



1 ADOPTION OF THE ANNEXATION; TO REQUIRE MUNICIPALITIES TO REPORT  
2 TO THE LOCAL GOVERNMENT COMMISSION ON THE PROVISION OF  
3 MEANINGFUL SERVICES FOLLOWING THE ADOPTION OF AN ANNEXATION  
4 ORDINANCE; TO EXTEND THE TIME PERIOD A PROPERTY OWNER MAY  
5 APPEAL TO THE COURTS FOLLOWING AN INVOLUNTARY ANNEXATION  
6 ORDINANCE FROM SIXTY DAYS TO NINETY DAYS; TO ALLOW THE COURT TO  
7 ACCEPT ARGUMENT REGARDING THE PROVISION OF MEANINGFUL SERVICE  
8 TO THE NEWLY ANNEXED AREA; TO PROVIDE OVERSIGHT OF INVOLUNTARY  
9 ANNEXATION THROUGH A REFERENDUM, THAT MUST COINCIDE WITH A  
10 GENERAL MUNICIPAL ELECTION, OF REGISTERED VOTERS OF THE  
11 MUNICIPALITY AND THE PROPOSED ANNEXATION AREA UPON A VERIFIED  
12 PETITION SIGNED BY AT LEAST FIFTEEN PERCENT OF THE TOTAL OF THE  
13 REGISTERED VOTERS OF THE MUNICIPALITY AND THE PROPOSED  
14 ANNEXATION AREA AS SHOWN BY THE REGISTRATION; TO REQUIRE  
15 OVERSIGHT OF INVOLUNTARY ANNEXATIONS BY THE LOCAL GOVERNMENT  
16 COMMISSION BY REQUIRING A FISCAL FEASIBILITY ASSESSMENT; TO  
17 REQUIRE THE LOCAL GOVERNMENT COMMISSION TO PROHIBIT FURTHER  
18 ANNEXATION IF THE ANNEXING MUNICIPALITY DOES NOT PROVIDE  
19 SERVICES IN ACCORDANCE WITH AN INVOLUNTARY ANNEXATION WITHIN  
20 THREE YEARS; TO REQUIRE THE LOCAL GOVERNMENT COMMISSION TO  
21 ABATE PROPERTY TAXES FOR PROPERTY OWNERS WITHOUT THE REQUIRED  
22 SERVICES WITHIN THREE YEARS OF AN INVOLUNTARY ANNEXATION; TO  
23 REQUIRE THE LOCAL GOVERNMENT COMMISSION TO REPORT ANNUALLY  
24 TO THE GENERAL ASSEMBLY ON INVOLUNTARY ANNEXATIONS; TO  
25 AUTHORIZE MUNICIPALITIES TO CONTRACT WITH PROPERTY OWNERS FOR  
26 THE EXTENSION OF WATER SERVICE AND SEWER SERVICE AND NONAPPEAL  
27 OF AN INVOLUNTARY ANNEXATION, WHICH MAY RUN WITH THE LAND; TO  
28 AUTHORIZE CITIES AND COUNTIES TO DEVELOP BINDING UTILITY SERVICE  
29 PLANS; TO PERMIT THE PAYMENT OF ASSESSMENTS FOR THE INSTALLATION  
30 OF WATER OR SEWER SERVICE FOLLOWING AN INVOLUNTARY  
31 ANNEXATION OVER A TWENTY-YEAR PERIOD; TO ALLOW THE PAYMENT OF  
32 TAP FEES OVER A FIVE-YEAR PERIOD; TO GIVE PRIORITY TO A  
33 MUNICIPALITY ANNEXING A DISTRESSED AREA WHEN THAT MUNICIPALITY  
34 APPLIES FOR COMMUNITY DEVELOPMENT BLOCK GRANTS AND LOANS OR  
35 GRANTS FROM THE WASTEWATER RESERVE OR DRINKING WATER RESERVE.

36 The General Assembly of North Carolina enacts:

37 **SECTION 1.** G.S. 160A-31 reads as rewritten:

38 "**§ 160A-31. Annexation by petition.**

39 (a) The governing board of any municipality may annex by ordinance any area  
40 contiguous to its boundaries upon presentation to the governing board of a petition signed by  
41 the owners of all the real property located within such area. The petition shall be signed by each  
42 owner of real property in the area and shall contain the address of each such owner. The  
43 petition need not be signed by the owners of real property that is wholly exempt from property  
44 taxation under the Constitution and laws of North Carolina.

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

46 DATE:

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

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

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

3 (b1) Notwithstanding the provisions of subsections (a) and (b) of this section, if fifty-one  
4 percent (51%) of the households in an area petitioning for annexation pursuant to this section  
5 have incomes that are two hundred percent (200%) or less than the most recently published  
6 United States Census Bureau poverty thresholds, the governing board of any municipality shall  
7 annex by ordinance any area one-eighth of the aggregate external boundaries of which are  
8 contiguous to its boundaries upon presentation to the governing board of a petition signed by  
9 the owners of at least seventy-five percent (75%) of the parcels of real property in that area.

10 (b2) The petition under subsection (b1) of this section shall be prepared in substantially  
11 the following form:

12 DATE:

13 To the \_\_\_\_\_ (name of governing board) of the (City or Town) of  
14 \_\_\_\_\_

15 1. We the undersigned owners of real property believe that the area described in paragraph  
16 2 below meets the requirements of G.S. 160A-31(b1) and respectfully request that the area  
17 described in paragraph 2 below be annexed to the (City or Town) of \_\_\_\_\_

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

20 (c) Upon receipt of the petition, the municipal governing board shall cause the clerk of  
21 the municipality to investigate the sufficiency thereof and to certify the result of ~~his~~the  
22 investigation. For petitions received under subsection (b1) or (i) of this section, the clerk shall  
23 receive the report from the Department of Revenue as provided in subsection (k) of this section  
24 before certifying the sufficiency of the petition. Upon receipt of the certification, the municipal  
25 governing board shall fix a date for a public hearing on the question of annexation, and shall  
26 cause notice of the public hearing to be published once in a newspaper having general  
27 circulation in the municipality at least 10 days prior to the date of the public hearing; provided,  
28 if there be no such paper, the governing board shall have notices posted in three or more public  
29 places within the area to be annexed and three or more public places within the municipality.

30 (d) At the public hearing ~~all persons resident or owning property in the area described~~  
31 ~~in the petition to be annexed who allege an error in the petition and persons resident or owning~~  
32 ~~property in the municipality shall be given an opportunity to be heard, as well as residents of~~  
33 ~~the municipality who question the necessity for annexation. The governing board shall then~~  
34 ~~determine whether the petition meets the requirements of this section. Upon a finding that the~~  
35 ~~petition meets the requirements of this section, the governing board shall have authority to pass~~  
36 ~~an ordinance annexing the territory described in the petition. The governing board shall have~~  
37 ~~authority to make the annexing ordinance effective immediately or on any specified date~~  
38 ~~within the June 30 next following six months from the date of passage of the ordinance.~~

39 (e) From and after the effective date of the annexation ordinance, the territory and its  
40 citizens and property shall be subject to all debts, laws, ordinances and regulations in force in  
41 such municipality and shall be entitled to the same privileges and benefits as other parts of such  
42 municipality. Real and personal property in the newly annexed territory on the January 1  
43 immediately preceding the beginning of the fiscal year in which the annexation becomes  
44 effective is subject to municipal taxes as provided in G.S. 160A-58.10. If the effective date of  
45 annexation falls between June 1 and June 30, and the effective date of the privilege license tax  
46 ordinance of the annexing municipality is June 1, then businesses in the area to be annexed  
47 shall be liable for taxes imposed in such ordinance from and after the effective date of  
48 annexation.

49 (f) For purposes of this section, an area shall be deemed "contiguous" if, at the time the  
50 petition is submitted, such area either abuts directly on the municipal boundary or is separated  
51 from the municipal boundary by the width of a street or street right-of-way, a creek or river, or

1 the right-of-way of a railroad or other public service corporation, lands owned by the  
2 municipality or some other political subdivision, or lands owned by the State of North Carolina.  
3 A connecting corridor consisting solely of a street or street right-of-way may not be used to  
4 establish contiguity to an outlying, noncontiguous area. In describing the area to be annexed in  
5 the annexation ordinance, the municipal governing board may include within the description  
6 any territory described in this subsection which separates the municipal boundary from the area  
7 petitioning for annexation.

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

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

22 (i) Using the procedures under this section, the governing board of any municipality  
23 may annex by ordinance any distressed area contiguous to its boundaries upon presentation to  
24 the governing board of a petition signed by at least one adult resident of at least seventy-five  
25 percent (75%) of the resident households located within such area. For purposes of this  
26 subsection, a "distressed area" is defined as an area in which at least fifty-one percent (51%) of  
27 the households in the area petitioning to be annexed have incomes that are two hundred percent  
28 (200%) or less than the most recently published United States Census Bureau poverty  
29 thresholds. The municipality may require reasonable proof that the petitioner in fact resides at  
30 the address indicated.

31 (j) The petition under subsection (i) of this section shall be prepared in substantially the  
32 following form:

33 DATE:

34 To the \_\_\_\_\_ (name of governing board) of the (City or Town) of  
35 \_\_\_\_\_

36 1. We the undersigned residents of real property believe that the area described in  
37 paragraph 2 below meets the requirements of G.S. 160A-31(i) and respectfully request that the  
38 area described in paragraph 2 below be annexed to the (City or Town) of \_\_\_\_\_

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

41 (k) For purposes of determining whether the percentage of households in the area  
42 petitioning for annexation meets the poverty thresholds under subsections (b1) and (i) of this  
43 section, the petitioners shall submit to the municipal governing board any reasonable evidence  
44 that demonstrates the area in fact meets the income requirements of that subsection. The  
45 evidence presented may include data from the most recent federal decennial census, other  
46 official census documents, signed affidavits by at least one adult resident of the household  
47 attesting to the household size and income level, or any other documentation verifying the  
48 incomes for a majority of the households within the petitioning area. Petitioners may select to  
49 submit name, address, and social security number to the clerk, who shall in turn submit the  
50 information to the Department of Revenue. Such information shall be kept confidential and is  
51 not a public record. The Department shall provide the municipality with a summary report of

1 income for households in the petitioning area. Information for the report shall be gleaned from  
2 income tax returns, but the report submitted to the municipality shall not identify individuals or  
3 households."

