

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 1200 (First Edition)

SHORT TITLE: Water and Sewer Assessment Basis.

SPONSOR(S): Representative Allred

FISCAL IMPACT				
Yes ()	No ()	No Estimate Available (X)		
<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
REVENUES				
General Fund				
* No General Fund Impact *				
Local Governments				
See Assumptions and Methodology				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: North Carolina local governments.				
EFFECTIVE DATE: When it becomes law.				

BILL SUMMARY: Local governments often levy assessments on local residents to pay for the expansion and improvement of water and sewer systems. Current law allows these governments to hold these assessments in abeyance, without interest, until the improvements are actually connected to the water or sewer system for which the assessment was levied, or ten years, whichever occurs first. The legislation requires that these assessments be held in abeyance until connection is made, or the property is sold, if the property owner is 65 years of age or older.

ASSUMPTIONS AND METHODOLOGY: Under current law local governments can levy water and sewer assessments. They can also authorize that those assessments be held in abeyance, without interest, until the actual connection to the system is made, or ten years passes. This language is permissive. The legislation, in contrast, mandates that the assessments be held in abeyance for the elderly until the connection is made or the property is sold.

Water and sewer assessments are a typical way to finance water and sewer improvements and expansions in North Carolina, and both cities and counties use the strategy. Moreover, according to the Environmental Finance Center at UNC-CH, it is growing in popularity with local governments, and it is likely to become the primary method of financing these improvements, particularly in the case of annexations. However, neither the League of Municipalities, the County Commissioners Association, nor the Environmental Finance Center has data that would assist in developing a fiscal impact statement.

One city that is currently levying water and sewer assessments is Wilmington. That city's fee schedule indicates that residents are charged approximately 8% of the construction cost. However, Wilmington also offers special, lower rates for low income and elderly residents who are being connected. Fayetteville is also engaged in a large water and sewer expansion effort, and is funding it, in part, with assessments. However, no data was available from the city to assist in this fiscal analysis.

No other potential source of statewide information seems to exist. As such, Fiscal Research cannot determine the value of these assessments, how often these assessments are currently held in abeyance, or how many of these assessments are levied on homes owned by the elderly. Therefore, no fiscal estimate is possible on this legislation.

SOURCES OF DATA: None

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Linda Struyk Millsaps

APPROVED BY: James D. Johnson, Director
Fiscal Research Division



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