

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 727\*

Short Title: Annexation Changes. (Public)

Sponsors: Representatives Love, Starnes, Allen, K. Alexander (Primary Sponsors); Frye, Grady, McGee, Tolson, Tucker, and E. Warren.

Referred to: Rules, Calendar, and Operations of the House, if favorable, Judiciary II, if favorable, Finance.

March 23, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO REFORM THE STATE'S ANNEXATION LAWS.

3 The General Assembly of North Carolina enacts:

4 SECTION 1. G.S. 143B-437.04 reads as rewritten:

5 "§ 143B-437.04. Community development block grants.

6 (a) The Department of Commerce shall adopt guidelines for the awarding of  
7 Community Development Block Grants to ensure that:

8 (1) No local match is required for grants awarded for projects located in  
9 counties that have one of the 25 highest rankings under G.S. 143B-437.08 or  
10 counties that have a population of less than 50,000 and more than nineteen  
11 percent (19%) of its population below the federal poverty level according to  
12 the most recent federal decennial census.

13 (2) To the extent practicable, priority consideration for grants is given to  
14 projects located in counties that have met the conditions of subdivision  
15 (a)(1) of this section or in urban progress zones that have met the conditions  
16 of subsection (b) of this section.

17 (3) Priority consideration is given to projects located in areas annexed by a  
18 municipality under Article 4A of Chapter 160A of the General Statutes in  
19 order to provide water or sewer services to low-income residents. For  
20 purposes of this provision, low-income residents are those with a family  
21 income that is fifty percent (50%) or less of median family income.

22 (b) In order to qualify for the benefits of this section, after an area is designated an  
23 urban progress zone under G.S. 143B-437.09, the governing body of the city in which the zone  
24 is located must adopt a strategy to improve the zone and establish an urban progress zone  
25 committee to oversee the strategy. The strategy and the committee must conform with  
26 requirements established by the Secretary of Commerce."

27 SECTION 2. G.S. 159G-23 reads as rewritten:

28 "§ 159G-23. Common criteria for loan or grant from Wastewater Reserve or Drinking  
29 Water Reserve.

30 The criteria in this section apply to a loan or grant from the Wastewater Reserve or the  
31 Drinking Water Reserve. The Division of Water Quality and the Division of Environmental  
32 Health must each establish a system of assigning points to applications based on the following  
33 criteria:



- 1 (1) Public necessity. – An applicant must explain how the project promotes  
2 public health and protects the environment. A project that improves a system  
3 that is not in compliance with permit requirements or is under orders from  
4 the Department, enables a moratorium to be lifted, or replaces failing septic  
5 tanks with a wastewater collection system has priority.
- 6 (2) Effect on impaired waters. – A project that improves designated impaired  
7 waters of the State has priority.
- 8 (3) Efficiency. – A project that achieves efficiencies in meeting the State's water  
9 infrastructure needs or reduces vulnerability to drought consistent with Part  
10 2A of Article 21 of Chapter 143 of the General Statutes by one of the  
11 following methods has priority:  
12 a. The combination of two or more wastewater or public water systems  
13 into a regional wastewater or public water system by merger,  
14 consolidation, or another means.  
15 b. Conservation or reuse of water, including bulk water reuse facilities  
16 and waterlines to supply reuse water for irrigation and other  
17 approved uses.  
18 c. Construction of an interconnection between water systems intended  
19 for use in drought or other water shortage emergency.  
20 d. Repair or replacement of leaking waterlines.  
21 e. Replacement of meters and installation of new metering systems.
- 22 (4) Comprehensive land-use plan. – A project that is located in a city or county  
23 that has adopted or has taken significant steps to adopt a comprehensive  
24 land-use plan under Article 18 of Chapter 153A of the General Statutes or  
25 Article 19 of Chapter 160A of the General Statutes has priority over a  
26 project located in a city or county that has not adopted a plan or has not  
27 taken steps to do so. The existence of a plan has more priority than steps  
28 taken to adopt a plan, such as adoption of a zoning ordinance. A plan that  
29 exceeds the minimum State standards for protection of water resources has  
30 more priority than one that does not. A project is considered to be located in  
31 a city or county if it is located in whole or in part in that unit. A land-use  
32 plan is not considered a comprehensive land-use plan unless it has  
33 provisions that protect existing water uses and ensure compliance with water  
34 quality standards and classifications in all waters of the State affected by the  
35 plan.
- 36 (5) Flood hazard ordinance. – A project that is located in a city or county that  
37 has adopted a flood hazard prevention ordinance under G.S. 143-215.54A  
38 has priority over a project located in a city or county that has not adopted an  
39 ordinance. A plan that exceeds the minimum standards under  
40 G.S. 143-215.54A for a flood hazard prevention ordinance has more priority  
41 than one that does not. A project is considered to be located in a city or  
42 county if it is located in whole or in part in that unit. If no part of the service  
43 area of a project is located within the 100-year floodplain, the project has the  
44 same priority under this subdivision as if it were located in a city or county  
45 that has adopted a flood hazard prevention ordinance. The most recent maps  
46 prepared pursuant to the National Flood Insurance Program or approved by  
47 the Department determine whether an area is within the 100-year floodplain.
- 48 (6) Sound management. – A project submitted by a local government unit that  
49 has demonstrated a willingness and ability to meet its responsibilities  
50 through sound fiscal policies and efficient operation and management has  
51 priority.

- 1 (7) Capital improvement plan. – A project that implements the applicant's  
 2 capital improvement plan for the wastewater system or public water system  
 3 it manages has priority over a project that does not implement a capital  
 4 improvement plan. To receive priority, a capital improvement plan must set  
 5 out the applicant's expected water infrastructure needs for at least 10 years.
- 6 (8) Coastal habitat protection. – A project that implements a recommendation of  
 7 a Coastal Habitat Protection Plan adopted by the Environmental  
 8 Management Commission, the Coastal Resources Commission, and the  
 9 Marine Fisheries Commission pursuant to G.S. 143B-279.8 has priority over  
 10 other projects that affect counties subject to that Plan.
- 11 (9) A project that is located in an area annexed by a municipality under Article  
 12 4A of Chapter 160A of the General Statutes in order to provide water or  
 13 sewer services to low-income residents has priority. For purposes of this  
 14 provision, low-income residents are those with a family income that is fifty  
 15 percent (50%) or less of median family income."

16 **SECTION 3.** G.S. 160A-31 reads as rewritten:

17 **"§ 160A-31. Annexation by petition.**

18 (a) The governing board of any municipality may annex by ordinance any area  
 19 contiguous to its boundaries upon presentation to the governing board of a petition signed by  
 20 the owners of all the real property located within such area. The petition shall be signed by each  
 21 owner of real property in the area and shall contain the address of each such owner.

22 (b) The petition shall be prepared in substantially the following form:

23 DATE:

24 To the \_\_\_\_\_ (name of governing board) of the (City or Town) of  
 25 \_\_\_\_\_

26 1. We the undersigned owners of real property respectfully request that the area described  
 27 in paragraph 2 below be annexed to the (City or Town) of \_\_\_\_\_

28 2. The area to be annexed is contiguous to the (City or Town) of \_\_\_\_\_ and the  
 29 boundaries of such territory are as follows:

30 (c) Upon receipt of the petition, the municipal governing board shall cause the clerk of  
 31 the municipality to investigate the sufficiency thereof and to certify the result of his  
 32 investigation. Upon receipt of the certification, the municipal governing board shall fix a date  
 33 for a public hearing on the question of annexation, and shall cause notice of the public hearing  
 34 to be published once in a newspaper having general circulation in the municipality at least 10  
 35 days prior to the date of the public hearing; provided, if there be no such paper, the governing  
 36 board shall have notices posted in three or more public places within the area to be annexed and  
 37 three or more public places within the municipality.

38 (d) At the public hearing all persons owning property in the area to be annexed who  
 39 allege an error in the petition shall be given an opportunity to be heard, as well as residents of  
 40 the municipality who question the necessity for annexation. The governing board shall then  
 41 determine whether the petition meets the requirements of this section. Upon a finding that the  
 42 petition meets the requirements of this section, the governing board shall have authority to pass  
 43 an ordinance annexing the territory described in the petition. The governing board shall have  
 44 authority to make the annexing ordinance effective immediately or on any specified date within  
 45 six months from the date of passage of the ordinance.

46 (e) From and after the effective date of the annexation ordinance, the territory and its  
 47 citizens and property shall be subject to all debts, laws, ordinances and regulations in force in  
 48 such municipality and shall be entitled to the same privileges and benefits as other parts of such  
 49 municipality. Real and personal property in the newly annexed territory on the January 1  
 50 immediately preceding the beginning of the fiscal year in which the annexation becomes  
 51 effective is subject to municipal taxes as provided in G.S. 160A-58.10. If the effective date of

1 annexation falls between June 1 and June 30, and the effective date of the privilege license tax  
2 ordinance of the annexing municipality is June 1, then businesses in the area to be annexed  
3 shall be liable for taxes imposed in such ordinance from and after the effective date of  
4 annexation.

5 (f) For purposes of this section, an area shall be deemed "contiguous" if, at the time the  
6 petition is submitted, such area either abuts directly on the municipal boundary or is separated  
7 from the municipal boundary by the width of a street or street right-of-way, a creek or river, or  
8 the right-of-way of a railroad or other public service corporation, lands owned by the  
9 municipality or some other political subdivision, or lands owned by the State of North Carolina.  
10 A connecting corridor consisting solely of a street or street right-of-way may not be used to  
11 establish contiguity to an outlying, noncontiguous area. In describing the area to be annexed in  
12 the annexation ordinance, the municipal governing board may include within the description  
13 any territory described in this subsection which separates the municipal boundary from the area  
14 petitioning for annexation.

15 (g) The governing board may initiate annexation of contiguous property owned by the  
16 municipality by adopting a resolution stating its intent to annex the property, in lieu of filing a  
17 petition. The resolution shall contain an adequate description of the property, state that the  
18 property is contiguous to the municipal boundaries and fix a date for a public hearing on the  
19 question of annexation. Notice of the public hearing shall be published as provided in  
20 subsection (c) of this section. The governing board may hold the public hearing and adopt the  
21 annexation ordinance as provided in subsection (d) of this section.