4 **SECTION 2.(a)** Part 2 of Article 4A of Chapter 160A of the General Statutes reads  
5 as rewritten:

6 "Part 2. Annexation by Cities of Less than ~~5,000~~10,000."

7 **SECTION 2.(b)** G.S. 160A-34 reads as rewritten:

8 "**§ 160A-34. Authority to annex.**

9 The governing board of any municipality having a population of less than ~~5,000~~10,000  
10 persons according to the last federal decennial census may extend the corporate limits of such  
11 municipality under the procedure set forth in this Part, except that this Part does not apply to  
12 any municipality in Craven County having a population of less than 500 persons according to  
13 the last federal decennial census unless that municipality provides at least six of the seven  
14 categories of municipal services listed in G.S. 136-41.2(c). This Part does not apply to any  
15 municipality unless it provides, at the time of adoption of the resolution of intent, at least two  
16 meaningful services within its existing corporate boundaries. To qualify under this section, the  
17 meaningful service must be provided directly by the municipality, provided by a joint agency  
18 or authority of which the municipality is a full participating member, or provided by contract  
19 between the municipality and a third party. In the case of police protection provided by contract  
20 between the municipality and the sheriff's department, to qualify under this section the contract  
21 must establish a higher level of service than is otherwise provided in the area, such as a  
22 designated deputy or increased patrols."

23 **SECTION 3.** G.S. 160A-35 reads as rewritten:

24 "**§ 160A-35. Prerequisites to annexation; ability to serve; report and plans.**

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

- 29 (1) A map or maps of the municipality and adjacent territory to show the  
30 following information:  
31 a. The present and proposed boundaries of the municipality.  
32 b. The proposed extensions of water ~~mains and mains~~, sewer ~~outfalls~~  
33 outfall lines, sewer lines, and waterlines to serve the annexed area, if  
34 such utilities are operated by the municipality. The water and sewer  
35 map must bear the seal of a registered professional engineer or a  
36 licensed surveyor.
- 37 (2) A statement showing that the area to be annexed meets the requirements of  
38 G.S. 160A-36.
- 39 (3) A statement setting forth the plans of the municipality for extending to the  
40 area to be annexed each ~~major municipal~~meaningful service performed  
41 within the municipality at the time of annexation. Specifically, such plans  
42 shall:  
43 a. Provide for extending police protection, fire protection, solid waste  
44 collection and street maintenance services to the area to be annexed  
45 on the date of annexation on substantially the same basis and in the  
46 same manner as such services are provided within the rest of the  
47 municipality prior to annexation. A contract with a rural fire  
48 department to provide fire protection shall be an acceptable method  
49 of providing fire protection. If a water distribution system is not  
50 available in the area to be annexed, the plans must call for reasonably  
51 effective fire protection services until such time as waterlines are

- 1 made available in such area under existing municipal policies for the  
2 extension of waterlines. A contract with a private firm to provide  
3 solid waste collection services shall be an acceptable method of  
4 providing solid waste collection services.
- 5 b. Provide for extension of water ~~mains~~~~mains~~, sewer outfall lines, and  
6 sewer ~~lines~~~~lines~~, and waterlines into the area to be annexed so that  
7 property owners in the area to be annexed will be able to secure  
8 public water and sewer services according to the policies in effect in  
9 such municipality ~~for extending water and sewer lines to individual~~  
10 ~~lots or subdivisions, prior to annexation.~~ If the municipality must, at  
11 its own expense, extend water and/or sewer mains into the area to be  
12 annexed before property owners in the area can, according to  
13 municipal policies, make such connection to such lines, then the  
14 plans must call for contracts to be let and construction to begin on  
15 such lines within one year following the effective date of annexation.  
16 In areas where the installation of sewer is not ~~economically~~~~fiscally~~  
17 feasible or would be environmentally damaging due to the unique  
18 topography or environmental qualities of the area, the municipality  
19 may agree to provide septic system maintenance and repair service  
20 until such time as sewer service is provided to properties similarly  
21 situated. In any event, the plans shall call for construction to be  
22 completed within three years of the effective date of annexation.
- 23 c. Set forth the method under which the municipality plans to finance  
24 extension of each meaningful service ~~services~~ into the area to be  
25 annexed. In calculating the cost of extending water or sewer services  
26 to the area to be annexed, the municipality shall include the cost of  
27 extending water and sewer lines to individual lots of property owners  
28 and may estimate the number of eligible property owners that will  
29 request to tap into the extended water and sewer lines.
- 30 (4) A statement of the impact of the annexation on any rural fire department  
31 providing service in the area to be annexed and a statement of the impact of  
32 the annexation on fire protection and fire insurance rates in the area to be  
33 annexed, if the area where service is provided is in an insurance district  
34 designated under G.S. 153A-233, a rural fire protection district under Article  
35 3A of Chapter 69 of the General Statutes, or a fire service district under  
36 Article 16 of Chapter 153A of the General Statutes. The rural fire  
37 department shall make available to the city not later than 30 days following a  
38 written request from the city all information in its possession or control,  
39 including but not limited to operational, financial and budgetary information,  
40 necessary for preparation of a statement of impact. The rural fire department  
41 forfeits its rights under G.S. 160A-37.1 and G.S. 160A-37.2 if it fails to  
42 make a good faith response within 45 days following receipt of the written  
43 request for information from the city, provided that the city's written request  
44 so states by specific reference to this section.
- 45 (5) A statement showing how the proposed annexation will affect the city's  
46 finances and services, including city revenue change estimates. Estimates  
47 must include projections for at least a five-year period beyond the first year  
48 that expenditures are to be made for the provision of city services to the  
49 annexed area with accounting by revenue source and category of  
50 expenditure. This statement shall be delivered to the clerk of the board of

1 county commissioners at least 30 days before the date of the public  
2 informational meeting on any annexation under this Part."

3 **SECTION 4.** G.S. 160A-36 reads as rewritten:

4 "**§ 160A-36. Character of area to be annexed.**

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

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

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

17 (2) At least ~~one-eighth~~ one-fifth of the aggregate external boundaries of the area  
18 must coincide with the municipal boundary. A connecting corridor  
19 consisting solely of a public street or street right-of-way may not be used to  
20 establish contiguity to an outlying, noncontiguous area.

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

23 (4) No part of the area may be served by a water and sewer system operated by a  
24 municipality other than the annexing municipality, unless in accordance with  
25 an annexation agreement in effect under Part 6 of this Article, or the system  
26 is operated pursuant to an interlocal agreement under Article 20 of this  
27 Chapter to which the annexing municipality is a party, or the system is  
28 operated by an authority or joint agency of which the annexing municipality  
29 is a full participating member.

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

41 (1) Any area which is so developed that at least ~~sixty percent (60%)~~ sixty-five  
42 percent (65%) of the total number of lots and tracts in the area at the time of  
43 annexation are used for residential, commercial, industrial, institutional or  
44 governmental purposes, and is subdivided into lots and tracts such that at  
45 least sixty percent (60%) of the total acreage, not counting the acreage used  
46 at the time of annexation for commercial, industrial, governmental or  
47 institutional purposes, consists of lots and tracts ~~three-two and one-half~~ acres  
48 or less in size.

49 (1a) An area with a total resident population equal to at least two and three-tenths  
50 persons for each acre of land included within its boundaries.

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

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

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

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

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

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

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

21 (f) If the area includes any residential lot that is shown on a subdivision plat approved  
22 and recorded as a final plat pursuant to an ordinance adopted under Article 18 of Chapter 153A  
23 of the General Statutes or under Article 19 of this Chapter, the area must include all other  
24 residential lots shown on the same recorded final subdivision plat, except for lots already  
25 included in the corporate limits of the annexing municipality or another municipality. If the  
26 subdivision is in more than one county, the annexation area need not include lots across the  
27 county line. For purposes of this section, if the subdivision was approved as a phased  
28 development, each phase may be considered a separate subdivision."

29 **SECTION 5.** G.S. 160A-37 reads as rewritten:

30 **"§ 160A-37. Procedure for annexation.**

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

45 (a1) Resolution of Intent. — At least one year after adoption of the resolution of  
46 consideration, the municipal governing body may adopt a resolution stating the intent of the  
47 municipality to ~~consider annexation.~~ proceed with annexation of some or all of the area  
48 described in a resolution of consideration. Such resolution of intent shall describe the  
49 boundaries of the area ~~under consideration,~~ intended for annexation, fix a date for the public  
50 informational meeting, and fix a date for a public hearing on the question of annexation. The  
51 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 Information Meeting and Public Hearing. – The notice of public  
4 information meeting and public hearing shall ~~shall~~ be a combined notice that includes at least  
5 all of the following:

- 6 (1) Fix the date, hour and place of the public informational meeting and the  
7 date, hour, and place of the public hearing.
- 8 (2) Describe clearly the boundaries of the area under consideration, and include  
9 a legible map of the area.
- 10 (3) State that the report required in G.S. 160A-35 will be available at the office  
11 of the municipal clerk at least 30 days prior to the date of the public  
12 informational meeting.
- 13 (4) Include an explanation of an owner's rights pursuant to subsection (f1) and  
14 (f2) of this section.
- 15 (5) Include a summary of the annexation process with time lines and a summary  
16 of available statutory remedies for contesting the annexation and the failure  
17 to provide services.
- 18 (6) Include information on how to request to become a customer of the water  
19 service or sewer service, the cost of requesting that service along with the  
20 option of paying that cost in accordance with G.S. 160A-232(c), and any  
21 forms to request that service.
- 22 (7) Describe clearly the distinction between the public informational meeting  
23 and the public hearing.

