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## Community and Economic Development in North Carolina and Beyond Blog: Changing Face of Water Quality Finance?

By Jeff Hughes

Article: <https://ced.sog.unc.edu/changing-face-of-water-quality-finance/>

This entry was posted on August 23, 2011 and is filed under Community Development, Financing Development, Natural Assets, Sustainable Development

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Jake Wicker, a long time faculty member at the School of Government, used to like to say that Governments don't pay for anything and that it's the people who pay – Governments just do the "collecting." The challenge in developing fair and sufficient water quality finance programs has often revolved around deciding how to distribute the collecting mechanisms between different levels of government. This summer, several developments mark a potential change, at least in the short term, in how water quality improvements are financed in North Carolina. The budget of the Clean Water Management Trust Fund was severely cut during the state budget process, and the Fund now enters the year with approximately a tenth of the funding it had several years ago and new limitations on how those funds can be used. Many local governments and land conservation organizations have relied on these funds as a key component of their water quality protection efforts and are now looking for potential alternative options to fund their projects. While the NC General Assembly debated which programs should be funded by revenues collected at the state level this summer, the Raleigh and Durham city councils debated the appropriateness of collecting additional funds from their water customers for the purposes of water quality protection. Both cities voted to move forward with a penny per hundred water quality protection/land conservation program that involves adding a penny to the price of a hundred units of the water they sell. Raleigh will be charging an additional penny per 100 gallons of water sold and Durham will charge an additional penny per 100 cubic feet. The rationale behind these programs is that the people who drink the water should contribute directly to the cost of water quality land protection initiatives in their watersheds. The programs together will generate an estimated \$2.5 million dollars per year – approximately a quarter of the Clean Water Management Trust Fund's statewide 2012 budget. There are many fascinating arguments about who should pay for the cost of water quality improvements that touch on the public cross boundary nature of many water quality improvements versus the private benefits accrued to individuals such as the Durham and Raleigh water customers. Whether the developments this summer have more to do with budget realities than philosophical debates about who should pay remains to be seen, but the trends are worth watching.