22 (h) A city council which receives a petition for annexation under this section may by  
23 ordinance require that the petitioners file a signed statement declaring whether or not vested  
24 rights with respect to the properties subject to the petition have been established under  
25 G.S. 160A-385.1 or G.S. 153A-344.1. If the statement declares that such rights have been  
26 established, the city may require petitioners to provide proof of such rights. A statement which  
27 declares that no vested rights have been established under G.S. 160A-385.1 or G.S. 153A-344.1  
28 shall be binding on the landowner and any such vested right shall be terminated.

29 (i) Using the procedures under this section, the governing board of any municipality  
30 may annex by ordinance any distressed area contiguous to its boundaries upon presentation to  
31 the governing board of a petition signed by seventy-five percent (75%) of the resident  
32 households located within such area. For purposes of this subsection, a "distressed area" is  
33 defined as an area in which a majority of the households to be annexed have incomes that are  
34 fifty percent (50%) or less of median family income."

35 **SECTION 4.** G.S. 160A-34 reads as rewritten:

36 **"§ 160A-34. Authority to annex.**

37 The governing board of any municipality having a population of less than ~~5,000~~10,000  
38 persons according to the last federal decennial census may extend the corporate limits of such  
39 municipality under the procedure set forth in this Part, except that this Part does not apply to  
40 any municipality in Craven County having a population of less than 500 persons according to  
41 the last federal decennial census unless that municipality provides at least six of the seven  
42 categories of municipal services listed in G.S. 136-41.2(c). This Part does not apply to any  
43 municipality unless it provides, at the time of adoption of the resolution of intent, at least two  
44 of the four major municipal services listed in G.S. 160A-35(3)a. To qualify under this section,  
45 the service must be provided directly by the municipality, provided by a joint agency or  
46 authority of which the municipality is a full participating member, or provided by contract  
47 between the municipality and a third party. In the case of police protection provided by contract  
48 between the municipality and the sheriff's department, to qualify under this section the contract  
49 must establish a higher level of service than is otherwise provided in the area, such as a  
50 designated deputy or increased patrols."

51 **SECTION 5.** G.S. 160A-35 reads as rewritten:

**"§ 160A-35. Prerequisites to annexation; ability to serve; report and plans.**

A municipality exercising authority under this Part shall make plans for the extension of services to the area proposed to be annexed and shall, prior to the public hearing provided for in G.S. 160A-37, prepare a report setting forth such plans to provide services to such area. The report shall include:

- (1) A map or maps of the municipality and adjacent territory to show the following information:
  - a. The present and proposed boundaries of the municipality.
  - b. The proposed extensions of water mains and sewer outfalls to serve the annexed area, if such utilities are operated by the municipality. The water and sewer map must bear the seal of a registered professional engineer or a licensed surveyor.
- (2) A statement showing that the area to be annexed meets the requirements of G.S. 160A-36.
- (3) A statement setting forth the plans of the municipality for extending to the area to be annexed each major municipal service performed within the municipality at the time of annexation. Specifically, such plans shall:
  - a. Provide for extending police protection, fire protection, solid waste collection and street maintenance services to the area to be annexed on the date of annexation on substantially the same basis and in the same manner as such services are provided within the rest of the municipality prior to annexation. A contract with a rural fire department to provide fire protection shall be an acceptable method of providing fire protection. If a water distribution system is not available in the area to be annexed, the plans must call for reasonably effective fire protection services until such time as waterlines are made available in such area under existing municipal policies for the extension of waterlines. A contract with a private firm to provide solid waste collection services shall be an acceptable method of providing solid waste collection services.
  - b. Provide for extension of water mains and sewer lines into the area to be annexed so that property owners in the area to be annexed will be able to secure public water and sewer services according to the policies in effect in such municipality for extending water and sewer lines to individual lots or subdivisions. If the municipality must, at its own expense, extend water and/or sewer mains into the area to be annexed before property owners in the area can, according to municipal policies, make such connection to such lines, then the plans must call for contracts to be let and construction to begin on such lines within one year following the effective date of annexation. In areas where the installation of sewer is not economically feasible due to the unique topography of the area, the municipality may agree to provide septic system maintenance and repair service until such time as sewer service is provided to properties similarly situated.
  - c. Set forth the method under which the municipality plans to finance extension of services into the area to be annexed.
- (4) A statement of the impact of the annexation on any rural fire department providing service in the area to be annexed and a statement of the impact of the annexation on fire protection and fire insurance rates in the area to be annexed, if the area where service is provided is in an insurance district designated under G.S. 153A-233, a rural fire protection district under Article

1 3A of Chapter 69 of the General Statutes, or a fire service district under  
2 Article 16 of Chapter 153A of the General Statutes. The rural fire  
3 department shall make available to the city not later than 30 days following a  
4 written request from the city all information in its possession or control,  
5 including but not limited to operational, financial and budgetary information,  
6 necessary for preparation of a statement of impact. The rural fire department  
7 forfeits its rights under G.S. 160A-37.1 and G.S. 160A-37.2 if it fails to  
8 make a good faith response within 45 days following receipt of the written  
9 request for information from the city, provided that the city's written request  
10 so states by specific reference to this section.

- 11 (5) A statement showing how the proposed annexation will affect the city's  
12 finances and services, including city revenue change estimates. Estimates  
13 must include projections for at least a five-year period beyond the first year  
14 that expenditures are to be made for the provision of city services to the  
15 annexed area, with accounting by revenue source and category of  
16 expenditure. This statement shall be delivered to the clerk of the board of  
17 county commissioners at least 30 days before the date of the public  
18 informational meeting on any annexation under this Part."

19 **SECTION 6.** G.S. 160A-36 reads as rewritten:

20 **"§ 160A-36. Character of area to be annexed.**

21 (a) A municipal governing board may extend the municipal corporate limits to include  
22 any area which meets the general standards of subsection (b), and which meets the  
23 requirements of subsection ~~(e)-(c)~~ of this section or that is completely surrounded by the  
24 municipality's primary corporate limits.

25 (b) The total area to be annexed must meet the following standards:

- 26 (1) It must be adjacent or contiguous to the municipality's boundaries at the time  
27 the annexation proceeding is begun, except if the entire territory of a county  
28 water and sewer district created under G.S. 162A-86(b1) is being annexed,  
29 the annexation shall also include any noncontiguous pieces of the district as  
30 long as the part of the district with the greatest land area is adjacent or  
31 contiguous to the municipality's boundaries at the time the annexation  
32 proceeding is begun.
- 33 (2) At least one eighth of the aggregate external boundaries of the area must  
34 coincide with the municipal boundary. A connecting corridor consisting  
35 solely of a public street or street right-of-way shall not be used to establish  
36 contiguity to an outlying, noncontiguous area.
- 37 (3) No part of the area shall be included within the boundary of another  
38 incorporated municipality.

39 (c) The area to be annexed must be developed for urban purposes at the time of  
40 approval of the report provided for in G.S. 160A-35. For purposes of this section, a lot or tract  
41 shall not be considered in use for a commercial, industrial, institutional, or governmental  
42 purpose if the lot or tract is used only temporarily, occasionally, or on an incidental or  
43 insubstantial basis in relation to the size and character of the lot or tract. For purposes of this  
44 section, acreage in use for commercial, industrial, institutional, or governmental purposes shall  
45 include acreage actually occupied by buildings or other man-made structures together with all  
46 areas that are reasonably necessary and appurtenant to such facilities for purposes of parking,  
47 storage, ingress and egress, utilities, buffering, and other ancillary services and facilities. Area  
48 of streets and street rights-of-way shall not be used to determine total acreage under this  
49 section. An area developed for urban purposes is defined as:

- 50 (1) Any area which is so developed that at least sixty percent (60%) of the total  
51 number of lots and tracts in the area at the time of annexation are used for

1 residential, commercial, industrial, institutional or governmental purposes,  
2 and is subdivided into lots and tracts such that at least sixty percent (60%) of  
3 the total acreage, not counting the acreage used at the time of annexation for  
4 commercial, industrial, governmental or institutional purposes, consists of  
5 lots and tracts three acres or less in size.

6 (1a) An area with a total resident population equal to at least two and three-tenths  
7 persons for each acre of land included within its boundaries.

8 (2) An area so developed that, at the time of the approval of the annexation  
9 report, all tracts in the area to be annexed are used for commercial,  
10 industrial, governmental, or institutional purposes.

11 (3) The entire area of any county water and sewer district created under  
12 G.S. 162A-86(b1), but this subsection only applies to annexation by a  
13 municipality if that:

14 a. Municipality has provided in a contract with that district that the area  
15 is developed for urban purposes; and

16 b. Contract provides for the municipality to operate the sewer system of  
17 that county water and sewer district;

18 provided that the special categorization provided by this subsection only  
19 applies if the municipality is annexing in one proceeding the entire territory  
20 of the district not already within the corporate limits of a municipality.

21 (d) In fixing new municipal boundaries, a municipal governing board shall use recorded  
22 property lines and streets as boundaries. Some or all of the boundaries of a county water and  
23 sewer district may also be used when the entire district not already within the corporate limits  
24 of a municipality is being annexed.

25 (e) The area of an abolished water and sewer district shall be considered to be a water  
26 and sewer district for the purpose of this section even after its abolition under  
27 G.S. 162A-87.2(b)."

28 **SECTION 7.** G.S. 160A-37 reads as rewritten:

29 **"§ 160A-37. Procedure for annexation.**

30 (a) ~~Notice of Intent.~~ Resolution of Consideration. – Any municipal governing board  
31 desiring to annex territory under the provisions of this Part shall first pass a resolution  
32 identifying the area as being under consideration for annexation. The resolution of  
33 consideration may have a metes and bounds description or a map and shall remain effective for  
34 two years after adoption and shall be filed with the city clerk. A new resolution of  
35 consideration adopted before expiration of the two-year period for a previously adopted  
36 resolution covering the same area shall relate back to the date of the previous resolution.  
37 Adoption of a resolution of consideration shall not confer prior jurisdiction over the area as to  
38 any other city. A notice of adoption of the resolution of consideration shall be published once a  
39 week for two successive weeks, with each publication being on the same day of the week, in a  
40 newspaper having general circulation in the municipality. The second publication shall be no  
41 more than 30 days following adoption of the resolution. The notice shall contain a map or  
42 description of the area under consideration and a summary of the annexation process and time  
43 lines.

