

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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PRINCIPAL CLERK

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SENATE BILL DRS45561-TQ-49

Short Title: Rocky Mount/Limit Electric Power Revenue Uses. (Local)

Sponsors: Senators Barnes, B. Newton, and Moffitt (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROHIBIT THE CITY OF ROCKY MOUNT FROM TRANSFERRING THE
3 REVENUES OF ITS ELECTRIC SYSTEM TO OTHER MUNICIPAL FUNDS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 159B-39 reads as rewritten:

6 "§ 159B-39. Permitted uses of revenue from electric power rates.

7 (a) A municipality as authorized in this Chapter shall use revenue derived from rates for
8 electric service to ~~(i) pay the direct and indirect costs of operating the electric system and (ii)~~
9 ~~transfer to other funds of the municipality a sum that reflects a rate of return on the investment~~
10 ~~in the electric system to the extent allowed in subsection (c) of this section.~~ system. Any
11 remaining revenue shall be used to produce lower rates on electric service within the area served
12 by the municipal electric system and to make additional debt service payments on bonds or other
13 indebtedness incurred by the municipality to finance improvements to the electric system. A
14 municipality shall not otherwise transfer revenue from an electric utility fund to any other fund
15 of the municipality for any other purpose not explicitly authorized by law.

16 (b) The direct and indirect costs of operating the electric system include all of the
17 following:

- 18 (1) Debt service payments on indebtedness incurred for the electric system or
19 secured by revenues of the electric system.
- 20 (2) Capital improvements or equipment for the electric system.
- 21 (3) Payments for the cost of power purchased under contractual arrangements.
- 22 (4) Debt service, maintenance, renewal, and replacement or other reserves
23 required by legal documents entered into by the municipality in connection
24 with the issuance of bonds or other indebtedness for the electric system.
- 25 (5) Reserves deemed necessary by the governing body of the municipality to
26 assure that funds are available to maintain the financial and operational
27 integrity of the electric system.
- 28 (6) Maintaining a rate stabilization fund to minimize the impact of periodic rate
29 changes that would otherwise be required to reflect changes in costs of
30 operations and demand for electric service.
- 31 (7) Making payments in lieu of taxes to other governmental units to reflect
32 property taxes that would have been collected by the other governmental unit
33 if the municipality were not the owner of the electric system.
- 34 (8) Making transfers to the general fund or other funds of the municipality to
35 reimburse the general fund or other funds for costs paid from the fund that are
36 reasonably allocable to the electric system.



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1 (c) The total amount transferred to other funds of the municipality authorized as a rate of
2 return on the investment of the municipality in the electric system shall be calculated using
3 amounts reported in the municipality's audited financial statements for the preceding fiscal year.
4 The amount transferred may be less than the following, but in no event may the amount
5 transferred exceed the greater of the following:

6 (1) Three percent (3%) of the gross capital assets of the electric system at the end
7 of the preceding fiscal year.

8 (2) Five percent (5%) of the gross annual revenues of the electric system for the
9 preceding fiscal year.

10 (d) The restrictions in this section shall not apply to any action required to be taken for a
11 municipality by the Local Government Commission in accordance with G.S. 159-181(c).

12 (e) This section applies only to the following cities and towns that are members of the
13 North Carolina Eastern Municipal Power Agency: Apex, Ayden, Belhaven, Benson, Clayton,
14 Edenton, Elizabeth City, Farmville, Fremont, Greenville, Hamilton, Hertford, Hobgood,
15 Hookerton, Kinston, LaGrange, Laurinburg, Louisburg, Lumberton, New Bern, Pikeville, Red
16 Springs, Robersonville, Rocky Mount, Scotland Neck, Selma, Smithfield, Southport, Tarboro,
17 Wake Forest, Washington, and Wilson."

18 **SECTION 2.** This act applies only to the City of Rocky Mount.

19 **SECTION 3.** This act becomes effective July 1, 2026.