



## The Daily Bulletin: 2019-08-14

### PUBLIC/SENATE BILLS

S 553 (2019-2020) **REGULATORY REFORM ACT OF 2019**. Filed Apr 2 2019, *AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE CITIZENS OF NORTH CAROLINA*.

Conference report makes the following changes to the 6th edition.

#### Part I. State and Local Government Regulation

Makes technical changes to Section 3 and renames the section.

Makes technical corrections to a cross reference in Section 6.

Deletes previous Section 7, concerning adoption of the 2017 Food Code.

Makes clarifying changes to proposed GS 160A-383.6 in Section 7.

#### Section 9

Deletes the previous provision concerning NC Pre-K classrooms providing parents and guardians with a list of all school options in the county and replaces it with the following. Requires the Division of Childhood Development and Early Education of the Department of Health and Human Services to post the following on its website: (1) education opportunities for kindergarten offered by local school administrative units; (2) educational opportunities for kindergarten offered by charter schools; and (3) scholarships for enrollment in non-public schools provided under Part 2A of Article 39 of GS Chapter 115C. Effective January 1, 2020.

#### Part II. Agriculture, Energy, Environment, and Natural Resources Regulation

#### Section 14

Adds a new subsection to GS 130A-335 to allow local health departments to determine site suitability for a ground absorption sewage treatment and disposal system pursuant to rules adopted by the Commission for Public Health or specified state law, if three criteria are indicated: (1) the system can be installed so that the effluent will be nonpathogenic, noninfectious, nontoxic, and nonhazardous; (2) the effluent will not contaminate groundwater or surface water; and (3) the effluent will not be exposed on the ground surface or be discharged to surface waters where it could come into contact with people, animals, or vectors.

#### Section 15

Makes the following changes to GS Chapter 159G, Water Infrastructure.

Amends GS 159G-20 to define *distressed unit* and *Viable Utility Reserve*. Modifies the term local government unit to include a metropolitan water district, a metropolitan sewerage district, and a county water and sewer district. Makes organizational changes and updates GS Chapter 162A Article and GS Chapter 160A references.

Amends GS 159G-22 to establish the Viability Utility Reserve (Reserve) account within the Water Infrastructure Fund to receive State appropriations. Specifies that credited revenue to the account is neither received from the federal government nor provided as a match for federal funds. Directs the Department of Environmental Quality (DEQ) to establish accounts within the Reserve to administer grants for public water systems or wastewater systems owned by local government units.

Amends GS 159G-30 to include the administration of grants made from the Reserve, through the Division of Water Infrastructure (Division), in DEQ's responsibilities. Makes clarifying and technical changes.

Amends GS 159G-31 to establish that a local government unit, as now defined, is eligible to apply for a grant from the Reserve.

Amends GS 159G-32 to specify five authorized uses for grants from the Reserve, including rehabilitating existing public water or wastewater infrastructure, decentralizing an existing public water or wastewater system, and funding a study of rates or merger and regionalization options.

Enacts GS 159G-34.5, detailing three types of authorized Reserve grants: (1) an asset assessment and rate study grant, (2) a merger/regionalization feasibility grant, and (3) a project grant. Requires separate accounts in the Reserve for each type of grant. Allows for a grants to be awarded to a regional council of government or to a regional planning commission so long as DEQ and the Local Government Commission determine it to be in the best interest of the local government.

Amends GS 159G-35 to require the Local Government Commission and the State Water Infrastructure Authority (Authority) to jointly develop evaluation criteria to review grant applications and award grants from the Reserve as provided in GS 159G-39, as amended. Makes clarifying changes.

Amends GS 159G-36 to prohibit the amount of a Reserve grant from exceeding the construction costs of a project. Specifies that grant availability is limited to the extent that other funding sources are not reasonably available to the applicant. Caps grants from the Reserve to any single local government unit at \$15 million, and at \$30 million where two or more governmental units are merging into a single utility.

Expands the application provisions set forth in GS 159G-37 concerning loans and grants from other Reserves under the Chapter to include applications for grants from the Reserve.

Amends GS 159G-39 to require the Local Government Commission to approve the grant award and terms before a grant can be awarded. Authorizes DEQ and the Local Government Commission to impose specific performance measures or conditions on a Reserve grant, in their discretion.