44 (a1) Resolution of Intent. – At least one year after adoption of the resolution of  
45 consideration, the municipal governing body may adopt a resolution stating the intent of the  
46 municipality to ~~consider annexation.~~ proceed with annexation of some or all of the area  
47 described in a resolution of consideration. Such resolution of intent shall describe the  
48 boundaries of the area ~~under consideration,~~ intended for annexation, fix a date for the public  
49 informational meeting, and fix a date for a public hearing on the question of annexation. The  
50 date for the public informational meeting shall be not less than 45 days and not more than 55

1 days following passage of the resolution. The date for the public hearing to be not less than 60  
2 days and not more than 90 days following passage of the ~~resolution~~ resolution of intent.

3 (b) Notice of Public Hearing. – The notice of public hearing shall:

- 4 (1) Fix the date, hour and place of the public informational meeting and the  
5 date, hour, and place of the public hearing.
- 6 (2) Describe clearly the boundaries of the area under consideration, and include  
7 a legible map of the area.
- 8 (3) State that the report required in G.S. 160A-35 will be available at the office  
9 of the municipal clerk at least 30 days prior to the date of the public  
10 informational meeting.
- 11 (4) Include an explanation of an owner's rights pursuant to subsection (f1) and  
12 (f2) of this section.
- 13 (5) Include a summary of the annexation process and time lines and a summary  
14 of available statutory remedies for contesting the annexation and the failure  
15 to provide services.

16 Such notice shall be given by publication once a week for at least two successive weeks  
17 prior to the date of the informational ~~meeting~~ meeting, with each publication being on the same  
18 day of the week, in a newspaper having general circulation in the municipality and, in addition  
19 thereto, if the area to be annexed lies in a county containing less than fifty percent (50%) of the  
20 land area of the municipality, in a newspaper having general circulation in the area of proposed  
21 annexation. ~~The period from the date of the first publication to the date of the last publication,~~  
22 ~~both dates inclusive, shall be not less than eight days including Sundays, and the date of the last~~  
23 ~~publication shall be not more than seven days preceding the date of public informational~~  
24 ~~meeting.~~ If there be no such newspaper, the municipality shall post the notice in at least five  
25 public places within the municipality and at least five public places in the area to be annexed  
26 for 30 days prior to the date of public informational meeting. In addition, notice shall be mailed  
27 at least four weeks prior to date of the informational meeting, by first class mail, postage  
28 prepaid to the owners as shown by the tax records of the county of all freehold interests in real  
29 property located within the area to be annexed. The person or persons mailing such notices  
30 shall certify to the governing board that fact, and such certificate shall become a part of the  
31 record of the annexation proceeding and shall be deemed conclusive in the absence of fraud. If  
32 the notice is returned to the city by the postal service by the tenth day before the informational  
33 meeting, a copy of the notice shall be sent by certified mail, return receipt requested, at least  
34 seven days before the informational meeting. Failure to comply with the mailing requirement of  
35 this subsection shall not invalidate the annexation unless it is shown that the requirements were  
36 not substantially complied with.

37 If the governing board by resolution finds that the tax records are not adequate to identify  
38 the owners of some or all of the parcels of real property within the area it may in lieu of the  
39 mail procedure as to those parcels where the owners could not be so identified, post the notice  
40 at least 30 days prior to the date of public informational meeting on all buildings on such  
41 parcels, and in at least five other places within the area to be annexed. In any case where  
42 notices are placed on property, the person placing the notice shall certify that fact to the  
43 governing board.

44 (c) Action Prior to Informational Meeting. – At least 30 days before the date of the  
45 public informational meeting, the governing board shall approve the report provided for in  
46 G.S. 160A-35, and shall make it available to the public at the office of the municipal clerk. In  
47 addition, the municipality may prepare a summary of the full report for public distribution. In  
48 addition, the city shall post in the office of the city clerk at least 30 days before the public  
49 informational meeting a legible map of the area to be annexed and a list of the persons holding  
50 freehold interests in property in the area to be annexed that it has identified.



1 (c1) Public Informational Meeting. – At the public informational meeting a  
2 representative of the municipality shall first make an explanation of the report required in  
3 G.S. 160A-35. Following such explanation, all persons resident or owning property in the  
4 territory described in the notice of public hearing, and all residents of the municipality, shall be  
5 given the opportunity to ask questions and receive answers regarding the proposed annexation.  
6 A summary of the annexation process and time lines and a summary of available statutory  
7 remedies for contesting the annexation and the failure to provide services shall be distributed at  
8 the public informational meeting.

9 (d) Public Hearing. – At the public hearing a representative of the municipality shall  
10 first make an explanation of the report required in G.S. 160A-35. Following such explanation,  
11 all persons resident or owning property in the territory described in the notice of public hearing,  
12 and all residents of the municipality, shall be given an opportunity to be heard. A summary of  
13 the annexation process and time lines and a summary of available statutory remedies for  
14 contesting the annexation and the provision of services shall be distributed at the public  
15 hearing.

16 (e) Passage of the Annexation Ordinance. – The municipal governing board shall take  
17 into consideration facts presented at the public hearing and shall have authority to amend the  
18 report required by G.S. 160A-35 to make changes in the plans for serving the area proposed to  
19 be annexed so long as such changes meet the requirements of G.S. 160A-35. At any regular or  
20 special meeting held no sooner than the tenth day following the public hearing and not later  
21 than 90 days following such public hearing, the governing board shall have authority to adopt  
22 an ordinance extending the corporate limits of the municipality to include all, or such part, of  
23 the area described in the notice of public hearing which meets the requirements of  
24 G.S. 160A-36 and which the governing board has concluded should be annexed. The ordinance  
25 shall:

- 26 (1) Contain specific findings showing that the area to be annexed meets the  
27 requirements of G.S. 160A-36. The external boundaries of the area to be  
28 annexed shall be described by metes and bounds. In showing the application  
29 of G.S. 160A-36(c) and (d) to the area, the governing board may refer to  
30 boundaries set forth on a map of the area and incorporate same by reference  
31 as a part of the ordinance.
- 32 (2) A statement of the intent of the municipality to provide services to the area  
33 being annexed as set forth in the report required by G.S. 160A-35.
- 34 (3) A specific finding that on the effective date of annexation the municipality  
35 will have funds appropriated in sufficient amount to finance construction of  
36 any water and sewer lines found necessary in the report required by  
37 G.S. 160A-35 to extend the basic water and/or sewer system of the  
38 municipality into the area to be annexed, or that on the effective date of  
39 annexation the municipality will have authority to issue bonds in an amount  
40 sufficient to finance such construction. If authority to issue such bonds must  
41 be secured from the electorate of the municipality prior to the effective date  
42 of annexation, then the effective date of annexation shall be no earlier than  
43 the day following the statement of the successful result of the bond election.
- 44 (4) Fix the effective date for annexation. The effective date of annexation ~~may~~  
45 shall be fixed as the June 30 next following the adoption of the ordinance. ~~for~~  
46 ~~any date not less than 40 days nor more than 400 days from the date of~~  
47 ~~passage of the ordinance.~~

48 (f) Effect of Annexation Ordinance. – Except as provided in subsection (f1) of this  
49 section, from and after the effective date of the annexation ordinance, the territory and its  
50 citizens and property shall be subject to all debts, laws, ordinances and regulations in force in  
51 such municipality and shall be entitled to the same privileges and benefits as other parts of such

~~1 municipality. Real and personal property in the newly annexed territory on the January 1  
2 immediately preceding the beginning of the fiscal year in which the annexation becomes  
3 effective is subject to municipal taxes as provided in G.S. 160A-58.10. If the effective date of  
4 annexation falls between June 1 and June 30, and the effective date of the privilege license tax  
5 ordinance of the annexing municipality is June 1, then businesses in the area to be annexed  
6 shall be liable for taxes imposed in such ordinance from and after the effective date of  
7 annexation.~~

8 (f1) Property Subject to Present-Use Value Appraisal. – If an area described in an  
9 annexation ordinance includes agricultural land, horticultural land, or forestland that meets  
10 either of the conditions listed below on the effective date of annexation, then the annexation  
11 becomes effective as to that property pursuant to subsection (f2) of this section:

12 (1) The land is being taxed at present-use value pursuant to G.S. 105-277.4.

13 (2) The land meets both of the following conditions:

14 a. On the date of the resolution of intent for annexation it was being  
15 used for actual production and is eligible for present-use value  
16 taxation under G.S. 105-277.4, but the land had not been in use for  
17 actual production for the required time under G.S. 105-277.3.

18 b. The assessor for the county where the land subject to annexation is  
19 located has certified to the city that the land meets the requirements  
20 of this subdivision.

21 (f2) Effective Date of Annexation for Certain Property. – Annexation of property subject  
22 to annexation under subsection (f1) of this section becomes effective as provided in this  
23 subsection:

24 (1) Upon the effective date of the annexation ordinance, the property is  
25 considered part of the city only (i) for the purpose of establishing city  
26 boundaries for additional annexations pursuant to this Article and (ii) for the  
27 exercise of city authority pursuant to Article 19 of this Chapter.

28 (2) For all other purposes, the annexation becomes effective as to each tract of  
29 the property or part thereof on the last day of the month in which that tract or  
30 part thereof becomes ineligible for classification pursuant to G.S. 105-277.4  
31 or no longer meets the requirements of subdivision (f1)(2) of this section.  
32 Until annexation of a tract or a part of a tract becomes effective pursuant to  
33 this subdivision, the tract or part of a tract is not subject to taxation by the  
34 city under Article 12 of Chapter 105 of the General Statutes nor is the tract  
35 or part of a tract entitled to services provided by the city. Upon the effective  
36 date of annexation, taxation of real and personal property is subject to the  
37 provisions of G.S. 160A-58.10.

38 (g) Simultaneous Annexation Proceedings. – If a municipality is considering the  
39 annexation of two or more areas which are all adjacent to the municipal boundary but are not  
40 adjacent to one another, it may undertake simultaneous proceedings under authority of this Part  
41 for the annexation of such areas.

