



# SENATE BILL 1076: Limit Electric/Natural Gas Revenue Uses.

2025-2026 General Assembly

---

<b>Committee:</b> Senate Rules and Operations of the Senate	<b>Date:</b> May 19, 2026
<b>Introduced by:</b> Sens. Barnes, B. Newton, Moffitt	<b>Prepared by:</b> Chris Saunders
<b>Analysis of:</b> Second Edition	Staff Attorney

---

## **OVERVIEW:** *Senate Bill 1076 would:*

- ***Prohibit the City of Rocky Mount from transferring revenue from its electric system and natural gas system to other municipal funds.***
- ***Prohibit the Town of Louisburg from transferring revenue from its electric system to other municipal funds.***
- ***Repeal a provision allowing the Town of Louisburg from using revenue derived from rates for electric service for economic development projects.***

**CURRENT LAW:** G.S. 159B-39 provides that certain municipalities that are members of the North Carolina Municipal Power Agency<sup>1</sup> must use revenue derived from rates for electric service as follows:

- To pay the direct and indirect costs of operating the electric system.
- To transfer to other municipal funds a sum that reflects a rate of return on the investment in the electric system; however, the transferred sum cannot exceed the greater of the following:
  - 3% of the gross capital assets of the electric system at the end of the preceding fiscal year.
  - 5% of the gross annual revenues of the electric system for the preceding fiscal year.
- The remainder must be used to produce lower rates on electric service within the area service by the municipal electric system and make additional debt service payments on bonds or other indebtedness incurred by the municipality to finance improvements to the electric system.

Additionally, S.L. 2021-103 allows the Town of Louisburg to use a portion of this revenue to pay "costs for development or redevelopment of properties, or activities related thereto, likely to increase the municipality's number of electric customers or electric load thereby leading to reduced electric service rates, improved economic development, job growth, or community improvement" as a direct or indirect cost of operating its electric system. Funds could be used for this purpose only when all of the following criteria are met:

---

<sup>1</sup> G.S. 159B-39 applies to the following cities and towns: Apex, Ayden, Belhaven, Benson, Clayton, Edenton, Elizabeth City, Farmville, Fremont, Greenville, Hamilton, Hertford, Hobgood, Hookerton, Kinston, LaGrange, Laurinburg, Louisburg, Lumberton, New Bern, Pikeville, Red Springs, Robersonville, Rocky Mount, Scotland Neck, Selma, Smithfield, Southport, Tarboro, Wake Forest, Washington, and Wilson.

Kara McCraw  
Director



Legislative Analysis  
Division  
919-733-2578

# Senate Bill 1076

Page 2

- The municipality's electric rates are within 10% of the customer rates charged by any provider of electric service in a service area adjacent to the municipality during the fiscal year in which the cost is incurred.
- The municipality maintains in its electric enterprise fund moneys available to pay all costs necessary for operation of its electric system for a three-month period, which funds were not appropriated by the annual budget.
- The municipality has a fully developed capital improvement plan that includes a funding source to replace assets depreciated by seventy five percent (75%) or more.

## **BILL ANALYSIS:**

**Section 1** of Senate Bill 1076 would prohibit the City of Rocky Mount and the Town of Louisburg from transferring revenue from their electric systems to other municipal funds. Therefore, the City of Rocky Mount and the Town of Louisburg would be required to pay the direct and indirect costs of operating their electric systems, then they must use the remaining funds to produce lower rates on electric service and make additional debt service payments incurred by those municipalities on behalf of their electric systems.

**Section 2** would repeal S.L. 2021-103, so that the Town of Louisburg could no longer treat economic development projects as a direct or indirect cost of operating its electric system.

**Section 3** would provide that the City of Rocky Mount may use revenue derived from rates for natural gas service only to pay the direct and indirect costs of operating the natural gas system. Any remaining revenue shall be used to produce lower rates on natural gas service within the area served by the municipal natural gas system and to make additional debt service payments on bonds or other indebtedness. The City could not otherwise transfer revenue from a natural gas utility fund to any other fund of the municipality for any other purpose not explicitly authorized by law. The direct and indirect costs of operating the natural gas system would mostly mirror those of operating an electric system as provided in G.S. 159B-39.

**EFFECTIVE DATE:** Senate Bill 1076 would become effective when it becomes law.

*Nick Giddings, counsel to Senate State and Local Government, substantially contributed to this summary.*