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

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

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

8 (c1) Public Informational Meeting. – At the public informational meeting a  
9 representative of the municipality shall first make an explanation of the report required in  
10 G.S. 160A-35. Following such explanation, all persons resident or owning property in the  
11 territory described in the notice of public hearing, and all residents of the municipality, shall be  
12 given the opportunity to ask questions and receive answers regarding the proposed annexation.

13 (d) Public Hearing. – At the public hearing a representative of the municipality shall  
14 first make an explanation of the report required in G.S. 160A-35. Following such explanation,  
15 all persons resident or owning property in the territory described in the notice of public hearing,  
16 and all residents of the municipality, shall be given an opportunity to be heard. A summary of  
17 the annexation process with time lines and a summary of available statutory remedies for  
18 contesting the annexation and the provision of services shall be distributed at the public  
19 hearing, and information regarding including any forms for requesting water service or sewer  
20 service to individual lots shall be distributed at the public informational meeting.

21 (e) Passage of the Annexation Ordinance. – ~~The~~ Subject to the provisions of  
22 G.S. 160A-58.11, the municipal governing board shall take into consideration facts presented at  
23 the public hearing and shall have authority to amend the report required by G.S. 160A-35 to  
24 make changes in the plans for serving the area proposed to be annexed so long as such changes  
25 meet the requirements of G.S. 160A-35. At any regular or special meeting held no sooner than  
26 the tenth day following the public hearing and not later than 90 days following such public  
27 hearing, the governing board shall have authority to adopt an ordinance extending the corporate  
28 limits of the municipality to include all, or such part, of the area described in the notice of  
29 public hearing which meets the requirements of G.S. 160A-36 and which the governing board  
30 has concluded should be annexed. The ordinance shall:

- 31 (1) Contain specific findings showing that the area to be annexed meets the  
32 requirements of G.S. 160A-36. The external boundaries of the area to be  
33 annexed shall be described by metes and bounds. In showing the application  
34 of G.S. 160A-36(c) and (d) to the area, the governing board may refer to  
35 boundaries set forth on a map of the area and incorporate same by reference  
36 as a part of the ordinance.
- 37 (2) A statement of the intent of the municipality to provide services to the area  
38 being annexed as set forth in the report required by G.S. 160A-35.
- 39 (3) A specific finding that on the effective date of annexation the municipality  
40 will have funds appropriated in sufficient amount to finance construction of  
41 any water and sewer lines ~~found necessary~~ stated in the report required by  
42 G.S. 160A-35 to extend the basic water and/or sewer system of the  
43 municipality into the area to be annexed, or that on the effective date of  
44 annexation the municipality will have authority to issue bonds in an amount  
45 sufficient to finance such construction. If authority to issue such bonds must  
46 be secured from the electorate of the municipality prior to the effective date  
47 of annexation, then the effective date of annexation shall be no earlier than  
48 the day following the statement of the successful result of the bond election.
- 49 (4) Fix the effective date for annexation. The effective date of annexation ~~may~~  
50 shall be fixed as the June 30 next following the adoption of the ordinance.~~for~~

~~any date not less than 40 days nor more than 400 days from the date of passage of the ordinance.~~

(f) Effect of Annexation Ordinance. – Except as provided in subsection (f1) of this section, from and after the effective date of the annexation ordinance, the territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in such municipality and shall be entitled to the same privileges and benefits as other parts of such municipality. ~~Real and personal property in the newly annexed territory on the January 1 immediately preceding the beginning of the fiscal year in which the annexation becomes effective is subject to municipal taxes as provided in G.S. 160A-58.10. If the effective date of annexation falls between June 1 and June 30, and the effective date of the privilege license tax ordinance of the annexing municipality is June 1, then businesses in the area to be annexed shall be liable for taxes imposed in such ordinance from and after the effective date of annexation.~~

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

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

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

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

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

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

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

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

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

(h) Remedies for Failure to Provide Services. – If, not earlier than one year from the effective date of annexation, and not later than 15 months from the effective date of annexation, any person owning property in the annexed territory shall believe that the municipality has not followed through on its meaningful service plans adopted under the provisions of

1 G.S. 160A-35(3) and subsection (e) of this section, the person may apply for a writ of  
2 mandamus under the provisions of Article 40, Chapter 1 of the General Statutes. Relief may be  
3 granted by the judge of superior court

4 (1) If the municipality has not provided the meaningful services set forth in its  
5 plan submitted under the provisions of ~~G.S. 160A-35(3)a~~ G.S. 160A-35(3)a,  
6 on substantially the same basis and in the same manner as such services  
7 were provided within the rest of the municipality prior to the effective date  
8 of annexation, and

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

13 ~~Relief may also be granted by the judge of superior court~~

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

16 (2) ~~If contracts for such construction have not yet been let.~~

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

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

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

35 (k) The city shall report to the Local Government Commission as to whether police  
36 protection, fire protection, solid waste or street maintenance services were provided in  
37 accordance with G.S. 160A-35(3)a. within 60 days after the effective date of the annexation.  
38 Such report shall be filed no more than 30 days following the expiration of the 60-day period. If  
39 a city fails to deliver police protection, fire protection, solid waste or street maintenance  
40 services as provided for in G.S. 160A-35(3)a. within 60 days after the effective date of the  
41 annexation, the owner of the property may petition the Local Government Commission for  
42 abatement of taxes to be paid to the city for taxes that have been levied as of the end of the  
43 60-day period, if the petition is filed not more than ~~90 days~~ 120 days after the expiration of the  
44 60-day period. If the Local Government Commission finds that services were not extended by  
45 the end of the 60-day period, it shall enter an order directing the city not to levy any further ad  
46 valorem taxes on the property until the fiscal year commencing after extension of the municipal  
47 services.

48 (l) The city shall report to the Local Government Commission as to whether the  
49 extension of water and sewer lines was completed within the three-year time period specified in  
50 G.S. 160A-35(3). If the extension is not complete at the end of three years after the effective  
51 date of the annexation ordinance, the owner of the property may petition the Local Government

1 Commission for abatement of taxes to be paid to the city which have not been levied as of the  
2 expiration date of the three-year period, if such petition is filed not more than 120 days after the  
3 expiration of the three-year period. If the Local Government Commission finds that the  
4 extension to the property was not complete by the end of the three-year period, it shall enter an  
5 order directing the city not to levy any further ad valorem taxes on the property until the fiscal  
6 year commencing after completion of the extension. In addition, if the Local Government  
7 Commission found that the extension to the property was not completed by the end of the  
8 three-year period, and if it finds that for any fiscal year during the period beginning with the  
9 first day of the fiscal year in which the annexation ordinance became effective and ending the  
10 last day of the fiscal year in which the three-year period expired, the city made an appropriation  
11 for construction, operation, or maintenance of a water or sewer system (other than payments the  
12 city made as a customer of the system) from the fund or funds for which ad valorem taxes are  
13 levied, then the Local Government Commission shall order the city to release or refund an  
14 amount of the petitioner's property taxes for that year in question in proportion to the  
15 percentage of appropriations in the fund made for water and sewer services. By way of  
16 illustration, if a net amount of one hundred thousand dollars (\$100,000) was appropriated for  
17 water or sewer construction, operation, or maintenance from a fund which had total  
18 expenditures of ten million dollars (\$10,000,000) and the petitioner's tax levy was one thousand  
19 dollars (\$1,000), the amount of release or refund shall be ten dollars (\$10.00)."

20 **SECTION 6.** G.S. 160A-38 reads as rewritten:

21 "**§ 160A-38. Appeal.**

22 (a) Within ~~60 days~~ 90 days following the passage of an annexation ordinance under  
23 authority of this Part, any person owning property in the annexed territory who shall believe  
24 that ~~he the person~~ will suffer material injury by reason of the failure of the municipal governing  
25 board to comply with the procedure set forth in this Part or to meet the requirements set forth in  
26 G.S. 160A-36 as they apply to ~~his that person's~~ property may file a petition in the superior court  
27 of the county in which the municipality is located seeking review of the action of the governing  
28 board.

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

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

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

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

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

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

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

- 1 (1) That the statutory procedure was not ~~followed or~~ followed.  
2 (2) That the provisions of G.S. 160A-35 were not ~~met, or~~ met.  
3 (3) That the provisions of G.S. 160A-36 have not been met.  
4 (4) That the municipality has proven that the municipality is providing  
5 meaningful service to the property owners.
- 6 (g) The court may affirm the action of the governing board without change, or it may  
7 (1) Remand the ordinance to the municipal governing board for further  
8 proceedings if procedural irregularities are found to have materially  
9 prejudiced the substantive rights of any of the petitioners.  
10 (2) Remand the ordinance to the municipal governing board for amendment of  
11 the boundaries to conform to the provisions of G.S. 160A-36 if it finds that  
12 the provisions of G.S. 160A-36 have not been met; provided, that the court  
13 cannot remand the ordinance to the municipal governing board with  
14 directions to add area to the municipality which was not included in the  
15 notice of public hearing and not provided for in plans for service.  
16 (3) Remand the report to the municipal governing board for amendment of the  
17 plans for providing services to the end that the provisions of G.S. 160A-35  
18 are satisfied.  
19 (4) Declare the ordinance null and void, if the court finds that the ordinance  
20 cannot be corrected by remand as provided in subdivisions (1), (2), or (3) of  
21 this subsection.

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

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

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

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

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

50 (l) Any settlement agreed to by all parties in an appeal under this section may be  
51 presented to the superior court in the county in which the municipality is located. If the superior

1 court, in its discretion, approves the settlement, it shall be binding on all parties without the  
2 need for approval by the General Assembly."

3 **SECTION 7.(a)** Part 3 of Article 4A of Chapter 160A of the General Statutes reads  
4 as rewritten:

5 "Part 3. Annexation by Cities of ~~5,000~~10,000 or More."