42 (h) Remedies for Failure to Provide Services. – If, not earlier than one year from the  
43 effective date of annexation, and not later than 15 months from the effective date of annexation,  
44 any person owning property in the annexed territory shall believe that the municipality has not  
45 followed through on its service plans adopted under the provisions of G.S. 160A-35(3) and  
46 subsection (e) of this section, the person may apply for a writ of mandamus under the  
47 provisions of Article 40, Chapter 1 of the General Statutes. Relief may be granted by the judge  
48 of superior court

49 (1) If the municipality has not provided the services set forth in its plan  
50 submitted under the provisions of G.S. 160A-35(3)a on substantially the

1 same basis and in the same manner as such services were provided within  
2 the rest of the municipality prior to the effective date of annexation, and

- 3 (2) If at the time the writ is sought such services set forth in the plan submitted  
4 under the provisions of G.S. 160A-35(3)a are still being provided on  
5 substantially the same basis and in the same manner as on the date of  
6 annexation of the municipality.

7 Relief may also be granted by the judge of superior court

- 8 (1) If the plans submitted under the provisions of G.S. 160A-35(3)b. require the  
9 construction of major trunk water mains and sewer outfall lines and

- 10 (2) If contracts for such construction have not yet been let.

11 If a writ is issued, costs in the action, including a reasonable attorney's fee for such  
12 aggrieved person, shall be charged to the municipality.

13 ~~(i) No resolution of intent may be adopted under subsection (a) of this section unless  
14 the city council (or a planning agency created or designated under either G.S. 160A-361 or the  
15 charter) has, by resolution adopted at least one year prior to adoption of the resolution of intent,  
16 identified the area as being under consideration for annexation and included a statement in the  
17 resolution notifying persons subject to the annexation of their rights under subsections (f1) and  
18 (f2) of this section; provided, adoption of such resolution of consideration shall not confer prior  
19 jurisdiction over the area as to any other city. The area described under the resolution of intent  
20 may comprise a smaller area than that identified by the resolution of consideration. The  
21 resolution of consideration may have a metes and bounds description or a map, shall remain  
22 effective for two years after adoption, and shall be filed with the city clerk. A new resolution of  
23 consideration adopted before expiration of the two year period for a previously adopted  
24 resolution covering the same area shall relate back to the date of the previous resolution.~~

25 ~~(j) Subsection (i) of this section shall not apply to the annexation of any area if the  
26 resolution of intent describing the area and the ordinance annexing the area both provide that  
27 the effective date of the annexation shall be at least one year from the date of passage of the  
28 annexation ordinance.~~

29 (k) The city shall report to the Local Government Commission as to whether police  
30 protection, fire protection, solid waste, or street maintenance services were provided in  
31 accordance with G.S. 160A-35(3)a. within 60 days after the effective date of the annexation.  
32 Such report shall be filed no more than 30 days following the expiration of the 60-day period. If  
33 a city fails to deliver police protection, fire protection, solid waste or street maintenance  
34 services as provided for in G.S. 160A-35(3)a. within 60 days after the effective date of the  
35 annexation, the owner of the property may petition the Local Government Commission for  
36 abatement of taxes to be paid to the city for taxes that have been levied as of the end of the  
37 60-day period, if the petition is filed not more than ~~90 days~~ 120 days after the expiration of the  
38 60-day period. If the Local Government Commission finds that services were not extended by  
39 the end of the 60-day period, it shall enter an order directing the city not to levy any further ad  
40 valorem taxes on the property until the fiscal year commencing after extension of the municipal  
41 services."

42 **SECTION 8.** G.S. 160A-38 reads as rewritten:

43 **"§ 160A-38. Appeal.**

44 (a) Within ~~60 days~~ 75 days following the passage of an annexation ordinance under  
45 authority of this Part, any person owning property in the annexed territory who shall believe  
46 that he will suffer material injury by reason of the failure of the municipal governing board to  
47 comply with the procedure set forth in this Part or to meet the requirements set forth in  
48 G.S. 160A-36 as they apply to his property may file a petition in the superior court of the  
49 county in which the municipality is located seeking review of the action of the governing  
50 board.

1 (b) Such petition shall explicitly state what exceptions are taken to the action of the  
2 governing board and what relief the petitioner seeks. Within 10 days after the petition is filed  
3 with the court, the person seeking review shall serve copies of the petition by registered mail,  
4 return receipt requested, upon the municipality.

5 (c) Within 15 days after receipt of the copy of the petition for review, or within such  
6 additional time as the court may allow, the municipality shall transmit to the reviewing court

7 (1) A transcript of the portions of the municipal journal or minute book in which  
8 the procedure for annexation has been set forth and

9 (2) A copy of the report setting forth the plans for extending services to the  
10 annexed area as required in G.S. 160A-35.

11 (d) If two or more petitions for review are submitted to the court, the court may  
12 consolidate all such petitions for review at a single hearing, and the municipality shall be  
13 required to submit only one set of minutes and one report as required in subsection (c).

14 (e) At any time before or during the review proceeding, any petitioner or petitioners  
15 may apply to the reviewing court for an order staying the operation of the annexation ordinance  
16 pending the outcome of the review. The court may grant or deny the stay in its discretion upon  
17 such terms as it deems proper, and it may permit annexation of any part of the area described in  
18 the ordinance concerning which no question for review has been raised.

19 (f) The court shall fix the date for review of annexation proceedings under this Chapter,  
20 which review date shall preferably be within 30 days following the last day for receiving  
21 petitions to the end that review shall be expeditious and without unnecessary delays. The  
22 review shall be conducted by the court without a jury. The court may hear oral arguments and  
23 receive written briefs, and may take evidence intended to show either

24 (1) That the statutory procedure was not followed or

25 (2) That the provisions of G.S. 160A-35 were not met, or

26 (3) That the provisions of G.S. 160A-36 have not been met.

27 (g) The court may affirm the action of the governing board without change, or it may

28 (1) Remand the ordinance to the municipal governing board for further  
29 proceedings if procedural irregularities are found to have materially  
30 prejudiced the substantive rights of any of the petitioners.

31 (2) Remand the ordinance to the municipal governing board for amendment of  
32 the boundaries to conform to the provisions of G.S. 160A-36 if it finds that  
33 the provisions of G.S. 160A-36 have not been met; provided, that the court  
34 cannot remand the ordinance to the municipal governing board with  
35 directions to add area to the municipality which was not included in the  
36 notice of public hearing and not provided for in plans for service.

37 (3) Remand the report to the municipal governing board for amendment of the  
38 plans for providing services to the end that the provisions of G.S. 160A-35  
39 are satisfied.

40 (4) Declare the ordinance null and void, if the court finds that the ordinance  
41 cannot be corrected by remand as provided in subdivisions (1), (2), or (3) of  
42 this subsection.

43 If any municipality shall fail to take action in accordance with the court's instructions upon  
44 remand within 90 days following entry of the order embodying the court's instructions, the  
45 annexation proceeding shall be deemed null and void.

46 (h) Any party to the review proceedings, including the municipality, may appeal to the  
47 Court of Appeals from the final judgment of the superior court under rules of procedure  
48 applicable in other civil cases. The superior court may, with the agreement of the municipality,  
49 permit annexation to be effective with respect to any part of the area concerning which no  
50 appeal is being made and which can be incorporated into the city without regard to any part of  
51 the area concerning which an appeal is being made.

1 (i) If part or all of the area annexed under the terms of an annexation ordinance is the  
2 subject of an appeal to the superior court, Court of Appeals or Supreme Court on the effective  
3 date of the ordinance, then the ordinance shall be deemed amended to make the effective date  
4 with respect to such area the last day of the next full calendar month following the date of the  
5 final judgment of the superior court, Court of Appeals or Supreme Court, whichever is  
6 appropriate, or the date the municipal governing board completes action to make the ordinance  
7 conform to the court's instructions in the event of remand. Upon the effective date of  
8 annexation, taxation of real and personal property is subject to the provisions of  
9 G.S. 160A-58.10. The municipal governing board may, however, adopt a resolution prior to the  
10 date the annexation would become effective under this subsection, setting the effective date for  
11 the 30<sup>th</sup> day of June next following the date of the final judgment. For the purposes of this  
12 subsection, a denial of a petition for a rehearing or for discretionary review shall be treated as a  
13 final judgement-judgment.

14 (j) The provisions of subsection (i) of this section shall apply to any judicial review  
15 authorized in whole or in part by G.S. 160A-37.1(i) or G.S. 160A-37.3(g).

16 (k) In any proceeding related to an annexation ordinance appeal under this section, a  
17 city shall not state a claim for lost property tax revenue caused by the appeal. Nothing in this  
18 Article shall be construed to mean that as a result of an appeal a municipality may assert a  
19 claim for property tax revenue lost during the pendency of the appeal.

20 (l) Any settlement agreed to by all parties in an appeal under this section may be  
21 presented to the superior court in the county in which the municipality is located. If the superior  
22 court, in its discretion, approves the settlement, it shall be binding on all parties without the  
23 need for approval by the General Assembly."

24 **SECTION 9.** G.S. 160A-46 reads as rewritten:

25 "**§ 160A-46. Authority to annex.**

26 The governing board of any municipality having a population of 5,000-10,000 or more  
27 persons according to the last federal decennial census may extend the corporate limits of such  
28 municipality under the procedure set forth in this Part. This Part does not apply to any  
29 municipality unless it provides, at the time of adoption of the resolution of intent, at least two  
30 of the four major municipal services listed in G.S. 160A-47(3)a. To qualify under this section,  
31 the service must be provided directly by the municipality, provided by a joint agency or  
32 authority of which the municipality is a full participating member, or provided by contract  
33 between the municipality and a third party. In the case of police protection provided by contract  
34 between the municipality and the sheriff's department, to qualify under this section the contract  
35 must establish a higher level of service than is otherwise provided in the area, such as a  
36 designated deputy or increased patrols."

37 **SECTION 10.** G.S. 160A-47 reads as rewritten:

38 "**§ 160A-47. Prerequisites to annexation; ability to serve; report and plans.**

39 A municipality exercising authority under this Part shall make plans for the extension of  
40 services to the area proposed to be annexed and shall, prior to the public hearing provided for in  
41 G.S. 160A-49, prepare a report setting forth such plans to provide services to such area. The  
42 report shall include:

- 43 (1) A map or maps of the municipality and adjacent territory to show the  
44 following information:
- 45 a. The present and proposed boundaries of the municipality.
  - 46 b. The present major trunk water mains and sewer interceptors and  
47 outfalls, and the proposed extensions of such mains and outfalls as  
48 required in subdivision (3) of this section. The water and sewer map  
49 must bear the seal of a registered professional engineer.
  - 50 c. The general land use pattern in the area to be annexed.