Enacts GS 159G-45 to require the Authority and the Local Government Commission to develop criteria for assessment and review of local government units to identify distressed units, defined as a public water or wastewater system exhibiting signs of failure to identify or address those financial or operating needs necessary to enable that system to become or to remain a local government unit generating sufficient revenues to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services. Details five components which the criteria should address, including whether the public water or wastewater system has an established, operational, and adequately funded program for its repair, maintenance, and management. Requires distressed units to take certain actions, as described, including developing an action plan for short- and long-term infrastructure repair, maintenance and management, continuing education of the governing board and system operating staff, and long-term financial management. Also requires distressed units to conduct an asset assessment and rate study, and participate in a training and educational program. Provides that once the requirements are met, the local government unit is no longer identified as a distressed unit for the remainder of that assessment and review cycle. Requires the assessment and review cycle of local government units to be no less than every two years, with frequency to be established by the Authority and the Local Government Commission.

Enacts Article 10, Dissolution and Merger of Units, to GS Chapter 162A. Defines *unit* as the same entities created under GS Chapter 162A that are included in the term *local government unit* under GS Chapter 159G, as amended. Details information which must be provided to the Environmental Management Commission (Commission) prior to any action under the Article to merge or dissolve. Requires the Commission to provide a copy of the information submitted to DEQ and the Local Government Commission upon receipt of a request to dissolve or merge. Specifies notice requirements for district boards of affected units and any other governing boards affected upon confirmation of the time and place for a public hearing on dissolution or merger.

Authorizes a unit to merge with any other unit, county, city, consolidated city-county, sanitary district, or joint agency, as described, (1) if the merger is a condition of receiving a grant from the Reserve or (2) upon approval of the Commission, in consultation with DEQ and the Local Government Commission. Provides for the the transfer of assets, liabilities, and obligations by resolution of the Commission, as specified, and details dissolving a unit upon satisfaction of certain criteria.

Authorizes a unit to be dissolved (1) if the merger is a condition of receiving a grant from the Reserve or (2) in order to merge with another unit, county, city, consolidated city-county, sanitary district, or joint agency, as described, and establish a new entity upon approval of the Commission, in consultation with DEQ and the Local Government Commission. Provides for the the transfer of assets, liabilities, and obligations by resolution of the Commission, as specified, and dissolving a unit.

Establishes the effective date for merger or dissolution upon the adoption of a resolution by the Commission to be fixed as of June 30 following the adoption or the second June 30 following the adoption of the resolution. Details the effect of a merger or dissolution upon adoption of a resolution by the Commission and authorizes all governing boards and district boards to take actions and execute the documents necessary to effectuate the described provisions.

Enacts Article 5, Water and Wastewater Systems, to GS Chapter 160A. Sets forth defined terms. Authorizes interlocal cooperation between local government units for any purpose. Specifies that interlocal cooperation contracts for one or more undertakings under Part 5 are governed by the provisions of Part 1, Joint Exercise of Powers, Article 20, GS Chapter 160A.

Provides that the above provisions are effective October 1, 2019.

Directs DEQ to study the statutes and rules governing subbasin transfers. Details requirements of the study, including whether the costs of complying with specific statutory requirements are worth the benefits of the requirements. Requires DEQ to submit a report to the Environmental Review Commission by October 1, 2019.

Directs the Department of State Treasurer to study the feasibility of authorizing historical charts for local government units that have become or may become defunct. Details requirements of the study, including the consequences of such charters. Requires the Department of State Treasurer to report to the General Assembly by March 1, 2020.

### Part III. Miscellaneous Regulatory Reform Provisions

#### Section 17

Requires the Department of Revenue to provide the Revenue Laws Study Committee with information on the property taxation of outdoor advertising signs (was, directed the Revenue Laws Study Committee is directed to study issues related to the property taxation of outdoor advertising signs). Requires that the review include the same information that the study was previously required to include and adds reviewing the practices in other states. Requires that the information be provided to the Committee by March 31, 2020.

Deletes previous Section 18 concerning broadband easements.

Deletes previous Section 20 concerning electric standup scooters.

#### Section 21

Changes the effective date of the section, concerning voting systems performance bond, from when the act becomes law, to January 1, 2020.

#### Section 22

Changes the effective date of the section, concerning the sale of salvaged vehicles, from when the act becomes law, to March 1, 2020.

#### Section 24

Deletes the changes to GS 18B-1006 concerning ABC permits at community colleges stadiums and instead amends the statute as follows. Allows permits for the sale of malt beverages, unfortified wine, or fortified wine to be issued to any stadiums with a permanently constructed seating capacity of 2,000 or more, leased for a year or more to a for-profit corporation registered in the State, if (1) the permittee only sells malt beverages, unfortified wine, or fortified wine at events that are not sponsored or funded by the public college or university, and (2) the Board of Trustees of the public college or university has voted to allow the issuance of permits for use at that stadium. Provides that if a Board of Trustees votes to allow the issuance of permits, then written notice must be given to the ABC Commission that it has voted to allow the issuance of permits. Applies to permits issued or active on or after April 9, 2019.