6 **SECTION 7.(b)** G.S. 160A-46 reads as rewritten:

7 **"§ 160A-46. Authority to annex.**

8 The governing board of any municipality having a population of ~~5,000~~10,000 or more  
9 persons according to the last federal decennial census may extend the corporate limits of such  
10 municipality under the procedure set forth in this Part. This Part does not apply to any  
11 municipality unless it provides, at the time of adoption of the resolution of intent, at least two  
12 meaningful services within its existing corporate boundaries. To qualify under this section, the  
13 meaningful service must be provided directly by the municipality, provided by a joint agency  
14 or authority of which the municipality is a full participating member, or provided by contract  
15 between the municipality and a third party. In the case of police protection provided by contract  
16 between the municipality and the sheriff's department, to qualify under this section the contract  
17 must establish a higher level of service than is otherwise provided in the area, such as a  
18 designated deputy or increased patrols."

19 **SECTION 8.** G.S. 160A-47 reads as rewritten:

20 **"§ 160A-47. Prerequisites to annexation; ability to serve; report and plans.**

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

- 25 (1) A map or maps of the municipality and adjacent territory to show the  
26 following information:  
27 a. The present and proposed boundaries of the municipality.  
28 b. The present major trunk water mains and sewer interceptors and  
29 outfalls, and the proposed extensions of such mains and outfalls and  
30 water and sewer lines as required in subdivision (3) of this section.  
31 The water and sewer map must bear the seal of a registered  
32 professional engineer.  
33 c. The general land use pattern in the area to be annexed.
- 34 (2) A statement showing that the area to be annexed meets the requirements of  
35 G.S. 160A-48.
- 36 (3) A statement setting forth the plans of the municipality for extending to the  
37 area to be annexed each ~~major municipal~~meaningful service performed  
38 within the municipality at the time of annexation. Specifically, such plans  
39 shall:  
40 a. Provide for extending police protection, fire protection, solid waste  
41 collection and street maintenance services to the area to be annexed  
42 on the date of annexation on substantially the same basis and in the  
43 same manner as such services are provided within the rest of the  
44 municipality prior to annexation. A contract with a rural fire  
45 department to provide fire protection shall be an acceptable method  
46 of providing fire protection. If a water distribution system is not  
47 available in the area to be annexed, the plans must call for reasonably  
48 effective fire protection services until such time as waterlines are  
49 made available in such area under existing municipal policies for the  
50 extension of waterlines. A contract with a private firm to provide

- 1 solid waste collection services shall be an acceptable method of  
2 providing solid waste collection services.
- 3 b. Provide for extension of major trunk water ~~mains and mains~~, sewer  
4 outfall lines, waterlines, and sewer lines into the area to be ~~annexed~~  
5 ~~so that when such lines are constructed, property owners in the area~~  
6 ~~to be annexed will be able to secure public water and sewer service,~~  
7 ~~according to the policies in effect in such municipality for extending~~  
8 ~~water and sewer lines to individual lots or subdivisions. annexed.~~ If  
9 requested by the owner of an occupied dwelling unit or an operating  
10 commercial or industrial property in writing on a form provided by  
11 the municipality, which form acknowledges that such extension or  
12 extensions will be made according to the current financial policies of  
13 the municipality for making such extensions, and if such form is  
14 received by the city clerk no later than five days after the public  
15 hearing, provide for extension of water and sewer lines to the  
16 property or to a point on a public street or road right-of-way adjacent  
17 to the property according to the financial policies in effect in such  
18 municipality for extending water and sewer lines. If any such  
19 requests are timely made, the municipality shall at the time of  
20 adoption of the annexation ordinance amend its report and plan for  
21 services to reflect and accommodate such requests, if an amendment  
22 is necessary. In areas where the municipality is required to extend  
23 sewer service according to its policies, but the installation of sewer is  
24 not ~~economically~~ fiscally feasible or would be environmentally  
25 damaging due to the unique topography or environmental qualities of  
26 the area, the municipality shall provide septic system maintenance  
27 and repair service until such time as sewer service is provided to  
28 properties similarly situated.
- 29 c. ~~If extension of major trunk water mains, sewer outfall lines, sewer~~  
30 ~~lines and water lines is necessary, set~~ Set forth a proposed timetable  
31 for construction of such mains, outfalls and lines as soon as possible  
32 following the effective date of annexation. In any event, the plans  
33 shall call for construction to be completed within ~~two~~ three years of  
34 the effective date of annexation.
- 35 d. Set forth the method under which the municipality plans to finance  
36 extension of ~~services~~ each meaningful service into the area to be  
37 annexed. In calculating the cost of extending water or sewer services  
38 to the area to be annexed, the municipality shall include the cost of  
39 extending water and sewer lines to individual lots of property owners  
40 and may estimate the number of eligible property owners that will  
41 request to tap into the extended water and sewer lines.
- 42 (4) A statement of the impact of the annexation on any rural fire department  
43 providing service in the area to be annexed and a statement of the impact of  
44 the annexation on fire protection and fire insurance rates in the area to be  
45 annexed, if the area where service is provided is in an insurance district  
46 designated under G.S. 153A-233, a rural fire protection district under Article  
47 3A of Chapter 69 of the General Statutes, or a fire service district under  
48 Article 16 of Chapter 153A of the General Statutes. The rural fire  
49 department shall make available to the city not later than 30 days following a  
50 written request from the city all information in its possession or control,  
51 including but not limited to operational, financial and budgetary information,



necessary for preparation of a statement of impact. The rural fire department forfeits its rights under G.S. 160A-49.1 and G.S. 160A-49.2 if it fails to make a good faith response within 45 days following receipt of the written request for information from the city, provided that the city's written request so states by specific reference to this section.

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

**SECTION 9.** G.S. 160A-48 reads as rewritten:

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

(a) A municipal governing board may extend the municipal corporate limits to include any ~~area~~area that complies with the following:

- (1) Which meets the general standards of ~~subsection (b), and~~subsection (b) of this section.
- (2) Every part of which meets the requirements of ~~either any of the following:~~
  - a. ~~subsection (c)~~Subsection (c) of this section.
  - b. ~~or subsection (d)~~Subsection (d) of this section.
  - c. Is completely surrounded by the municipality's primary corporate limits.

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

- (1) It must be adjacent or contiguous to the municipality's boundaries at the time the annexation proceeding is begun, except if the entire territory of a county water and sewer district created under G.S. 162A-86(b1) is being annexed, the annexation shall also include any noncontiguous pieces of the district as long as the part of the district with the greatest land area is adjacent or contiguous to the municipality's boundaries at the time the annexation proceeding is begun.
- (2) At least ~~one-eighth~~one-fifth of the aggregate external boundaries of the area must coincide with the municipal boundary. A connecting corridor consisting solely of a public street or street right-of-way may not be used to establish contiguity to an outlying, noncontiguous area.
- (3) No part of the area shall be included within the boundary of another incorporated municipality.
- (4) No part of the area may be served by a water and sewer system operated by a municipality other than the annexing municipality, unless in accordance with an annexation agreement in effect under Part 6 of this Article, or the system is operated pursuant to an interlocal agreement under Article 20 of this Chapter to which the annexing municipality is a party, or the system is operated by an authority or joint agency of which the annexing municipality is a full participating member.

(c) Part or all of the area to be annexed must be developed for urban purposes at the time of approval of the report provided for in G.S. 160A-47. Area of streets and street rights-of-way shall not be used to determine total acreage under this section. An area developed for urban purposes is defined as any area which meets any one of the following standards:

- (1) Has a total resident population equal to at least two and three-tenths persons for each acre of land included within its ~~boundaries; or~~boundaries.

- 1           (2)     Has a total resident population equal to at least ~~one person~~ two and one-half  
2           persons for each acre of land included within its boundaries, and is  
3           subdivided into lots and tracts such that at least sixty percent (60%) of the  
4           total acreage consists of lots and tracts three acres or less in size and such  
5           that at least sixty-five percent (65%) of the total number of lots and tracts are  
6           one acre or less in ~~size; or~~ size.
- 7           (3)     Is so developed that at least ~~sixty percent (60%)~~ sixty-five percent (65%) of  
8           the total number of lots and tracts in the area at the time of annexation are  
9           used for residential, commercial, industrial, institutional or governmental  
10          purposes, and is subdivided into lots and tracts such that at least sixty  
11          percent (60%) of the total acreage, not counting the acreage used at the time  
12          of annexation for commercial, industrial, governmental or institutional  
13          purposes, consists of lots and tracts ~~three~~ two and one-half acres or less in  
14          size. For purposes of this section, a lot or tract shall not be considered in use  
15          for a commercial, industrial, institutional, or governmental purpose if the lot  
16          or tract is used only temporarily, occasionally, or on an incidental or  
17          insubstantial basis in relation to the size and character of the lot or tract. For  
18          purposes of this section, acreage in use for commercial, industrial,  
19          institutional, or governmental purposes shall include acreage actually  
20          occupied by buildings or other man-made structures together with all areas  
21          that are reasonably necessary and appurtenant to such facilities for purposes  
22          of parking, storage, ingress and egress, utilities, buffering, and other  
23          ancillary services and ~~facilities; or~~ facilities.
- 24          (4)     Is the entire area of any county water and sewer district created under  
25          G.S. 162A-86(b1), but this subdivision only applies to annexation by a  
26          municipality if that:  
27                a.       Municipality has provided in a contract with that district that the area  
28                        is developed for urban purposes; and  
29                b.       Contract provides for the municipality to operate the sewer system of  
30                        that county water and sewer district;  
31                provided that the special categorization provided by this subdivision only  
32                applies if the municipality is annexing in one proceeding the entire territory  
33                of the district not already within the corporate limits of a municipality; or
- 34          (5)     Is so developed that, at the time of the approval of the annexation report, all  
35          tracts in the area to be annexed are used for commercial, industrial,  
36          governmental, or institutional purposes.
- 37          (d)     In addition to areas developed for urban purposes, a governing board may include in  
38          the area to be annexed any area which does not meet the requirements of subsection (c) if such  
39          area either:
- 40                (1)     Lies between the municipal boundary and an area developed for urban  
41                        purposes so that the area developed for urban purposes is either not adjacent  
42                        to the municipal boundary or cannot be served by the municipality without  
43                        extending services and/or water and/or sewer lines through such sparsely  
44                        developed area; or
- 45                (2)     Is adjacent, on at least sixty percent (60%) of its external boundary, to any  
46                        combination of the municipal boundary and the boundary of an area or areas  
47                        developed for urban purposes as defined in subsection (c).