- 1 (2) A statement showing that the area to be annexed meets the requirements of  
2 G.S. 160A-48.
- 3 (3) A statement setting forth the plans of the municipality for extending to the  
4 area to be annexed each major municipal service performed within the  
5 municipality at the time of annexation. Specifically, such plans shall:
- 6 a. Provide for extending police protection, fire protection, solid waste  
7 collection and street maintenance services to the area to be annexed  
8 on the date of annexation on substantially the same basis and in the  
9 same manner as such services are provided within the rest of the  
10 municipality prior to annexation. A contract with a rural fire  
11 department to provide fire protection shall be an acceptable method  
12 of providing fire protection. If a water distribution system is not  
13 available in the area to be annexed, the plans must call for reasonably  
14 effective fire protection services until such time as waterlines are  
15 made available in such area under existing municipal policies for the  
16 extension of waterlines. A contract with a private firm to provide  
17 solid waste collection services shall be an acceptable method of  
18 providing solid waste collection services.
- 19 b. Provide for extension of major trunk water mains and sewer outfall  
20 lines into the area to be annexed so that when such lines are  
21 constructed, property owners in the area to be annexed will be able to  
22 secure public water and sewer service, according to the policies in  
23 effect in such municipality for extending water and sewer lines to  
24 individual lots or subdivisions. If requested by the owner of an  
25 occupied dwelling unit or an operating commercial or industrial  
26 property in writing on a form provided by the municipality, which  
27 form acknowledges that such extension or extensions will be made  
28 according to the current financial policies of the municipality for  
29 making such extensions, and if such form is received by the city  
30 clerk no later than ~~five days~~ 30 days after the public hearing, provide  
31 for extension of water and sewer lines to the property or to a point on  
32 a public street or road right-of-way adjacent to the property  
33 according to the financial policies in effect in such municipality for  
34 extending water and sewer lines. If any such requests are timely  
35 made, the municipality shall at the time of adoption of the annexation  
36 ordinance amend its report and plan for services to reflect and  
37 accommodate such requests, if an amendment is necessary. In areas  
38 where the municipality is required to extend sewer service according  
39 to its policies, but the installation of sewer is not economically  
40 feasible due to the unique topography of the area, the municipality  
41 shall provide septic system maintenance and repair service until such  
42 time as sewer service is provided to properties similarly situated.
- 43 c. If extension of major trunk water mains, sewer outfall lines, sewer  
44 lines and water lines is necessary, set forth a proposed timetable for  
45 construction of such mains, outfalls and lines as soon as possible  
46 following the effective date of annexation. In any event, the plans  
47 shall call for construction to be completed within two years of the  
48 effective date of annexation.
- 49 d. Set forth the method under which the municipality plans to finance  
50 extension of services into the area to be annexed. In calculating the  
51 cost of extending water and sewer services to the area to be annexed,

1 the municipality shall base its estimates upon the assumption that all  
2 eligible property owners will request the extension of water and  
3 sewer lines to their individual lots under sub-subdivision (3)b. of this  
4 subdivision.

5 (4) A statement of the impact of the annexation on any rural fire department  
6 providing service in the area to be annexed and a statement of the impact of  
7 the annexation on fire protection and fire insurance rates in the area to be  
8 annexed, if the area where service is provided is in an insurance district  
9 designated under G.S. 153A-233, a rural fire protection district under Article  
10 3A of Chapter 69 of the General Statutes, or a fire service district under  
11 Article 16 of Chapter 153A of the General Statutes. The rural fire  
12 department shall make available to the city not later than 30 days following a  
13 written request from the city all information in its possession or control,  
14 including but not limited to operational, financial and budgetary information,  
15 necessary for preparation of a statement of impact. The rural fire department  
16 forfeits its rights under G.S. 160A-49.1 and G.S. 160A-49.2 if it fails to  
17 make a good faith response within 45 days following receipt of the written  
18 request for information from the city, provided that the city's written request  
19 so states by specific reference to this section.

20 (5) A statement showing how the proposed annexation will affect the city's  
21 finances and services, including city revenue change estimates. Estimates  
22 must include projections for at least a five-year period beyond the first year  
23 that expenditures are to be made for the provision of city services to the  
24 annexed area, with accounting by revenue source and category of  
25 expenditure. This statement shall be delivered to the clerk of the board of  
26 county commissioners at least 30 days before the date of the public  
27 informational meeting on any annexation under this Part."

28 **SECTION 11.** G.S. 160A-48 reads as rewritten:

29 **"§ 160A-48. Character of area to be annexed.**

30 (a) A municipal governing board may extend the municipal corporate limits to include  
31 any area

- 32 (1) Which meets the general standards of subsection (b), and  
33 (2) Every part of which meets the requirements of either subsection (c) or  
34 subsection ~~(d)~~(d) of this section or every part of which is completely  
35 surrounded by the municipality's primary corporate limits.

36 (b) The total area to be annexed must meet the following standards:

37 (1) It must be adjacent or contiguous to the municipality's boundaries at the time  
38 the annexation proceeding is begun, except if the entire territory of a county  
39 water and sewer district created under G.S. 162A-86(b1) is being annexed,  
40 the annexation shall also include any noncontiguous pieces of the district as  
41 long as the part of the district with the greatest land area is adjacent or  
42 contiguous to the municipality's boundaries at the time the annexation  
43 proceeding is begun.

44 (2) At least one eighth of the aggregate external boundaries of the area must  
45 coincide with the municipal boundary. A connecting corridor consisting  
46 solely of a public street or street right-of-way shall not be used to establish  
47 contiguity to an outlying, noncontiguous area.

48 (3) No part of the area shall be included within the boundary of another  
49 incorporated municipality.

50 (c) Part or all of the area to be annexed must be developed for urban purposes at the  
51 time of approval of the report provided for in G.S. 160A-47. Area of streets and street

1 rights-of-way shall not be used to determine total acreage under this section. An area developed  
2 for urban purposes is defined as any area which meets any one of the following standards:

- 3 (1) Has a total resident population equal to at least two and three-tenths persons  
4 for each acre of land included within its boundaries; or
- 5 (2) Has a total resident population equal to at least one person for each acre of  
6 land included within its boundaries, and is subdivided into lots and tracts  
7 such that at least sixty percent (60%) of the total acreage consists of lots and  
8 tracts three acres or less in size and such that at least sixty-five percent  
9 (65%) of the total number of lots and tracts are one acre or less in size; or
- 10 (3) Is so developed that at least sixty percent (60%) of the total number of lots  
11 and tracts in the area at the time of annexation are used for residential,  
12 commercial, industrial, institutional or governmental purposes, and is  
13 subdivided into lots and tracts such that at least sixty percent (60%) of the  
14 total acreage, not counting the acreage used at the time of annexation for  
15 commercial, industrial, governmental or institutional purposes, consists of  
16 lots and tracts three acres or less in size. For purposes of this section, a lot or  
17 tract shall not be considered in use for a commercial, industrial, institutional,  
18 or governmental purpose if the lot or tract is used only temporarily,  
19 occasionally, or on an incidental or insubstantial basis in relation to the size  
20 and character of the lot or tract. For purposes of this section, acreage in use  
21 for commercial, industrial, institutional, or governmental purposes shall  
22 include acreage actually occupied by buildings or other man-made structures  
23 together with all areas that are reasonably necessary and appurtenant to such  
24 facilities for purposes of parking, storage, ingress and egress, utilities,  
25 buffering, and other ancillary services and facilities; or
- 26 (4) Is the entire area of any county water and sewer district created under  
27 G.S. 162A-86(b1), but this subdivision only applies to annexation by a  
28 municipality if that:
  - 29 a. Municipality has provided in a contract with that district that the area  
30 is developed for urban purposes; and
  - 31 b. Contract provides for the municipality to operate the sewer system of  
32 that county water and sewer district;provided that the special categorization provided by this subdivision only  
33 applies if the municipality is annexing in one proceeding the entire territory  
34 of the district not already within the corporate limits of a municipality; or
- 35 (5) Is so developed that, at the time of the approval of the annexation report, all  
36 tracts in the area to be annexed are used for commercial, industrial,  
37 governmental, or institutional purposes.

39 (d) In addition to areas developed for urban purposes, a governing board may include in  
40 the area to be annexed any area which does not meet the requirements of subsection (c) if such  
41 area either:

- 42 (1) Lies between the municipal boundary and an area developed for urban  
43 purposes so that the area developed for urban purposes is either not adjacent  
44 to the municipal boundary or cannot be served by the municipality without  
45 extending services and/or water and/or sewer lines through such sparsely  
46 developed area; or
- 47 (2) Is adjacent, on at least sixty percent (60%) of its external boundary, to any  
48 combination of the municipal boundary and the boundary of an area or areas  
49 developed for urban purposes as defined in subsection (c).

50 The purpose of this subsection is to permit municipal governing boards to extend corporate  
51 limits to include all nearby areas developed for urban purposes and where necessary to include



1 areas which at the time of annexation are not yet developed for urban purposes but which  
2 constitute necessary land connections between the municipality and areas developed for urban  
3 purposes or between two or more areas developed for urban purposes. For purposes of this  
4 subsection, "necessary land connection" means an area that does not exceed twenty-five percent  
5 (25%) of the total area to be annexed.

6 (e) In fixing new municipal boundaries, a municipal governing board shall use recorded  
7 property lines and streets as boundaries. Some or all of the boundaries of a county water and  
8 sewer district may also be used when the entire district not already within the corporate limits  
9 of a municipality is being annexed.

10 (f) The area of an abolished water and sewer district shall be considered to be a water  
11 and sewer district for the purpose of this section even after its abolition under  
12 G.S. 162A-87.2(b)."