#### Section 25

Makes the Division of Emergency Management of the Department of Public Safety, rather than the Department of Transportation, responsible for studying the needs of law enforcement, emergency medical and emergency management personnel, and firefighters to improve access to or within the interstate system of this State for the benefits of public safety. Includes the Department of Transportation among those that the Division may consult with in conducting the study. Makes conforming changes.

Deletes previous Section 27, which required a study on ways to optimize and modernize the state's recycling requirements for discarded computer equipment and televisions.

#### Section 26

Makes a clarifying change to the proposed changes to GS 83A-7, regarding architecture licensure.

#### Section 27

Amends GS 143-215.54 to add aquaculture to the authorized uses for flood hazard areas without a permit so long as the use complies with local land-use ordinances and any other applicable laws and regulations. Adds a new provision to prohibit local governments from restricting the authorized uses in a flood hazard area if it has been demonstrated through specified analyses that the proposed use will not result in any increase in flood levels as documented by a No-Rise Certification, signed by a professional engineer and submitted as specified. Authorizes local governments to charge a fee of up to \$100 in order to evaluate compliance with these provisions.

#### Section 28

Amends GS 58-41-15, concerning insurance cancellation, to make a clarifying and organizational change. Explicitly provides that proof of mailing is sufficient proof of notice of cancellation under the statute (rather than under subsection (b), which provides for notice requirements). Effective October 1, 2020.

#### Section 29

Authorizes the Department of Agriculture and Consumer Services to use funds appropriated pursuant to Section 4.1 of SL 2018-136 (2018 Hurricane Florence Disaster Recovery Act) to provide non-federal match for any project that has been or will be approved for funding by the USDA Emergency Watershed Protection Program.

Makes additional conforming and organizational changes.

#### **Intro. by Sanderson, Wells.**

STUDY, Onslow, Rockingham, GS 14, GS 18B, GS 20, GS 58, GS 83A, GS 93A, GS 117, GS 130A, GS 143, GS 153A, GS 159G, GS 160A, GS 162A, GS 163A

**Agriculture, Alcoholic Beverage Control, Business and Commerce, Insurance, Occupational Licensing, Courts/Judiciary, Civil, Family Law, Motor Vehicle, Criminal Justice, Criminal Law and Procedure, Development, Land Use and Housing, Building and Construction, Land Use, Planning and Zoning, Property and Housing, Education, Preschool, Higher Education, Environment, Government, Elections, General Assembly, Public Safety and Emergency Management, State Agencies, Community Colleges System Office, Department of Agriculture and Consumer Services, Department of Environmental Quality (formerly DENR), Department of Health and Human Services, Department of Insurance, Department of State Treasurer, Department of Transportation, Local Government, Health and Human Services, Health, Public Health, Public Enterprises and Utilities**

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## **ACTIONS ON BILLS**

**PUBLIC BILLS****H 226: 2019 AOC LEGISLATIVE CHANGES.-AB**

*House: Cal Pursuant 36(b)*

*House: Withdrawn From Cal*

*House: Re-ref Com On Rules, Calendar, and Operations of the House*

**S 86: SMALL BUSINESS HEALTHCARE ACT.**

*Senate: Ratified*

**S 230: NC MILITARY AND VETERAN ACT OF 2019. (NEW)**

*Senate: Ratified*

**S 361: HEALTHY NC. (NEW)**

*Senate: Regular Message Received For Concurrence in H Com Sub*

*Senate: Placed On Cal For 08/20/2019*

**S 438: EXCELLENT PUBLIC SCHOOLS ACT OF 2019.**

*Senate: Pres. To Gov. 8/14/2019*

**S 553: REGULATORY REFORM ACT OF 2019.**

*Senate: Conf Com Reported*

*Senate: Conf Held As Material*

*Senate: Placed On Cal For 08/20/2019*

**S 562: THE SECOND CHANCE ACT.**

*House: Withdrawn From Cal*

*House: Re-ref Com On Rules, Calendar, and Operations of the House*

*House: Withdrawn From Com*

*House: Cal Pursuant Rule 36(b)*

**S 690: MODIFICATIONS TO 2019 APPOINTMENTS BILL.**

*Senate: Passed 1st Reading*

*Senate: Ref To Com On Rules and Operations of the Senate*

**No local actions on bills**

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