48          The purpose of this subsection is to permit municipal governing boards to extend corporate  
49          limits to include all nearby areas developed for urban purposes and where necessary to include  
50          areas which at the time of annexation are not yet developed for urban purposes but which  
51          constitute necessary land connections between the municipality and areas developed for urban

1 purposes or between two or more areas developed for urban purposes. For purposes of this  
2 subsection, "necessary land connection" means an area that does not exceed twenty-five percent  
3 (25%) of the total area to be annexed.

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

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

11 (g) If the area includes any residential lot that is shown on a subdivision plat approved  
12 and recorded as a final plat pursuant to an ordinance adopted under Article 18 of Chapter 153A  
13 of the General Statutes or under Article 19 of this Chapter, the area must include all other  
14 residential lots shown on the same recorded final subdivision plat, except for lots already  
15 included in the corporate limits of the annexing municipality or another municipality. If the  
16 subdivision is in more than one county, the annexation area need not include lots across the  
17 county line. For purposes of this section, if the subdivision was approved as a phased  
18 development, each phase may be considered a separate subdivision."

19 **SECTION 10.** G.S. 160A-49 reads as rewritten:

20 **"§ 160A-49. Procedure for annexation.**

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

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

44 (b) Notice of Public Information Meeting and Public Hearing. – The notice of public  
45 information meeting and public hearing ~~shall~~ shall be a combined notice that includes at least  
46 all of the following information:

- 47 (1) Fix the date, hour and place of the public informational meeting and the  
48 date, hour, and place of the public hearing.
- 49 (2) Describe clearly the boundaries of the area under consideration, and include  
50 a legible map of the area.

- 1 (3) State that the report required in G.S. 160A-47 will be available at the office  
2 of the municipal clerk at least 30 days prior to the date of the public  
3 informational meeting.
- 4 (4) Include a notice of a property owner's rights to request to become a customer  
5 of the water and sewer service in accordance with G.S. 160A-47. the policies  
6 in effect in the municipality for such services, the cost of requesting that  
7 service along with the option of paying that cost in accordance with  
8 G.S. 160A-232(c), and any forms to request that service.
- 9 (5) Include an explanation of a property owner's rights pursuant to subsections  
10 (f1) and (f2) of this section.
- 11 (6) Include information on how to request to become a customer of the water  
12 service or sewer service, the cost of requesting that service along with the  
13 option of paying that cost in accordance with G.S. 160A-232(c), and any  
14 forms to request that service.
- 15 (7) Describe clearly the distinction between the public informational meeting  
16 and the public hearing.

17 Such notice shall be given by publication once a week for at least two successive weeks  
18 prior to the date of the informational ~~meeting~~ meeting, with each publication being on the same  
19 day of the week, in a newspaper having general circulation in the municipality and, in addition  
20 thereto, if the area to be annexed lies in a county containing less than fifty percent (50%) of the  
21 land area of the municipality, in a newspaper having general circulation in the area of proposed  
22 annexation. ~~The period from the date of the first publication to the date of the last publication,~~  
23 ~~both dates inclusive, shall be not less than eight days including Sundays, and the date of the last~~  
24 ~~publication shall be not more than seven days preceding the date of public informational~~  
25 ~~meeting.~~ If there be no such newspaper, the municipality shall post the notice in at least five  
26 public places within the municipality and at least five public places in the area to be annexed  
27 for 30 days prior to the date of public informational meeting. In addition, notice shall be mailed  
28 at least four weeks prior to date of the informational meeting by ~~first class mail, postage~~  
29 ~~prepaid~~ certified mail to the owners as shown by the tax records of the county of all freehold  
30 interests in real property located within the area to be annexed. The person or persons mailing  
31 such notices shall certify to the governing board that fact, and such certificate shall become a  
32 part of the record of the annexation proceeding and shall be deemed conclusive in the absence  
33 of fraud. If the notice is returned to the city by the postal service by the tenth day before the  
34 informational meeting, a copy of the notice shall be sent by certified mail, return receipt  
35 requested, at least seven days before the informational meeting. Failure to comply with the  
36 mailing requirements of this subsection shall not invalidate the annexation unless it is shown  
37 that the requirements were not substantially complied with. If the governing board by  
38 resolution finds that the tax records are not adequate to identify the owners of some or all of the  
39 parcels of real property within the area it may in lieu of the mail procedure as to those parcels  
40 where the owners could not be so identified, post the notice at least 30 days prior to the date of  
41 public informational meeting on all buildings on such parcels, and in at least five other places  
42 within the area to be annexed. In any case where notices are placed on property, the person  
43 placing the notices shall certify that fact to the 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-47, 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 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-47. 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 (d) Public Hearing. – At the public hearing a representative of the municipality shall  
7 first make an explanation of the report required in G.S. 160A-47. Following such explanation,  
8 all persons resident or owning property in the territory described in the notice of public hearing,  
9 and all residents of the municipality, shall be given an opportunity to be heard. A summary of  
10 the annexation process and time lines, a summary of available statutory remedies for contesting  
11 the annexation and the failure to provide services, and the form for requesting the extension of  
12 water and sewer lines to individual lots shall be distributed at the public hearing.

13 (e) Passage of the Annexation Ordinance. – ~~The~~ Subject to the provisions of  
14 G.S. 160A-58.11, the municipal governing board shall take into consideration facts presented at  
15 the public hearing and shall have authority to amend the report required by G.S. 160A-47 to  
16 make changes in the plans for serving the area proposed to be annexed so long as such changes  
17 meet the requirements of G.S. 160A-47, provided that if the annexation report is amended to  
18 show additional subsections of G.S. 160A-48(c) or (d) under which the annexation qualifies  
19 that were not listed in the original report, the city must hold an additional public hearing on the  
20 annexation not less than 30 nor more than 90 days after the date the report is amended, and  
21 notice of such new hearing shall be given at the first public hearing. At any regular or special  
22 meeting held no sooner than the tenth day following the public hearing and not later than 90  
23 days following such public hearing, the governing board shall have authority to adopt an  
24 ordinance extending the corporate limits of the municipality to include all, or such part, of the  
25 area described in the notice of public hearing which meets the requirements of G.S. 160A-48  
26 and which the governing board has concluded should be annexed. The ordinance shall:

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

1 (f) Effect of Annexation Ordinance. – Except as provided in subsection (f1) of this  
2 section, from and after the effective date of the annexation ordinance, the territory and its  
3 citizens and property shall be subject to all debts, laws, ordinances and regulations in force in  
4 such municipality and shall be entitled to the same privileges and benefits as other parts of such  
5 municipality. ~~Real and personal property in the newly annexed territory on the January 1~~  
6 ~~immediately preceding the beginning of the fiscal year in which the annexation becomes~~  
7 ~~effective is subject to municipal taxes as provided in G.S. 160A-58.10. Provided that annexed~~  
8 ~~property which is a part of a sanitary district, which has installed water and sewer lines, paid~~  
9 ~~for by the residents of said district, shall not be subject to that part of the municipal taxes levied~~  
10 ~~for debt service for the first five years after the effective date of annexation. If this proviso~~  
11 ~~should be declared by a court of competent jurisdiction to be in violation of any provision of~~  
12 ~~the federal or State Constitution, the same shall not affect the remaining provisions of this~~  
13 ~~Part. If the effective date of annexation falls between June 1 and June 30, and the effective date~~  
14 ~~of the privilege license tax ordinance of the annexing municipality is June 1, then businesses in~~  
15 ~~the area to be annexed shall be liable for taxes imposed in such ordinances from and after the~~  
16 ~~effective date of annexation.~~

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

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

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

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

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

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

50 (h) Remedies for Failure to Provide Services. – If, not earlier than one year from the  
51 effective date of annexation, and not later than 15 months from the effective date of annexation,

1 any person owning property in the annexed territory shall believe that the municipality has not  
2 followed through on its service plans adopted under the provisions of G.S. 160A-47(3) and  
3 160A-49(e), for any required service other than water and sewer services such person may  
4 apply for a writ of mandamus under the provisions of Article 40, Chapter 1 of the General  
5 Statutes. Relief may be granted by the judge of superior court

6 (1) If the municipality has not provided the meaningful services set forth in its  
7 plan submitted under the provisions of ~~G.S. 160A-47(3)a~~ G.S. 160A-47(3)a.  
8 on substantially the same basis and in the same manner as such services  
9 were provided within the rest of the municipality prior to the effective date  
10 of annexation, and

11 (2) If at the time the writ is sought such meaningful services set forth in the plan  
12 submitted under the provisions of ~~G.S. 160A-47(3)a~~ G.S. 160A-47(3)a. are  
13 still being provided on substantially the same basis and in the same manner  
14 as on the date of annexation of the municipality.

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

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

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

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

46 (k) The city shall report to the Local Government Commission as to whether the  
47 extension of water and sewer lines was completed within the three-year time period specified in  
48 G.S. 160A-47(3)c. If a valid request for extension of a water or sewer line has been made under  
49 G.S. 160A-47(3)b, and the extension is not complete at the end of ~~two~~ three years after the  
50 effective date of the annexation ordinance, the owner of the property may petition the Local  
51 Government Commission for abatement of taxes to be paid to the city which have not been

1 levied as of the expiration date of the ~~two-year~~three-year period, if such petition is filed not  
2 more than ~~60~~120 days after the expiration of the ~~two-year~~three-year period. If the Local  
3 Government Commission finds that the extension to the property was not complete by the end  
4 of the ~~two-year~~three-year period, it shall enter an order directing the city not to levy any further  
5 ad valorem taxes on the property until the fiscal year commencing after completion of the  
6 extension. In addition, if the Local Government Commission found that the extension to the  
7 property was not completed by the end of the ~~two-year~~three-year period, and if it finds that for  
8 any fiscal year during the period beginning with the first day of the fiscal year in which the  
9 annexation ordinance became effective and ending the last day of the fiscal year in which the  
10 ~~two-year~~three-year period expired, the city made an appropriation for construction, operation or  
11 maintenance of a water or sewer system (other than payments the city made as a customer of  
12 the system) from the fund or funds for which ad valorem taxes are levied, then the Local  
13 Government Commission shall order the city to release or refund an amount of the petitioner's  
14 property taxes for that year in question in proportion to the percentage of appropriations in the  
15 fund made for water and sewer services. By way of illustration, if a net amount of one hundred  
16 thousand dollars (\$100,000) was appropriated for water or sewer construction, operation or  
17 maintenance from a fund which had total expenditures of ten million dollars (\$10,000,000) and  
18 the petitioner's tax levy was one thousand dollars (\$1,000), the amount of release or refund  
19 shall be ten dollars (\$10.00).

