



CHAPTER 162A
ARTICLE 8 - SYSTEM DEVELOPMENT FEES

N.C.G.S. § 162A-201.

Definitions.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT No amendment history on record	RETRIEVED 21 September 2026, 02:50 UTC	SOURCE FINGERPRINT ed7f3687815049e072050561 - 05690083a7f3eafb886b211e - 995312f8a135befb
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The following definitions apply in this Article:

Capital improvement. - A planned facility or expansion of capacity of an existing facility other than a capital rehabilitation project necessitated by and attributable to new development.

Capital rehabilitation project. - Any repair, maintenance, modernization, upgrade, update, replacement, or correction of deficiencies of a facility, including any expansion or other undertaking to increase the preexisting level of service for existing development.

Existing development. - Land subdivisions, structures, and land uses in existence at the start of the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee.

Facility. - A water supply, treatment, storage, or distribution facility, or a wastewater collection, treatment, or disposal facility providing a general benefit to the area that facility serves and is owned or operated, or to be owned or operated, by a local governmental unit. This shall include facilities for the reuse or reclamation of water and any land associated with the facility.

Local governmental unit. - Any political subdivision of the State that owns or operates a facility, including those owned or operated pursuant to local act of the General Assembly or pursuant to Part 2 of Article 2 of Chapter 130A, Article 15 of Chapter 153A, Article 16 of Chapter 160A, or Articles 1, 4, 5, 5A, or 6 of Chapter 162A of the General Statutes.

New development. - Any of the following occurring after the date a local government begins the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee, which increases the capacity necessary to serve that development:

a.The subdivision of land.

b.The construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure which increases the number of service units.

c.Any use or extension of the use of land which increases the number of service units.

Service. - Water or sewer service, or water and sewer service, provided by a local governmental unit, including water or sewer service provided pursuant to a wholesale arrangement between a water and sewer authority organized under Article 1 of Chapter 162A of the General Statutes and a local governmental unit.

Service unit. - A unit of measure, typically an equivalent residential unit, calculated in accordance with generally accepted engineering or planning standards.

System development fee. - A charge or assessment for service, including service provided pursuant to a wholesale arrangement between a water and sewer authority organized under Article 1 of Chapter 162A of the General Statutes and a local governmental unit, imposed with respect to new development to fund costs of capital improvements necessitated by and attributable to such new development, to recoup costs of existing facilities which serve such new development, to recoup costs incurred by a local government unit to purchase capacity in, or reserve capacity supplied by, capital improvements or facilities owned by another local government unit, or a combination of those costs, as provided in this Article. The term includes amortized charges, lump-sum charges, and any other fee that functions as described by this definition regardless of terminology. The term does not include any of the following:

a.A charge or fee to pay the administrative, plan review, or inspection costs associated with permits required for development.

b.Tap or hookup charges for the purpose of reimbursing the local governmental unit for the actual cost of connecting the service unit to the system.

c.Availability charges.

d.Dedication of capital improvements on-site, adjacent, or ancillary to a development absent a written agreement providing for credit or reimbursement to the developer pursuant to G.S. 153A-280, 153A-451, 160A-320, 160A-499 or Part 3A of Article 18, Chapter 153A or Part 3D of Article 19, Chapter 160A of the General Statutes.

e.Reimbursement to the local governmental unit for its expenses in constructing or providing for water or sewer utility capital improvements adjacent or ancillary to the development if the owner or developer has agreed to be financially responsible for such expenses; however, such reimbursement shall be credited to any system development fee charged as set forth in G.S. 162A-207(c).

f.A charge or fee paid by one local government unit to another local government unit for capacity in, or reserve capacity supplied by, capital improvements or facilities.

System development fee analysis. - An analysis meeting the requirements of G.S. 162A-205. (2017-138, s. 1; 2021-76, s. 1; 2023-55, s. 2(a).)

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS II
3 AUTHORITIES

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 162A-205	(null)(3)	"the written analysis process required by"
G.S. 153A-280		"reimbursement to the developer pursuant to"
G.S. 162A-207(c)		"fee charged as set forth in"

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 162A-201 (2026).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

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