOUSE BILL 376: Water/Wastewater Affordability & Capacity Act.

2025-2026 General Assembly

Committee:	Senate Agriculture, Energy, and Environment.	Date:	June 3, 2026
	If favorable, re-refer to Rules and Operations of the Senate		
Introduced by:	Reps. Brody, Zenger, Riddell	Prepared by:	Kyle Evans
Analysis of:	PCS to Fourth Edition		Committee Counsel
	H376-CSBR-34		

OVERVIEW: *The Proposed Committee Substitute (PCS) to H376 would make various changes to the laws concerning water and wastewater utilities, capacity, and the management of on-site wastewater systems.*

CURRENT LAW & BILL ANALYSIS:

AMEND PROCEDURES REGARDING THE SALE OF A PUBLIC WATER SYSTEM

Current law allows water/sewer utilities to apply for a Water and Sewer Investment Plan, under which the Utilities Commission (UC) sets base rates and authorizes annual rate changes for a three-year period. When a utility files new or revised rates, the UC may suspend them for up to 270 days pending a hearing.

Section 1 of the PCS would allow the UC to suspend the effect of proposed base rates and the implementation of a Water and Sewer Investment Plan in the same manner as when a public utility files a new or revised schedule of rates with the UC, except that the UC may suspend the operation of the proposed base rates for up to 300 days.

This section would be effective when it becomes law, and would apply to rate schedules filed on or after that date.

Section 2 would require a local government service provider to hold a public hearing when selling a water or sewer system that services the public to a private company and determine that the sale is in the public interest. In determining if the sale is in the public interest, the local government shall consider several enumerated factors. The local government selling the system must prepare a statement showing that the sale is in the public interest, including a summary of the purchaser's experience in water or sewer utility operation and a showing of financial ability to provide the service.

All money paid by a private company to a local government for the purchase of a water system must be used for debt reduction for the system, if applicable, and repayment of federal grant awards associated with the system as may be required by federal law or regulation. Any remaining funds would be deposited in the local government service provider's general fund.

This section would be effective when it becomes law and would apply to contracts for sales of water systems executed on or after that date.

Kara McCraw
Director



* H 3 7 6 - S M B R - 1 1 5 C S B R - 3 4 - V - 5 *

Legislative Analysis
Division
919-733-2578

House 376 PCS

Page 2

Current law allows, but does not require, local governments that offer water and sewer services to provide services to customers outside their jurisdictional boundaries and allows them to charge those customers different rates.

Section 3 would require a local government water or sewer provider to hold a public hearing if an increase in the rates on customers outside of their jurisdictional boundaries exceeds the rates on customers inside its jurisdictional boundaries by more than 25%. No public hearing would be required if the difference does not exceed 25%.

This section would be effective when it becomes law, and would apply to rates established on or after that date.

COMMERCIAL WASTEWATER DESIGN FLOW RATE STUDY

15A NCAC 02T .0114, adopted by the Environmental Management Commission (EMC), sets forth the wastewater design flow rates which govern allocation and capacity calculations for sewer systems, treatment works, and other systems that do not discharge to surface waters of the State. In addition to setting flow rates for bedrooms, the rule also sets flow rates for various commercial and industrial water users. This rule initially became effective in 2006, and was readopted in 2018.

Section 5 would direct the EMC to study whether flow rates applicable to commercial and industrial water users accurately measure the actual flow rate used by those water users. In conducting the study, the EMC must consider reductions in water consumption associated with new plumbing fixtures, fittings, and appliances; actual metered water use and wastewater flows from commercial and industrial water users; and wastewater design flow rates used by other states for comparable water users.

The EMC would be required to report its findings to the Environmental Review Commission no later than January 1, 2027.

ON-SITE WASTEWATER BOARD CHANGES

The On-Site Wastewater Contractors and Inspectors Certification Board regulates and certifies people who construct, install, repair, or inspect on-site wastewater systems.

Section 6 would make changes to the certification requirements for on-site wastewater inspectors, including requiring that they hold sufficient liability coverage for the project undertaken, clarifying that a grade II contractor cannot be certified as an inspector without the required experience requirements, and requiring that the complete renewal package is submitted by the annual renewal date. This section would become effective January 1, 2027, and applies to applications for certification or certificate renewal on or after that date.