20 (l) The city shall report to the Local Government Commission as to whether police  
21 protection, fire protection, solid waste, or street maintenance services were provided in  
22 accordance with G.S. 160A-47(3)a. within 60 days after the effective date of the annexation.  
23 Such report shall be filed no more than 30 days following the expiration of the 60-day period. If  
24 a city fails to deliver police protection, fire protection, solid waste or street maintenance  
25 services as provided for in G.S. 160A-47(3)a. within 60 days after the effective date of the  
26 annexation, the owner of the property may petition the Local Government Commission for  
27 abatement of taxes to be paid to the city for taxes that have been levied as of the end of the  
28 60-day period, if the petition is filed not more than ~~90 days~~120 days after the expiration of the  
29 60-day period. If the Local Government Commission finds that services were not extended by  
30 the end of the 60-day period, it shall enter an order directing the city not to levy any further ad  
31 valorem taxes on the property until the fiscal year commencing after extension of the municipal  
32 services."

33 **SECTION 11.** G.S. 160A-50 reads as rewritten:

34 "**§ 160A-50. Appeal.**

35 (a) Within ~~60 days~~90 days following the passage of an annexation ordinance under  
36 authority of this Part, any person owning property in the annexed territory who shall believe  
37 that ~~he the person~~ will suffer material injury by reason of the failure of the municipal governing  
38 board to comply with the procedure set forth in this Part or to meet the requirements set forth in  
39 G.S. 160A-48 as they apply to ~~his that person's~~ property may file a petition in the superior court  
40 of the county in which the municipality is located seeking review of the action of the governing  
41 board.

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

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

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

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



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

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

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

14 (1) That the statutory procedure was not ~~followed~~, or followed.

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

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

17 (4) That the municipality has proven that the municipality is providing  
18 meaningful service to property owners.

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

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

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

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

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

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

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

44 (i) If part or all of the area annexed under the terms of an annexation ordinance is the  
45 subject of an appeal to the superior court, Court of Appeals or Supreme Court on the effective  
46 date of the ordinance, then the ordinance shall be deemed amended to make the effective date  
47 with respect to such area the last day of the next full calendar month following the date of the  
48 final judgment of the superior court or appellate division, whichever is appropriate, or the date  
49 the municipal governing board completes action to make the ordinance conform to the court's  
50 instructions in the event of remand. Upon the effective date of annexation, taxation of real and  
51 personal property is subject to the provisions of G.S. 160A-58.10. The municipal governing

1 board may, however, adopt a resolution prior to the date the annexation would become  
2 effective under this subsection, setting the effective date for the thirtieth day of June next  
3 following the date of the final judgment. For the purposes of this subsection, a denial of a  
4 petition for rehearing or for discretionary review shall be treated as a final ~~judgement.~~ judgment.

5 (j) If a petition for review is filed under subsection (a) of this section or an appeal is  
6 filed under G.S. 160A-49.1(g) or G.S. 160A-49.3(g), and a stay is granted, then the time  
7 periods of two years, 24 months or 27 months provided in G.S. 160A-47(3)c, 160A-49(h), or  
8 160A-49(j) are each extended by the lesser of the length of the stay or one year for that  
9 annexation.

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

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

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

20 **SECTION 12.(a)** G.S. 160A-41 is amended by adding a new subdivision to read:

21 "(3) "Meaningful service" shall mean any one of the following:

- 22 a. Police protection.
- 23 b. Fire protection.
- 24 c. Solid waste collection services.
- 25 d. Street maintenance.
- 26 e. Water service.
- 27 f. Sewer service."

28 **SECTION 12.(b)** G.S. 160A-53 is amended by adding a new subdivision to read:

29 "(3) "Meaningful service" shall mean any one of the following:

- 30 a. Police protection.
- 31 b. Fire protection.
- 32 c. Solid waste collection services.
- 33 d. Street maintenance.
- 34 e. Water service.
- 35 f. Sewer service."

36 **SECTION 12.(c)** G.S. 160A-33(5) reads as rewritten:

37 "(5) That areas annexed to municipalities in accordance with such uniform  
38 legislative standards should receive the meaningful services provided by the  
39 annexing municipality in accordance with G.S. 160A-35(3)."

40 **SECTION 12.(d)** G.S. 160A-45(5) reads as rewritten:

41 "(5) That areas annexed to municipalities in accordance with such uniform  
42 legislative standards should receive the meaningful services provided by the  
43 annexing municipality in accordance with G.S. 160A-47(3)."

44 **SECTION 13.(a)** Part 5 of Article 4A of Chapter 160A of the General Statutes  
45 reads as rewritten:

46 "Part 5. Property Tax Liability of Newly Annexed ~~Territory~~ Territory; Oversight of Involuntary  
47 Annexation."

48 **SECTION 13.(b)** Part 5 of Article 4A of Chapter 160A of the General Statutes is  
49 amended by adding a new section to read:

50 "§ 160A-58.11. Referendum upon petition of registered voters before involuntary  
51 annexation ordinance."

1        (a) After the adoption of the resolution of intent under Part 2 or Part 3 of this Article,  
2 any registered voter of the annexing municipality or the proposed annexation area of an  
3 involuntary annexation may request a referendum petition from the municipal governing board  
4 containing the description and a legible map of the area to be annexed. The municipal  
5 governing board shall provide the registered voter requesting the referendum petition forms  
6 with referendum petition forms that meet all of the following criteria:

7            (1) Be dated on the date of issuance.

8            (2) Be addressed to the annexing municipal governing board.

9            (3) Contain a clear description of the boundaries of the proposed annexation  
10 area.

11           (4) Have attached a legible map of the proposed annexation area, with a clear  
12 showing of the boundary with the existing corporate limits.

13           (5) Contain the place and time that the report in G.S. 160A-35 or G.S. 160A-47,  
14 as applicable, can be reviewed and copied.

15           (6) Contain a general statement of the request for a referendum on the proposed  
16 involuntary annexation.

17           (7) Provide a place for signatures, which includes the printed name and address  
18 of the registered voter.

19        (b) Upon receiving a request for a referendum petition, the municipal governing board  
20 shall notify the board of elections of the request and provide the board of elections with a  
21 legible map and clear written description of the proposed annexation area.

22        (c) To be effective, the referendum petition in subsection (a) of this section must be  
23 returned to the municipal governing board before the tenth day following the public hearing  
24 required by G.S. 160A-35 or G.S. 160A-47, as applicable. To be sufficient, a referendum  
25 petition must bear the signatures of at least fifteen percent (15%) of the total of the registered  
26 voters of the municipality and the proposed annexation area as shown by the registration. The  
27 municipal governing board shall forward the referendum petition to the board of elections for  
28 verification as provided in this section. Upon receipt by the municipal governing board, the  
29 time frames in G.S. 160A-35(e) or G.S. 160A-47(e), as applicable, shall be tolled until the  
30 referendum is verified and any election, if needed, is conducted.

31        (d) The signatures to the referendum petition need not all be appended to one paper.  
32 Each signer shall add his or her signature and the signer's place of residence, giving the  
33 residence address. One of the signers of each paper shall take an oath before an officer  
34 competent to administer oaths that each signature to the paper appended is the genuine  
35 signature of the person whose name it purports to be.

36        (e) The board of elections shall investigate the sufficiency of any petition and certify  
37 the results of the investigation to the municipal governing board. The board of elections may  
38 employ persons as it deems necessary to undertake such investigation. The municipal  
39 governing board shall reimburse the board of elections for the reasonable cost of the  
40 investigation. The board of elections may adopt rules concerning the validation of signatures  
41 appearing on the referendum petition.

42        (f) The board of elections shall complete its investigation and issue its certification of  
43 the results of the investigation within 15 days after the filing of any referendum petition.

44        (g) Upon a determination that a sufficient referendum petition has been submitted, the  
45 municipal governing body may either abandon the proposed involuntary annexation by  
46 resolution or adopt a resolution setting the date for the referendum to coincide with the next  
47 general municipal election and so notify the board of elections. If the municipality's next  
48 general election is to be held more than two years from the determination and the municipality  
49 does not abandon the proposed involuntary annexation, the resolution setting the date for the  
50 referendum shall make that date coincide with the next countywide general election.



1       (c) In order to effectuate the purposes of this section, the Commission may delegate its  
2 authority and responsibilities under this section to the staff of the State and Local Government  
3 Finance Division of the Department of State Treasurer.

4       (d) The Commission may charge a reasonable fee to recover the cost for services  
5 rendered in connection with the fiscal feasibility review required by subdivision (1) of  
6 subsection (a) of this section.

7       (e) The Local Government Commission shall report to the regular session of the  
8 General Assembly every two years, on or before the date of convening set in G.S. 120-11.1, the  
9 following information:

10           (1) The number of involuntary annexations proposed each year.

11           (2) The number of involuntary annexations for which the assessment of the  
12 fiscal feasibility showed that the involuntary annexation was not fiscally  
13 feasible.

14           (3) The number and character of reports made to the Local Government  
15 Commission under G.S. 160A-37(k).

16           (4) The number and character of reports made to the Local Government  
17 Commission under G.S. 160A-49(k), and the number of abatements granted  
18 under that statute.

19           (5) The number of reports made to the Local Government Commission under  
20 G.S. 160A-49(l).

21           (6) The number of prohibitions on further annexation issued by the Local  
22 Government Commission.