13 **SECTION 12.** G.S. 160A-49 reads as rewritten:

14 "**§ 160A-49. Procedure for annexation.**

15 (a) ~~Notice of Intent.~~ Resolution of Consideration. – Any municipal governing board  
16 desiring to annex territory under the provisions of this Part shall first pass a resolution  
17 identifying the area as being under consideration for annexation. The resolution of  
18 consideration may have a metes and bounds description or a map and shall remain effective for  
19 two years after adoption and shall be filed with the city clerk. A new resolution of  
20 consideration adopted before expiration of the two-year period for a previously adopted  
21 resolution covering the same area shall relate back to the date of the previous resolution.  
22 Adoption of a resolution of consideration shall not confer prior jurisdiction over the area as to  
23 any other city. A notice of adoption of the resolution of consideration shall be published once a  
24 week for two successive weeks, with each publication being on the same day of the week, in a  
25 newspaper having general circulation in the municipality. The second publication shall be no  
26 more than 30 days following adoption of the resolution. The notice shall contain a map or  
27 description of the area under consideration and a summary of the annexation process and time  
28 lines.

29 (a1) Resolution of Intent. – At least one year after adoption of the resolution of  
30 consideration, the municipal governing body may adopt a resolution stating the intent of the  
31 municipality to ~~consider annexation.~~ proceed with annexation of some or all of the area  
32 described in the resolution of consideration. Such resolution of intent shall describe the  
33 boundaries of the area ~~under consideration,~~ intended for annexation, fix a date for a public  
34 informational meeting, and fix a date for a public hearing on the question of annexation. The  
35 date for the public informational meeting shall be not less than 45 days and not more than 55  
36 days following passage of the resolution. The date for the public hearing to be not less than 60  
37 days and not more than 90 days following passage of the ~~resolution.~~ resolution of intent.

38 (b) Notice of Public Hearing. – The notice of public hearing shall:

- 39 (1) Fix the date, hour and place of the public informational meeting and the  
40 date, hour, and place of the public hearing.
- 41 (2) Describe clearly the boundaries of the area under consideration, and include  
42 a legible map of the area.
- 43 (3) State that the report required in G.S. 160A-47 will be available at the office  
44 of the municipal clerk at least 30 days prior to the date of the public  
45 informational meeting.
- 46 (4) Include a notice of a property owner's rights to request water and sewer  
47 service in accordance with ~~G.S. 160A-47.~~ G.S. 160A-47(3)b. and a form for  
48 making the request. The form shall state that a request for extending water  
49 and sewer lines to an individual lot does not waive the right to contest the  
50 annexation, but the request shall be binding if the annexation becomes  
51 effective. The form shall state the municipality's policy for financial

1 participation in the cost of the extension and the statutory time line for  
2 completion. The form shall further state the policy, with estimated time line,  
3 for extension of water and sewer lines to properties that do not request an  
4 individual extension as provided in G.S. 160A-47(3)b.

5 (5) Include an explanation of a property owner's rights pursuant to subsections  
6 (f1) and (f2) of this section.

7 (6) Include a summary of the annexation process and time lines and a summary  
8 of available statutory remedies for contesting the annexation and the failure  
9 to provide services.

10 Such notice shall be given by publication once a week for at least two successive weeks  
11 prior to the date of the informational ~~meeting-meeting~~, with each publication being on the same  
12 day of the week, in a newspaper having general circulation in the municipality and, in addition  
13 thereto, if the area to be annexed lies in a county containing less than fifty percent (50%) of the  
14 land area of the municipality, in a newspaper having general circulation in the area of proposed  
15 annexation. ~~The period from the date of the first publication to the date of the last publication,~~  
16 ~~both dates inclusive, shall be not less than eight days including Sundays, and the date of the last~~  
17 ~~publication shall be not more than seven days preceding the date of public informational~~  
18 ~~meeting.~~ If there be no such newspaper, the municipality shall post the notice in at least five  
19 public places within the municipality and at least five public places in the area to be annexed  
20 for 30 days prior to the date of public informational meeting. In addition, notice shall be mailed  
21 at least four weeks prior to date of the informational meeting by first class mail, postage  
22 prepaid to the owners as shown by the tax records of the county of all freehold interests in real  
23 property located within the area to be annexed. The person or persons mailing such notices  
24 shall certify to the governing board that fact, and such certificate shall become a part of the  
25 record of the annexation proceeding and shall be deemed conclusive in the absence of fraud. If  
26 the notice is returned to the city by the postal service by the tenth day before the informational  
27 meeting, a copy of the notice shall be sent by certified mail, return receipt requested, at least  
28 seven days before the informational meeting. Failure to comply with the mailing requirements  
29 of this subsection shall not invalidate the annexation unless it is shown that the requirements  
30 were not substantially complied with. If the governing board by resolution finds that the tax  
31 records are not adequate to identify the owners of some or all of the parcels of real property  
32 within the area it may in lieu of the mail procedure as to those parcels where the owners could  
33 not be so identified, post the notice at least 30 days prior to the date of public informational  
34 meeting on all buildings on such parcels, and in at least five other places within the area to be  
35 annexed. In any case where notices are placed on property, the person placing the notices shall  
36 certify that fact to the governing board.

37 (c) Action Prior to Informational Meeting. – At least 30 days before the date of the  
38 public informational meeting, the governing board shall approve the report provided for in  
39 G.S. 160A-47, and shall make it available to the public at the office of the municipal clerk. In  
40 addition, the municipality may prepare a summary of the full report for public distribution. In  
41 addition, the city shall post in the office of the city clerk, at least 30 days before the public  
42 informational meeting, a legible map of the area to be annexed and a list of persons holding  
43 freehold interests in property in the area to be annexed that it has identified.

44 (c1) Public Informational Meeting. – At the public informational meeting a  
45 representative of the municipality shall first make an explanation of the report required in  
46 G.S. 160A-47. Following such explanation, all persons resident or owning property in the  
47 territory described in the notice of public hearing, and all residents of the municipality, shall be  
48 given the opportunity to ask questions and receive answers regarding the proposed annexation.  
49 A summary of the annexation process and time lines, a summary of available statutory  
50 remedies for contesting the annexation and the provision of services, and the form for

1 requesting the extension of water and sewer lines to individual lots shall be distributed at the  
2 public informational meeting.

3 (d) Public Hearing. – At the public hearing a representative of the municipality shall  
4 first make an explanation of the report required in G.S. 160A-47. Following such explanation,  
5 all persons resident or owning property in the territory described in the notice of public hearing,  
6 and all residents of the municipality, shall be given an opportunity to be heard. A summary of  
7 the annexation process and time lines, a summary of available statutory remedies for contesting  
8 the annexation and the failure to provide services, and the form for requesting the extension of  
9 water and sewer lines to individual lots shall be distributed at the public hearing.

10 (e) Passage of the Annexation Ordinance. – The municipal governing board shall take  
11 into consideration facts presented at the public hearing and shall have authority to amend the  
12 report required by G.S. 160A-47 to make changes in the plans for serving the area proposed to  
13 be annexed so long as such changes meet the requirements of G.S. 160A-47, provided that if  
14 the annexation report is amended to show additional subsections of G.S. 160A-48(c) or (d)  
15 under which the annexation qualifies that were not listed in the original report, the city must  
16 hold an additional public hearing on the annexation not less than 30 nor more than 90 days after  
17 the date the report is amended, and notice of such new hearing shall be given at the first public  
18 hearing. At any regular or special meeting held no sooner than the tenth day following the  
19 public hearing and not later than 90 days following such public hearing, the governing board  
20 shall have authority to adopt an ordinance extending the corporate limits of the municipality to  
21 include all, or such part, of the area described in the notice of public hearing which meets the  
22 requirements of G.S. 160A-48 and which the governing board has concluded should be  
23 annexed. The ordinance shall:

- 24 (1) Contain specific findings showing that the area to be annexed meets the  
25 requirements of G.S. 160A-48. The external boundaries of the area to be  
26 annexed shall be described by metes and bounds. In showing the application  
27 of G.S. 160A-48(c) and (d) to the area, the governing board may refer to  
28 boundaries set forth on a map of the area and incorporate same by reference  
29 as a part of the ordinance.
- 30 (2) A statement of the intent of the municipality to provide services to the area  
31 being annexed as set forth in the report required by G.S. 160A-47.
- 32 (3) A specific finding that on the effective date of annexation the municipality  
33 will have funds appropriated in sufficient amount to finance construction of  
34 any major trunk water mains and sewer outfalls and such water and sewer  
35 lines as required in G.S. 160A-47(3)b found necessary in the report required  
36 by G.S. 160A-47 to extend the basic water and/or sewer system of the  
37 municipality into the area to be annexed, or that on the effective date of  
38 annexation the municipality will have authority to issue bonds in an amount  
39 sufficient to finance such construction. If authority to issue such bonds must  
40 be secured from the electorate of the municipality prior to the effective date  
41 of annexation, then the effective date of annexation shall be no earlier than  
42 the day following the statement of the successful result of the bond election.
- 43 (4) Fix the effective date for annexation. The effective date of annexation ~~may~~  
44 shall be fixed as the June 30 next following the adoption of the ordinance.~~for~~  
45 ~~any date not less than 70 days nor more than 400 days from the date of~~  
46 ~~passage of the ordinance.~~

47 (f) Effect of Annexation Ordinance. – Except as provided in subsection (f1) of this  
48 section, from and after the effective date of the annexation ordinance, the territory and its  
49 citizens and property shall be subject to all debts, laws, ordinances and regulations in force in  
50 such municipality and shall be entitled to the same privileges and benefits as other parts of such  
51 municipality. ~~Real and personal property in the newly annexed territory on the January 1~~

1 immediately preceding the beginning of the fiscal year in which the annexation becomes  
2 effective is subject to municipal taxes as provided in G.S. 160A-58.10. Provided that annexed  
3 property which is a part of a sanitary district, which has installed water and sewer lines, paid  
4 for by the residents of said district, shall not be subject to that part of the municipal taxes levied  
5 for debt service for the first five years after the effective date of annexation. If this proviso  
6 should be declared by a court of competent jurisdiction to be in violation of any provision of  
7 the federal or State Constitution, the same shall not affect the remaining provisions of this  
8 Part. ~~If the effective date of annexation falls between June 1 and June 30, and the effective date~~  
9 ~~of the privilege license tax ordinance of the annexing municipality is June 1, then businesses in~~  
10 ~~the area to be annexed shall be liable for taxes imposed in such ordinances from and after the~~  
11 ~~effective date of annexation.~~

12 (f1) Property Subject to Present-Use Value Appraisal. – If an area described in an  
13 annexation ordinance includes agricultural land, horticultural land, or forestland that on the  
14 effective date of annexation is:

- 15 (1) Land that is being taxed at present-use value pursuant to G.S. 105-277.4; or
- 16 (2) Land that:
  - 17 a. Was on the date of the resolution of intent for annexation being used  
18 for actual production and is eligible for present-use value taxation  
19 under G.S. 105-277.4, but the land has not been in use for actual  
20 production for the required time under G.S. 105-277.3; and
  - 21 b. The assessor for the county where the land subject to annexation is  
22 located has certified to the city that the land meets the requirements  
23 of this subdivision

24 the annexation becomes effective as to that property pursuant to subsection (f2) of this section.

