



1 CONTIGUOUS AND INVOLUNTARY ANNEXATION TO BE THE JUNE 30  
 2 FOLLOWING THE ADOPTION OF THE ANNEXATION; TO REQUIRE  
 3 MUNICIPALITIES TO REPORT TO THE LOCAL GOVERNMENT COMMISSION ON  
 4 THE PROVISION OF MEANINGFUL SERVICES FOLLOWING THE ADOPTION OF  
 5 AN ANNEXATION ORDINANCE; TO EXTEND THE TIME PERIOD A PROPERTY  
 6 OWNER MAY APPEAL TO THE COURTS FOLLOWING AN INVOLUNTARY  
 7 ANNEXATION ORDINANCE FROM SIXTY DAYS TO NINETY DAYS; TO  
 8 REQUIRE OVERSIGHT OF INVOLUNTARY ANNEXATIONS BY THE LOCAL  
 9 GOVERNMENT COMMISSION BY REQUIRING A FISCAL FEASIBILITY  
 10 ASSESSMENT; TO REQUIRE THE LOCAL GOVERNMENT COMMISSION TO  
 11 PROHIBIT FURTHER ANNEXATION IF THE ANNEXING MUNICIPALITY DOES  
 12 PROVIDE SERVICES IN ACCORDANCE WITH AN INVOLUNTARY ANNEXATION  
 13 WITHIN THREE YEARS; TO REQUIRE THE LOCAL GOVERNMENT COMMISSION  
 14 TO ABATE PROPERTY TAXES FOR PROPERTY OWNERS WITHOUT THE  
 15 REQUIRED SERVICES WITHIN THREE YEARS OF AN INVOLUNTARY  
 16 ANNEXATION; TO REQUIRE THE LOCAL GOVERNMENT COMMISSION TO  
 17 REPORT ANNUALLY TO THE GENERAL ASSEMBLY ON INVOLUNTARY  
 18 ANNEXATIONS; TO AUTHORIZE MUNICIPALITIES TO CONTRACT WITH  
 19 PROPERTY OWNERS FOR THE EXTENSION OF WATER SERVICE AND SEWER  
 20 SERVICE IN EXCHANGE AND NON-APPEAL OF AN INVOLUNTARY  
 21 ANNEXATION, WHICH MAY RUN WITH THE LAND; TO PERMIT THE PAYMENT  
 22 OF ASSESSMENTS FOR THE INSTALLATION OF WATER OR SEWER SERVICE  
 23 FOLLOWING AN INVOLUNTARY ANNEXATION OVER A TWENTY YEAR  
 24 PERIOD; TO ALLOW THE PAYMENT OF TAP FEES OVER A FIVE YEAR PERIOD;  
 25 TO GIVE PRIORITY TO A MUNICIPALITY ANNEXING A DISTRESSED AREA  
 26 WHEN THAT MUNICIPALITY APPLIES FOR COMMUNITY DEVELOPMENT  
 27 BLOCK GRANTS AND LOANS OR GRANTS FROM THE WASTEWATER RESERVE  
 28 OR DRINKING WATER RESERVE.

29 The General Assembly of North Carolina enacts:

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

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

32 (a) The governing board of any municipality may annex by ordinance any area  
 33 contiguous to its boundaries upon presentation to the governing board of a petition signed by  
 34 the owners of all the real property located within such area. The petition shall be signed by each  
 35 owner of real property in the area and shall contain the address of each such owner. The  
 36 petition need not be signed by the owners of real property that is wholly exempt from property  
 37 taxation under the Constitution and laws of North Carolina, nor by railroad companies, public  
 38 utilities as defined in G.S. 62-3(23), or electric or telephone membership corporations.

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

40 DATE:

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

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

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

47 (b1) Notwithstanding the provisions of subsections (a) and (b) of this section, if fifty one  
 48 percent (51%) of the households in an area petitioning for annexation pursuant to this section  
 49 have incomes that are two hundred percent (200%) or less than the most recently published  
 50 United States Census Bureau poverty thresholds, the governing board of any municipality shall

1 annex by ordinance any area one eighth of the aggregate external boundaries of which are  
2 contiguous to its boundaries upon presentation to the governing board of a petition signed by  
3 the owners of at least seventy-five percent (75%) of the parcels of real property in that area.

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

6 DATE:

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

9 1. We the undersigned owners of real property believe that the area described in paragraph  
10 2 below meets the requirements of G.S. 160A-31(b1) and respectfully request that the area  
11 described in paragraph 2 below be annexed to the (City or Town) of \_\_\_\_\_

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

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

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

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

43 (f) For purposes of this section, an area shall be deemed "contiguous" if, at the time the  
44 petition is submitted, such area either abuts directly on the municipal boundary or is separated  
45 from the municipal boundary by the width of a street or street right-of-way, a creek or river, or  
46 the right-of-way of a railroad or other public service corporation, lands owned by the  
47 municipality or some other political subdivision, or lands owned by the State of North Carolina.  
48 A connecting corridor consisting solely of a street or street right-of-way may not be used to  
49 establish contiguity to an outlying, noncontiguous area. In describing the area to be annexed in  
50 the annexation ordinance, the municipal governing board may include within the description

1 any territory described in this subsection which separates the municipal boundary from the area  
2 petitioning for annexation.