23           (7) The number of abatement of taxes under subdivision (3) of subsection (a) of  
24 this section."

25       **SECTION 14.(a)** Part 6 of Article 4A of Chapter 160A of the General Statutes  
26 reads as rewritten:

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

28       **SECTION 14.(b)** Article 4A of Chapter 160A of the General Statutes is amended  
29 by adding a new Part to read:

30           "Part 7. Annexation Agreements With Property Owners.

31 **§ 160A-58.35. Annexation agreements.**

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

35           (1) To petition the city for annexation of the property pursuant to Part 1 or Part  
36 4 of Article 4A of this Chapter, upon the city's request.

37           (2) Not to join in any appeal if the city adopts an ordinance to annex the  
38 property that is served by water or sewer under the contract pursuant to Part  
39 2 or Part 3 of Article 4A of this Chapter.

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

45       (c) A contract under this section may be part of a development agreement under Part  
46 3D of Article 19 of this Chapter or Part 3A of Article 18 of Chapter 153A of the General  
47 Statutes."

48       **SECTION 14.5.** Article 4A of Chapter 160A of the General Statutes is amended by  
49 adding a new Part to read:

50           "Part 8. City-County Utility Service Plans.

51 **§ 160A-58.31. Purpose.**

1 It is the purpose of this Part to authorize municipalities and counties to develop binding  
2 plans concerning the provision of water and sewer services to enhance land-use planning and  
3 growth.

4 **"§ 160A-58.32. Definitions.**

5 The following terms where used in this Part shall have the following meanings, except  
6 where the context clearly indicates a different meaning:

7 (a) "Utility services" shall mean water and sewer services.

8 (b) "Future utility service area" shall mean an area subject to joint city and county  
9 utility services plan authority. Future utility service area is as follows:

10 (1) Under 10,000 municipal population, according to the last federal decennial  
11 census, within one mile of the primary corporate limits.

12 (2) 10,000-25,000 municipal population, according to the last federal decennial  
13 census, within two miles of the primary corporate limits.

14 (3) Greater than 25,000 municipal population, according to the last federal  
15 decennial census, within three miles of the primary corporate limits.

16 **"§ 160A-58.33. Utility service plans authorized.**

17 A city may enter into a utility services plan with a county for a period not to exceed 20  
18 years which shall be approved by ordinance of each governing board.

19 **"§ 160A-58.34. Procedure.**

20 (a) A county must adopt a resolution declaring its intent to develop a utility services  
21 plan with one or more municipalities and provide written notice return receipt requested to  
22 those municipalities no later than January 1, 2010.

23 (b) In the event that an agreement concerning the utility services plan is not reached  
24 within 90 days following receipt of notification, the authority to enter into an agreement under  
25 this Part is terminated, unless the time period is extended by mutual agreement.

26 (c) During the initial 90-day period following receipt of notification, a municipality  
27 may not adopt an annexation ordinance under Part 1 or Part 4 of this Article, or a resolution of  
28 intent under Part 2 or Part 3 of this Article.

29 (d) Nothing in this section shall limit the authority of cities and counties to form  
30 interlocal agreements subject to Article 20 of this Chapter.

31 **"§ 160A-58.35. Contents of utility services plan.**

32 (a) The utility services plan shall contain at least all of the following:

33 (1) State the duration of the utility services plan.

34 (2) Describe the area subject to the utility services plan.

35 (3) Describe the territory within which each jurisdiction may provide utility  
36 services.

37 (4) State the effective date of the utility services plan.

38 (5) Require each participating city which proposes any annexation within the  
39 territory covered by the utility services plan to give written notice to all other  
40 parties to the utility services plan at least 60 days before the adoption of any  
41 annexation ordinance. Provided, however, that the utility services plan may  
42 provide for a waiver of this time period by the notified party. The written  
43 notice shall describe the area to be annexed by a legible map that clearly and  
44 accurately shows the boundaries of the area to be annexed in relation to the  
45 area covered by the utility services plan.

46 (6) Include any other necessary or proper matter.

47 (b) No utility services plan may be entered into under this Part unless each participant  
48 has held a public hearing prior to adopting the ordinance approving the utility services plan.  
49 The governing boards of the participants may hold a joint public hearing if desired. Notice of  
50 the public hearing shall be published once in a newspaper having general circulation in the  
51 county at least 10 days prior to the date of the public hearing.

1       (c) Any utility services plan entered into under this Part may be modified or terminated  
2 by a subsequent agreement entered into by all participating parties to the utility services plan.  
3 The subsequent agreement shall be approved by ordinance after a public hearing or hearings  
4 pursuant to subsection (b) of this section.

5       (d) A participating party may terminate a utility services plan unilaterally or withdraw  
6 itself from the utility services plan by repealing the ordinance by which it approved the plan  
7 and providing five years' written notice to the other participants.

8 **"§ 160A-58.36. Limitation on annexation.**

9       (a) No municipality may annex in its future utility service area unless one of the  
10 following applies:

11           (1) The county waives its authority to initiate a negotiation over the formation of  
12 a utility services plan with one or more cities.

13           (2) The parties, having made a good-faith effort to negotiate a utility services  
14 plan, fail to agree to a services plan in accordance with G.S. 160A-58.34.

15           (3) The utility services plan has been adopted by the parties and has not been  
16 repealed by the annexing municipality or the county.

17       (b) If in the event the future utility service areas of multiple municipalities overlap, the  
18 utility services plan must be agreed to by the affected county or counties and all the affected  
19 municipalities.

20 **"§ 160A-58.37. Effect of utility services plan.**

21 From and after the effective date of the utility services plan, participants in the utility  
22 services plan are limited to establishing utility services in the area covered by the utility  
23 services plan only as described in that plan.

24 **"§ 160A-58.38. Relief.**

25       (a) Each provision of a utility services plan shall be binding upon the parties. Not later  
26 than 30 days following an action to provide services in territory subject to the utility services  
27 plan, or the expiration of the initial 90-day period following notification where it is alleged that  
28 a party failed to make a good-faith effort to negotiate a utility services plan, a party which  
29 believes that another party has violated this Part or the utility services plan may file a petition  
30 in the superior court of the county where any of the territory is located seeking review of the  
31 action alleged to have violated this Part or the utility plan.

32       (b) Within five days after the petition is filed with the court, the petitioning party shall  
33 serve copies of the petition by certified mail, return receipt requested, upon the respondent  
34 party.

35       (c) The review shall be conducted by the court without a jury.

36       (d) At anytime before or during the review proceeding, any party subject to the utility  
37 services plan may apply to the reviewing court for an order staying the action to provide utility  
38 services pending the outcome of the review. At any time before or during the review  
39 proceeding, any party subject to the utility services plan negotiation may apply to the reviewing  
40 court for an order staying the adoption of an annexation ordinance under Part 1 or Part 4 of this  
41 Article, or a resolution of intent under Part 2 or Part 3 of this Article, if it is alleging that the  
42 party failed to make a good-faith effort to negotiate a utility services plan during the initial 90-  
43 day period following notification.

44       (e) Upon a finding that the action to provide utility services was inconsistent with the  
45 utility services plan, the court may issue an order to require the party to stop the action and  
46 direct the party to restore conditions to what they were prior to the action.

47       (f) Upon a finding that the party failed to make a good-faith effort to negotiate a utility  
48 services plan during the initial 90-day period following notification, the court may order a new  
49 90-day period to negotiate a utility services plan, during which annexation ordinances under  
50 Part 1 or Part 4 of this Article, or resolutions of intent under Part 2 or Part 3 of this Article may  
51 not be adopted. The court may also stay the operation of annexation ordinances under Part 1 or

1 Part 4 of this Article, or resolutions of intent under Part 2 or Part 3 of this Article that were  
2 adopted following the expiration of the initial 90-day period following notification."

3 "Part 8. City-County Utility Service Plans.

4 **"§ 160A-58.31. Purpose.**

5 It is the purpose of this Part to authorize municipalities and counties to develop binding  
6 plans concerning the provision of water and sewer services to enhance land use planning and  
7 growth.

8 **"§ 160A-58.32. Definitions.**

9 The following terms where used in this Part shall have the following meanings, except  
10 where the context clearly indicates a different meaning:

11 (a) "Utility services" shall mean water and sewer services.

12 (b) "Future utility service area" shall mean an area subject to joint city and county  
13 utility services plan authority. Future utility service area is as follows:

14 (1) Under 10,000 municipal population, according to the last federal decennial  
15 census, within one mile of the primary corporate limits.

16 (2) 10,000-25,000 municipal population, according to the last federal decennial  
17 census, within two miles of the primary corporate limits.

18 (3) Greater than 25,000 municipal population, according to the last federal  
19 decennial census, within three miles of the primary corporate limits

20 **"§ 160A-58.33. Utility service plans authorized.**

21 A city may enter into a utility services plan with a county, for a period not to exceed 20  
22 years which shall be approved by ordinance of each governing board.

23 **"§ 160A-58.34. Procedure.**

24 (a) A county must adopt a resolution declaring its intent to develop a utility services  
25 plan with one or more municipalities and provide written notice return receipt requested to  
26 those municipalities no later than January 1, 2010.

27 (b) In the event that an agreement concerning the utility services plan is not reached  
28 within 90 days following receipt of notification, the authority to enter into an agreement under  
29 this Part is terminated, unless the time period is extended by mutual agreement.

30 (c) During the initial 90 day period following receipt of notification, a municipality  
31 may not adopt an annexation ordinance under Part 1 or Part 4 of this Article, or a resolution of  
32 intent under Part 2 or Part 3 of this Article.

33 (d) Nothing in this section shall limit the authority of cities and counties to form  
34 interlocal agreements subject to Article 20 of this Chapter.

35 **"§ 160A-58.35. Contents of utility services plan.**

36 (a) The utility services plan shall contain at least all of the following:

37 (1) State the duration of the utility services plan.

38 (2) Describe the area subject to the utility services plan.

39 (3) Describe the territory within which each jurisdiction may provide utility  
40 services.

41 (4) State the effective date of the utility services plan.