25 (f2) Effective Date of Annexation for Certain Property. – Annexation of property subject  
26 to annexation under subsection (f1) of this section shall become effective:

- 27 (1) Upon the effective date of the annexation ordinance, the property is  
28 considered part of the city only (i) for the purpose of establishing city  
29 boundaries for additional annexations pursuant to this Article and (ii) for the  
30 exercise of city authority pursuant to Article 19 of this Chapter.
- 31 (2) For all other purposes, the annexation becomes effective as to each tract of  
32 such property or part thereof on the last day of the month in which that tract  
33 or part thereof becomes ineligible for classification pursuant to  
34 G.S. 105-277.4 or no longer meets the requirements of subdivision (f1)(2) of  
35 this section. Until annexation of a tract or a part of a tract becomes effective  
36 pursuant to this subdivision, the tract or part of a tract is not subject to  
37 taxation by the city under Article 12 of Chapter 105 of the General Statutes  
38 nor is the tract or part of a tract entitled to services provided by the city.  
39 Upon the effective date of annexation, taxation of real and personal property  
40 is subject to the provisions of G.S. 160A-58.10.

41 (g) Simultaneous Annexation Proceedings. – If a municipality is considering the  
42 annexation of two or more areas which are all adjacent to the municipal boundary but are not  
43 adjacent to one another, it may undertake simultaneous proceedings under authority of this Part  
44 for the annexation of such areas.

45 (h) Remedies for Failure to Provide Services. – If, not earlier than one year from the  
46 effective date of annexation, and not later than 15 months from the effective date of annexation,  
47 any person owning property in the annexed territory shall believe that the municipality has not  
48 followed through on its service plans adopted under the provisions of G.S. 160A-47(3) and  
49 160A-49(e), for any required service other than water and sewer services such person may  
50 apply for a writ of mandamus under the provisions of Article 40, Chapter 1 of the General  
51 Statutes. Relief may be granted by the judge of superior court

- 1 (1) If the municipality has not provided the services set forth in its plan  
2 submitted under the provisions of G.S. 160A-47(3)a on substantially the  
3 same basis and in the same manner as such services were provided within  
4 the rest of the municipality prior to the effective date of annexation, and  
5 (2) If at the time the writ is sought such services set forth in the plan submitted  
6 under the provisions of G.S. 160A-47(3)a are still being provided on  
7 substantially the same basis and in the same manner as on the date of  
8 annexation of the municipality.

9 If, not earlier than 24 months from the effective date of the annexation, and not later than  
10 27 months from the effective date of the annexation, any person owning property in the  
11 annexed area can show that the plans submitted under the provisions of G.S. 160A-47(3)c  
12 require the construction of major trunk water mains and sewer outfall lines and if construction  
13 has not been completed within two years of the effective date of the annexation, relief may also  
14 be granted by the superior court by an order to the municipality to complete such lines and  
15 outfalls within a certain time. Similar relief may be granted by the superior court to any owner  
16 of property who made a timely request for a water or sewer line, or both, pursuant to  
17 G.S. 160A-47(3)b and such lines have not been completed within two years from the effective  
18 date of annexation in accordance with applicable city policies and through no fault of the  
19 owner, if such owner petitions for such relief not earlier than 24 months following the effective  
20 date of annexation and not later than 27 months following the effective date of annexation.

21 If a writ is issued, costs in the action, including a reasonable attorney's fee for such  
22 aggrieved person, shall be charged to the municipality.

23 ~~(i) No resolution of intent may be adopted under subsection (a) of this section unless  
24 the city council (or planning agency created or designated under either G.S. 160A-361 or the  
25 charter) has, by resolution adopted at least one year prior to adoption of the resolution of intent,  
26 identified the area as being under consideration for annexation and included a statement in the  
27 resolution notifying persons subject to the annexation of their rights under subsections (f1) and  
28 (f2) of this section; provided, adoption of such resolution of consideration shall not confer prior  
29 jurisdiction over the area as to any other city. The area described under the resolution of intent  
30 may comprise a smaller area than that identified by the resolution of consideration. The  
31 resolution of consideration may have a metes and bounds description or a map and shall remain  
32 effective for two years after adoption, and shall be filed with the city clerk. A new resolution of  
33 consideration adopted before expiration of the two-year period for a previously adopted  
34 resolution covering the same area shall relate back to the date of the previous resolution.~~

35 ~~(j) Subsection (i) of this section shall not apply to the annexation of any area if the  
36 resolution of intent describing the area and the ordinance annexing the area both provide that  
37 the effective date of the annexation shall be at least one year from the date of passage of the  
38 annexation ordinance.~~

39 (k) If a valid request was made for extension of a water or sewer line under G.S.  
40 160A-47(3)b., the city shall report to the Local Government Commission as to whether the  
41 extension was completed within the two-year time period specified in G.S. 160A-47(3)c. If a  
42 valid request for extension of a water or sewer line has been made under G.S. 160A-47(3)b,  
43 G.S. 160A-47(3)b., and the extension is not complete at the end of two years after the effective  
44 date of the annexation ordinance, the owner of the property may petition the Local Government  
45 Commission for abatement of taxes to be paid to the city which have not been levied as of the  
46 expiration date of the two-year period, if such petition is filed not more than 60 days after the  
47 expiration of the two-year period. If the Local Government Commission finds that the  
48 extension to the property was not complete by the end of the two-year period, it shall enter an  
49 order directing the city not to levy any further ad valorem taxes on the property until the fiscal  
50 year commencing after completion of the extension. In addition, if the Local Government  
51 Commission found that the extension to the property was not completed by the end of the

1 two-year period, and if it finds that for any fiscal year during the period beginning with the first  
2 day of the fiscal year in which the annexation ordinance became effective and ending the last  
3 day of the fiscal year in which the two-year period expired, the city made an appropriation for  
4 construction, operation or maintenance of a water or sewer system (other than payments the  
5 city made as a customer of the system) from the fund or funds for which ad valorem taxes are  
6 levied, then the Local Government Commission shall order the city to release or refund an  
7 amount of the petitioner's property taxes for that year in question in proportion to the  
8 percentage of appropriations in the fund made for water and sewer services. By way of  
9 illustration, if a net amount of one hundred thousand dollars (\$100,000) was appropriated for  
10 water or sewer construction, operation or maintenance from a fund which had total  
11 expenditures of ten million dollars (\$10,000,000) and the petitioner's tax levy was one thousand  
12 dollars (\$1,000), the amount of release or refund shall be ten dollars (\$10.00).

13 (l) The city shall report to the Local Government Commission as to whether police  
14 protection, fire protection, solid waste, or street maintenance services were provided in  
15 accordance with G.S. 160A-47(3)a. within 60 days after the effective date of the annexation.  
16 Such report shall be filed no more than 30 days following the expiration of the 60-day period. If  
17 a city fails to deliver police protection, fire protection, solid waste or street maintenance  
18 services as provided for in G.S. 160A-47(3)a. within 60 days after the effective date of the  
19 annexation, the owner of the property may petition the Local Government Commission for  
20 abatement of taxes to be paid to the city for taxes that have been levied as of the end of the  
21 60-day period, if the petition is filed not more than ~~90 days~~ 120 days after the expiration of the  
22 60-day period. If the Local Government Commission finds that services were not extended by  
23 the end of the 60-day period, it shall enter an order directing the city not to levy any further ad  
24 valorem taxes on the property until the fiscal year commencing after extension of the municipal  
25 services."

26 **SECTION 13.** G.S. 160A-50 reads as rewritten:

27 "**§ 160A-50. Appeal.**

28 (a) Within ~~60 days~~ 75 days following the passage of an annexation ordinance under  
29 authority of this Part, any person owning property in the annexed territory who shall believe  
30 that he will suffer material injury by reason of the failure of the municipal governing board to  
31 comply with the procedure set forth in this Part or to meet the requirements set forth in  
32 G.S. 160A-48 as they apply to his property may file a petition in the superior court of the  
33 county in which the municipality is located seeking review of the action of the governing  
34 board.

35 (b) Such petition shall explicitly state what exceptions are taken to the action of the  
36 governing board and what relief the petitioner seeks. Within 10 days after the petition is filed  
37 with the court, the person seeking review shall serve copies of the petition by registered mail,  
38 return receipt requested, upon the municipality.

39 (c) Within 15 days after receipt of the copy of the petition for review, or within such  
40 additional time as the court may allow, the municipality shall transmit to the reviewing court

41 (1) A transcript of the portions of the municipal journal or minute book in which  
42 the procedure for annexation has been set forth and

43 (2) A copy of the report setting forth the plans for extending services to the  
44 annexed area as required in G.S. 160A-47.

45 (d) If two or more petitions for review are submitted to the court, the court may  
46 consolidate all such petitions for review at a single hearing, and the municipality shall be  
47 required to submit only one set of minutes and one report as required in subsection (c).

48 (e) At any time before or during the review proceeding, any petitioner or petitioners  
49 may apply to the reviewing court for an order staying the operation of the annexation ordinance  
50 pending the outcome of the review. The court may grant or deny the stay in its discretion upon

1 such terms as it deems proper, and it may permit annexation of any part of the area described in  
2 the ordinance concerning which no question for review has been raised.

3 (f) The court shall fix the date for review of annexation proceedings under this Part,  
4 which review date shall preferably be within 30 days following the last day for receiving  
5 petitions to the end that review shall be expeditious and without unnecessary delays. The  
6 review shall be conducted by the court without a jury. The court may hear oral arguments and  
7 receive written briefs, and may take evidence intended to show either

8 (1) That the statutory procedure was not followed, or

9 (2) That the provisions of G.S. 160A-47 were not met, or

10 (3) That the provisions of G.S. 160A-48 have not been met.