ON-SITE WASTEWATER SYSTEM CHANGES

On-site wastewater systems are regulated by the Commission for Public Health (Commission), but local boards of health are permitted, in some cases, to adopt modifications to rules adopted by the Commission.

Section 7(a) would require that any modifications to rules adopted by the Commission proposed by a local board of health be approved by the Department of Health and Human Services (DHHS) after noticing and holding a public hearing on the proposed rules. Local rules would need to be at least as stringent as rules adopted by the Commission and necessary to protect the public health.

House 376 PCS

Page 3

Before a wastewater system can be issued an Operations Permit and placed into use, G.S. 130A-337 requires that the local health department determines that the system has been installed or repaired in accordance with any conditions of the Improvement Permit, the rules, and the Article governing on-site wastewater systems and rules adopted by the Commission pursuant to that authority. Authorized On-Site Wastewater Evaluators may conduct any required inspection, in lieu of an inspection performed by the local health department.

Section 7(c) would provide that licensed engineers may also conduct any verifications or inspections required for an on-site wastewater system Operation Permit, and streamline the issuance of an Operation Permit if the conditions in the Improvement Permit and Construction Authorization are met and the installation complies with all applicable laws and rules.

This section would become effective when it becomes law and would apply to permits applied for on or after that date.

PRIVATE DRINKING WATER WELL PROGRAM CHANGES

The Environmental Management Commission (EMC) has authority to adopt rules governing the location, construction, repair, and abandonment of large private drinking water wells. All other private drinking water wells are subject to permitting and inspection by the local health department as provided in G.S. 87-97. There are approximately 10 counties that operate a local well program.

Section 8 would eliminate the authority for local health departments to operate a local well program and instead would require local health departments to implement the private drinking water well program established by the EMC. Local health departments would, however, be permitted to continue testing private drinking water wells pursuant to approved local rules. This section would also require a local health department to decide on a permit application for a private drinking water well within 10 business days of receipt of the application, if the application is accompanied by a Notice of Intent to Construct an on-site wastewater system issued by a professional engineer or AOWE pursuant to G.S. 130A-336.1 or G.S. 130A-336.2.

APPROVE CERTAIN ADVANCED PRETREATMENT SYSTEMS AS INNOVATIVE WASTEWATER SYSTEMS

The Commission for Public Health (Commission) is responsible for adopting rules for the approval and permitting of innovative, conventional, provisional, and accepted wastewater systems. Wastewater systems can be approved as innovative systems if (1) the system has been approved as a provisional system and has completed the appropriate evaluation protocol, (2) the system has met the requirements for an innovative system based on comparable research and testing conducted in other states, or (3) the system has been evaluated under protocol established by a nationally recognized certification body for at least two consecutive years, meets certain performance criteria, and is installed consistent with evaluation.

Section 9 would redefine "pretreatment" as "advanced pretreatment," and clarify that advanced pretreatment systems can be used in addition to or in place of a septic tank and require that the advanced pretreatment effluent meets the Commission-set standards for better than septic tank effluent quality. This section also makes various conforming changes, including clarifying that the system is part of a ground absorption system.

Section 10 would narrow the innovative system approval process for systems approved based on evaluation established by a nationally recognized certification body to apply only to advanced pretreatment systems. This section would provide that advanced pretreatment systems can be approved as

House 376 PCS

Page 4

innovative if the system has been approved under protocol established by a nationally recognized certification body, and the Department of Health and Human Services has verified that testing data meets certain requirements, the national body has approved the system, and the design and installation of the system are consistent with the approval.

The Commission for Public Health would be authorized to adopt temporary and permanent rules to implement this section.

Sections 9 and 10 would be effective when it becomes law and would apply to applications for innovative wastewater system approval filed with the Commission on or after that date.

DEQ/DHHS PRIVATE WELL RULEMAKING TECHNICAL CORRECTION

Section 11 would make a conforming change to update the statutes concerning private well rulemaking to reflect that the Department of Health and Human Services, not the Department of Environmental Quality, oversees private wells.

EFFECTIVE DATE: Except as otherwise provided, this act would be effective when it becomes law.

Chris Saunders, Legislative Analysis Division, substantially contributed to this summary.