42 (5) Require each participating city which proposes any annexation within the  
43 territory covered by the utility services plan to give written notice to all other  
44 parties to the utility services plan at least 60 days before the adoption of any  
45 annexation ordinance. Provided, however, that the utility services plan may  
46 provide for a waiver of this time period by the notified party. The written  
47 notice shall describe the area to be annexed by a legible map that clearly and  
48 accurately shows the boundaries of the area to be annexed in relation to the  
49 area covered by the utility services plan.

50 (6) Include any other necessary or proper matter.



1       **(b)** No utility services plan may be entered into under this Part unless each participant  
2 has held a public hearing prior to adopting the ordinance approving the utility services plan.  
3 The governing boards of the participants may hold a joint public hearing if desired. Notice of  
4 the public hearing shall be published once in a newspaper having general circulation in the  
5 county at least 10 days prior to the date of the public hearing.

6       **(c)** Any utility services plan entered into under this Part may be modified or terminated  
7 by a subsequent agreement entered into by all participating parties to the utility services plan.  
8 The subsequent agreement shall be approved by ordinance after a public hearing or hearings  
9 pursuant to subsection (b) of this section.

10       **(d)** A participating party may terminate a utility services plan unilaterally or withdraw  
11 itself from the utility services plan by repealing the ordinance by which it approved the plan  
12 and providing five years written notice to the other participants.

13 **"§ 160A-58.36. Limitation on annexation.**

14       **(a)** No municipality may annex in its future utility service area unless one of the  
15 following applies:

16           **(1)** The county waives its authority to initiate a negotiation over the formation of  
17 a utility services plan with one or more cities.

18           **(2)** The parties, having made a good faith effort to negotiate a utility services  
19 plan fail to agree to a services plan in accordance with G.S. 160A-58.34.

20           **(3)** The utility services plan has been adopted by the parties and has not been  
21 repealed by the annexing municipality or the county.

22       **(b)** If in the event the future utility service areas of multiple municipalities overlap, the  
23 utility services plan must be agreed to by the affected county or counties and all the affected  
24 municipalities.

25 **"§ 160A-58.37. Effect of utility services plan.**

26       From and after the effective date of the utility services plan, participants in the utility  
27 services plan are limited to establishing utility services in the area covered by the utility  
28 services plan only as described in that plan.

29 **"§ 160A-58.38. Relief.**

30       **(a)** Each provision of a utility services plan shall be binding upon the parties. Not later  
31 than 30 days following an action to provide services in territory subject to the utility services  
32 plan, or the expiration of the initial 90 day period following notification where it is alleged that  
33 a party failed to make a good faith effort to negotiate a utility services plan, a party which  
34 believes that another party has violated this Part or the utility services plan may file a petition  
35 in the superior court of the county where any of the territory is located seeking review of the  
36 action alleged to have violated this Part or the utility plan.

37       **(b)** Within five days after the petition is filed with the court, the petitioning party shall  
38 serve copies of the petition by certified mail, return receipt requested upon the respondent  
39 party.

40       **(c)** The review shall be conducted by the court without a jury.

41       **(d)** At any time before or during the review proceeding, any party subject to the utility  
42 services plan may apply to the reviewing court for an order staying the action to provide utility  
43 services pending the outcome of the review. At any time before or during the review  
44 proceeding, any party subject to the utility services plan negotiation may apply to the reviewing  
45 court for an order staying the adoption of an annexation ordinance under Part 1 or Part 4 of this  
46 Article, or a resolution of intent under Part 2 or Part 3 of this Article, if it is alleging that the  
47 party failed to make a good faith effort to negotiate a utility services plan during the initial 90  
48 day period following notification.

49       **(e)** Upon a finding that the action to provide utility services was inconsistent with the  
50 utility services plan, the court may issue an order to require the party to stop the action, and  
51 direct the party to restore conditions to what they were prior to the action.

1       (f) Upon a finding that the party failed to make a good faith effort to negotiate a utility  
2 services plan during the initial 90 day period following notification, the court may order a new  
3 90 day period to negotiate a utility services plan, during which annexation ordinances under  
4 Part 1 or Part 4 of this Article, or resolutions of intent under Part 2 or Part 3 of this Article may  
5 not be adopted. The court may also stay the operation of annexation ordinances under Part 1 or  
6 Part 4 of this Article, or resolutions of intent under Part 2 or Part 3 of this Article that were  
7 adopted following the expiration of the initial 90 day period following notification."

8               **SECTION 15.** G.S. 160A-232 reads as rewritten:

9       **"§ 160A-232. Payment of assessments in cash or by installments.**

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

15               (1) That the first installment with interest shall become due and payable on the  
16 date when property taxes are due and payable, and one subsequent  
17 installment and interest shall be due and payable on the same date in each  
18 successive year until the assessment is paid in full; or

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

23       (b) If property is assessed for water or sewer systems as a result of an annexation under  
24 Part 2 or Part 3 of Article 4A of this Chapter, the owners of assessed property shall pay the  
25 assessment in 20 annual installments, but they shall have the option, within 30 days after the  
26 publication of the notice that the assessment roll has been confirmed, of paying the assessment  
27 in cash. No owner may be assessed a penalty for paying the amounts due early. With respect to  
28 payment by installment, the council may provide any of the following:

29               (1) That the first installment with interest shall become due and payable on the  
30 date when property taxes are due and payable, and one subsequent  
31 installment and interest shall be due and payable on the same date in each  
32 successive year until the assessment is paid in full.

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

37       (c) The city shall also allow the payment of tap fees in annual installments for a period  
38 of up to five years. The city may provide that such unpaid fee shall be a lien on the property  
39 served."

40               **SECTION 16.** G.S. 143B-437.04 reads as rewritten:

41       **"§ 143B-437.04. Community development block grants.**

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

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

49               (2) To the extent practicable, priority consideration for grants is given to  
50 projects located in counties that have met the conditions of subdivision

(a)(1) of this section or in urban progress zones that have met the conditions of subsection (b) of this section.

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

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

**SECTION 17.** G.S. 159G-23 reads as rewritten:

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

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

- (1) Public necessity. – An applicant must explain how the project promotes public health and protects the environment. A project that improves a system that is not in compliance with permit requirements or is under orders from the Department, enables a moratorium to be lifted, or replaces failing septic tanks with a wastewater collection system has priority.
- (2) Effect on impaired waters. – A project that improves designated impaired waters of the State has priority.
- (3) Efficiency. – A project that achieves efficiencies in meeting the State's water infrastructure needs or reduces vulnerability to drought consistent with Part 2A of Article 21 of Chapter 143 of the General Statutes by one of the following methods has priority:
  - a. The combination of two or more wastewater or public water systems into a regional wastewater or public water system by merger, consolidation, or another means.
  - b. Conservation or reuse of water, including bulk water reuse facilities and waterlines to supply reuse water for irrigation and other approved uses.
  - c. Construction of an interconnection between water systems intended for use in drought or other water shortage emergency.
  - d. Repair or replacement of leaking waterlines.
  - e. Replacement of meters and installation of new metering systems.
- (4) Comprehensive land-use plan. – A project that is located in a city or county that has adopted or has taken significant steps to adopt a comprehensive land-use plan under Article 18 of Chapter 153A of the General Statutes or Article 19 of Chapter 160A of the General Statutes has priority over a project located in a city or county that has not adopted a plan or has not taken steps to do so. The existence of a plan has more priority than steps taken to adopt a plan, such as adoption of a zoning ordinance. A plan that exceeds the minimum State standards for protection of water resources has more priority than one that does not. A project is considered to be located in a city or county if it is located in whole or in part in that unit. A land-use plan is not considered a comprehensive land-use plan unless it has

1 provisions that protect existing water uses and ensure compliance with water  
2 quality standards and classifications in all waters of the State affected by the  
3 plan.

4 (5) Flood hazard ordinance. – A project that is located in a city or county that  
5 has adopted a flood hazard prevention ordinance under G.S. 143-215.54A  
6 has priority over a project located in a city or county that has not adopted an  
7 ordinance. A plan that exceeds the minimum standards under  
8 G.S. 143-215.54A for a flood hazard prevention ordinance has more priority  
9 than one that does not. A project is considered to be located in a city or  
10 county if it is located in whole or in part in that unit. If no part of the service  
11 area of a project is located within the 100-year floodplain, the project has the  
12 same priority under this subdivision as if it were located in a city or county  
13 that has adopted a flood hazard prevention ordinance. The most recent maps  
14 prepared pursuant to the National Flood Insurance Program or approved by  
15 the Department determine whether an area is within the 100-year floodplain.

16 (6) Sound management. – A project submitted by a local government unit that  
17 has demonstrated a willingness and ability to meet its responsibilities  
18 through sound fiscal policies and efficient operation and management has  
19 priority.

20 (7) Capital improvement plan. – A project that implements the applicant's  
21 capital improvement plan for the wastewater system or public water system  
22 it manages has priority over a project that does not implement a capital  
23 improvement plan. To receive priority, a capital improvement plan must set  
24 out the applicant's expected water infrastructure needs for at least 10 years.

25 (8) Coastal habitat protection. – A project that implements a recommendation of  
26 a Coastal Habitat Protection Plan adopted by the Environmental  
27 Management Commission, the Coastal Resources Commission, and the  
28 Marine Fisheries Commission pursuant to G.S. 143B-279.8 has priority over  
29 other projects that affect counties subject to that Plan.

30 (9) Low-income residents. – A project that is located in an area annexed by a  
31 municipality under Article 4A of Chapter 160A of the General Statutes in  
32 order to provide water or sewer services to low-income residents has  
33 priority. For purposes of this section, low-income residents are those with a  
34 family income that is fifty percent (50%) or less of median family income."

35 **SECTION 18.** This act becomes effective October 1, 2009, and applies to  
36 annexations for which a resolution of intent has been adopted under Part 2 or Part 3 of Article  
37 4A of Chapter 160A of the General Statutes on or after that date and to annexation for which a  
38 petition has been received under Part 1 or Part 4 of Article 4A of Chapter 160A of the General  
39 Statutes on or after that date.