11 (g) The court may affirm the action of the governing board without change, or it may

12 (1) Remand the ordinance to the municipal governing board for further  
13 proceedings if procedural irregularities are found to have materially  
14 prejudiced the substantive rights of any of the petitioners.

15 (2) Remand the ordinance to the municipal governing board for amendment of  
16 the boundaries to conform to the provisions of G.S. 160A-48 if it finds that  
17 the provisions of G.S. 160A-48 have not been met; provided, that the court  
18 cannot remand the ordinance to the municipal governing board with  
19 directions to add area to the municipality which was not included in the  
20 notice of public hearing and not provided for in plans for service.

21 (3) Remand the report to the municipal governing board for amendment of the  
22 plans for providing services to the end that the provisions of G.S. 160A-47  
23 are satisfied.

24 (4) Declare the ordinance null and void, if the court finds that the ordinance  
25 cannot be corrected by remand as provided in subdivisions (1), (2), or (3) of  
26 this subsection.

27 If any municipality shall fail to take action in accordance with the court's instructions upon  
28 remand within 90 days following entry of the order embodying the court's instructions, the  
29 annexation proceeding shall be deemed null and void.

30 (h) Any party to the review proceedings, including the municipality, may appeal to the  
31 Court of Appeals from the final judgment of the superior court under rules of procedure  
32 applicable in other civil cases. The superior court may, with the agreement of the municipality,  
33 permit annexation to be effective with respect to any part of the area concerning which no  
34 appeal is being made and which can be incorporated into the city without regard to any part of  
35 the area concerning which an appeal is being made.

36 (i) If part or all of the area annexed under the terms of an annexation ordinance is the  
37 subject of an appeal to the superior court, Court of Appeals or Supreme Court on the effective  
38 date of the ordinance, then the ordinance shall be deemed amended to make the effective date  
39 with respect to such area the last day of the next full calendar month following the date of the  
40 final judgment of the superior court or appellate division, whichever is appropriate, or the date  
41 the municipal governing board completes action to make the ordinance conform to the court's  
42 instructions in the event of remand. Upon the effective date of annexation, taxation of real and  
43 personal property is subject to the provisions of G.S. 160A-58.10. The municipal governing  
44 board may, however, adopt a resolution prior to the date the annexation would become  
45 effective under this subsection, setting the effective date for the 30<sup>th</sup> day of June next following  
46 the date of the final judgment. For the purposes of this subsection, a denial of a petition for  
47 rehearing or for discretionary review shall be treated as a final ~~judgement.~~ judgment.

48 (j) If a petition for review is filed under subsection (a) of this section or an appeal is  
49 filed under G.S. 160A-49.1(g) or G.S. 160A-49.3(g), and a stay is granted, then the time  
50 periods of two years, 24 months or 27 months provided in G.S. 160A-47(3)c, 160A-49(h), or

1 160A-49(j) are each extended by the lesser of the length of the stay or one year for that  
2 annexation.

3 (k) The provisions of subsection (i) of this section shall apply to any judicial review  
4 authorized in whole or in part by G.S. 160A-49.1(i) or G.S. 160A-49.3(g).

5 (l) In any proceeding related to an annexation ordinance appeal under this section, a  
6 city shall not state a claim for lost property tax revenue caused by the appeal. Nothing in this  
7 Article shall be construed to mean that as a result of an appeal a municipality may assert a  
8 claim for property tax revenue lost during the pendency of the appeal.

9 (m) Any settlement reached by all parties in an appeal under this section may be  
10 presented to the superior court in the county in which the municipality is located. If the superior  
11 court, in its discretion, approves the settlement, it shall be binding on all parties without the  
12 need for approval by the General Assembly."

13 **SECTION 14.** G.S. 160A-58.10 reads as rewritten:

14 "**§ 160A-58.10. Tax of newly annexed territory.**

15 (a) Applicability of Section. – ~~This section applies to municipal taxation. Real and~~  
16 ~~personal property in territory annexed pursuant to this Article is subject to municipal taxes as~~  
17 ~~provided in this section.~~

18 (1) In territory annexed pursuant to Part 1 or Part 4 of this Article with an  
19 effective date other than a date in the month of June;

20 (2) In territory annexed subject to present value appraisal for which an  
21 annexation becomes effective pursuant to G.S. 160A-37(f2) or  
22 G.S. 160A-49(f2) on a date other than a date in the month of June;

23 (3) In territory for which the effective date of annexation is deemed amended by  
24 a final judgment or remand pursuant to G.S. 160A-38(i) or G.S. 160A-50(i)  
25 and the date is other than a date in the month of June; and

26 (4) In territory annexed pursuant to an act of the General Assembly with an  
27 effective date other than a date in the month of June.

28 (b) Prorated Taxes. – Real and personal property in the newly annexed territory on the  
29 January 1 immediately preceding the beginning of the fiscal year in which the annexation  
30 becomes effective is subject to prorated municipal taxes levied for that fiscal year as provided  
31 in this subsection. The amount of municipal taxes that would have been due on the property  
32 had it been within the municipality for the full fiscal year shall be multiplied by the following  
33 fraction: the denominator shall be 12 and the numerator shall be the number of full calendar  
34 months remaining in the fiscal year, following the day on which the annexation becomes  
35 effective. The product of the multiplication is the amount of prorated taxes due. The lien for  
36 prorated taxes levied on a parcel of real property shall attach to the parcel taxed on the listing  
37 date, as provided in G.S. 105-285, immediately preceding the fiscal year in which the  
38 annexation becomes effective. The lien for prorated taxes levied on personal property shall  
39 attach on the same date to all real property of the taxpayer in the taxing unit, including the  
40 newly annexed territory. If the annexation becomes effective after June 30 and before  
41 September 2, the prorated taxes shall be due and payable on the first day of September of the  
42 fiscal year for which the taxes are levied. If the annexation becomes effective after September 1  
43 and before the following July 1, the prorated taxes shall be due and payable on the first day of  
44 September of the next succeeding fiscal year. The prorated taxes are subject to collection and  
45 foreclosure in the same manner as other taxes levied for the fiscal year in which the prorated  
46 taxes become due.

47 (c) Taxes in Subsequent Fiscal Years. – In fiscal years subsequent to the fiscal year in  
48 which an annexation becomes effective, real and personal property in the newly annexed  
49 territory is subject to municipal taxes on the same basis as is the preexisting territory of the  
50 municipality.



1 (d) Transfer of Tax Records. – For purposes of levying prorated taxes the municipality  
2 shall obtain from the county a record of property in the area being annexed that was listed for  
3 taxation on the January 1 immediately preceding the fiscal year for which the prorated taxes are  
4 levied. In addition, if the effective date of annexation falls between January 1 and June 30, the  
5 municipality shall, for purposes of levying taxes for the fiscal year beginning July 1 following  
6 the date of annexation, obtain from the county a record of property in the area being annexed  
7 that was listed for taxation as of said January 1.

8 (e) Privilege License Taxes. – If the effective date of annexation falls between June 1  
9 and June 30, and the effective date of the privilege license tax ordinance of the annexing  
10 municipality is June 1, then businesses in the area to be annexed shall be liable for taxes  
11 imposed in such ordinances from and after the effective date of annexation."

12 **SECTION 15.** Part 6 of Article 4A of Chapter 160A reads as rewritten:

13 "~~Part 6. Annexation Agreements.~~Agreements Between Municipalities."

14 **SECTION 16.** Article 4A of Chapter 160A is amended by adding a new Part to  
15 read:

16 "Part 7. Annexation Agreements With Property Owners.

17 "**§ 160A-58.35. Annexation agreements.**

18 (a) A city may enter into contracts under which the city agrees to extend water service,  
19 sewer service, or both, to specific property and in return the owner or owners of the property  
20 agrees to either or both of the following:

21 (1) To petition the city for annexation of the property pursuant to Part 1 or Part  
22 4 of Article 4A of this Chapter, upon the city's request;

23 (2) Not to join in any appeal if the city adopts an ordinance to annex the  
24 property that is served by water or sewer under the contract pursuant to Part  
25 2 or Part 3 of Article 4A of this Chapter.

26 (b) If the contract specifies that it runs with the land and is recorded in the office of the  
27 register of deeds of the county in which the property is located, the contract is enforceable  
28 against the city and against the person or persons who signed it and their heirs, assigns, and  
29 successors in interest. As long as the city continues to provide the contracted utility service to  
30 the property, the city may enforce the contract through an action for specific performance."

31 **SECTION 17.** G.S. 160A-232 reads as rewritten:

32 "**§ 160A-232. Payment of assessments in cash or by installments.**

33 (a) The owners of assessed property shall have the option, within 30 days after the  
34 publication of the notice that the assessment roll has been confirmed, of paying the assessment  
35 either in cash or in not more than 10 annual installments, as may have been determined by the  
36 council in the resolution directing the project giving rise to the assessment to be undertaken.  
37 With respect to payment by installment, the council may provide

38 (1) That the first installment with interest shall become due and payable on the  
39 date when property taxes are due and payable, and one subsequent  
40 installment and interest shall be due and payable on the same date in each  
41 successive year until the assessment is paid in full, or

42 (2) That the first installment with interest shall become due and payable 60 days  
43 after the date that the assessment roll is confirmed, and one subsequent  
44 installment and interest shall be due and payable on the same day of the  
45 month in each successive year until the assessment is paid in full.

46 (b) If property is assessed for water or sewer systems pursuant to an annexation under  
47 Part 2 or Part 3 of Article 4A of this Chapter, the owners of assessed property shall have the  
48 option, within 30 days after the publication of the notice that the assessment roll has been  
49 confirmed, of paying the assessment either in cash or in not more than 20 annual installments,  
50 as may have been determined by the council in the resolution directing the project giving rise to

1 the assessment to be undertaken. With respect to payment by installment, the council may  
2 provide:

3 (1) That the first installment with interest shall become due and payable on the  
4 date when property taxes are due and payable, and one subsequent  
5 installment and interest shall be due and payable on the same date in each  
6 successive year until the assessment is paid in full, or

7 (2) That the first installment with interest shall become due and payable 60 days  
8 after the date that the assessment roll is confirmed, and one subsequent  
9 installment and interest shall be due and payable on the same day of the  
10 month in each successive year until the assessment is paid in full."

11 **SECTION 18.** This act is effective when it becomes law but does not apply to any  
12 annexation for which a resolution of intent was adopted prior to the date this act becomes law.