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

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

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

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

28 DATE:

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

31 1. We the undersigned owners of real property believe that the area described in paragraph  
32 2 below meets the requirements of G.S. 160A-31(b1) and respectfully request that the area  
33 described in paragraph 2 below be annexed to the (City or Town) of \_\_\_\_\_

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

36 (k) For purposes of determining whether the percentage of households in the area  
37 petitioning for annexation meets the poverty thresholds under subsections (b1) and (i), the clerk  
38 shall submit the names, addresses, and social security numbers of petitioners to the Department  
39 of Revenue. The municipality may require that the petitioners provide their social security  
40 numbers to the clerk for this purpose. Such information will be kept confidential and is not a  
41 public record. The Department shall provide the municipality with a summary report of income  
42 for households in the petitioning area. Information for the report shall be gleaned from income  
43 tax returns but the report submitted to the municipality shall not identify individuals or  
44 households."

45 **SECTION 2.(a)** Part 2 of Article 4A of Chapter 160A reads as rewritten:

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

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

48 "**§ 160A-34. Authority to annex.**

49 The governing board of any municipality having a population of less than ~~5,000~~ 10,000  
50 persons according to the last federal decennial census may extend the corporate limits of such

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

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

14 "**§ 160A-35. Prerequisites to annexation; ability to serve; report and plans.**

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

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

lots or subdivisions. prior to annexation. If the municipality must, at its own expense, extend water and/or sewer mains into the area to be annexed before property owners in the area can, according to municipal policies, make such connection to such lines, then the plans must call for contracts to be let and construction to begin on such lines within one year following the effective date of annexation. In areas where the installation of sewer is not ~~economically~~ fiscally ~~feasible~~ or would be environmentally damaging due to the unique topography or environmental qualities of the area, the municipality may agree to provide septic system maintenance and repair service until such time as sewer service is provided to properties similarly situated. In any event, the plans shall call for construction to be completed within three years of the effective date of annexation.

c. Set forth the method under which the municipality plans to finance extension of each meaningful service ~~services~~ into the area to be annexed. In calculating the cost of extending water or sewer services to the area to be annexed, the municipality shall include the cost of extending water and sewer lines to individual lots of property owners and may estimate the number of eligible property owners that will request to tap into the extended water and sewer lines.

(4) A statement of the impact of the annexation on any rural fire department providing service in the area to be annexed and a statement of the impact of the annexation on fire protection and fire insurance rates in the area to be annexed, if the area where service is provided is in an insurance district designated under G.S. 153A-233, a rural fire protection district under Article 3A of Chapter 69 of the General Statutes, or a fire service district under Article 16 of Chapter 153A of the General Statutes. The rural fire department shall make available to the city not later than 30 days following a written request from the city all information in its possession or control, 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-37.1 and G.S. 160A-37.2 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 4.** G.S. 160A-36 reads as rewritten:

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

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

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

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

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

- 32 (1) Any area which is so developed that at least ~~sixty percent (60%)~~ sixty-five  
33 percent (65%) of the total number of lots and tracts in the area at the time of  
34 annexation are used for residential, commercial, industrial, institutional or  
35 governmental purposes, and is subdivided into lots and tracts such that at  
36 least sixty percent (60%) of the total acreage, not counting the acreage used  
37 at the time of annexation for commercial, industrial, governmental or  
38 institutional purposes, consists of lots and tracts ~~three-two and one half (2.5)~~  
39 acres or less in size.
- 40 (1a) An area with a total resident population equal to at least two and three-tenths  
41 persons for each acre of land included within its boundaries.
- 42 (2) An area so developed that, at the time of the approval of the annexation  
43 report, all tracts in the area to be annexed are used for commercial,  
44 industrial, governmental, or institutional purposes.
- 45 (3) The entire area of any county water and sewer district created under  
46 G.S. 162A-86(b1), but this subsection only applies to annexation by a  
47 municipality if that:
- 48 a. Municipality has provided in a contract with that district that the area  
49 is developed for urban purposes; and

1           b.       Contract provides for the municipality to operate the sewer system of  
2                   that county water and sewer district;  
3           provided that the special categorization provided by this subsection only  
4           applies if the municipality is annexing in one proceeding the entire territory  
5           of the district not already within the corporate limits of a municipality.

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

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

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

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

22       "**§ 160A-37. Procedure for annexation.**

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

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

46       (b)       Notice of Public Hearing. — The notice of public hearing shall:

- 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-35 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 an explanation of an owner's rights pursuant to subsection (f1) and  
5 (f2) of this section.
- 6 (5) Include a summary of the annexation process with time lines and a summary  
7 of available statutory remedies for contesting the annexation and the failure  
8 to provide services.
- 9 (6) Include information on how to request water service or sewer service, the  
10 cost of request that service and possible methods of paying that cost, and any  
11 request forms and customer policies on that service.

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

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

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

47 (c1) Public Informational Meeting. – At the public informational meeting a  
48 representative of the municipality shall first make an explanation of the report required in  
49 G.S. 160A-35. Following such explanation, all persons resident or owning property in the  
50 territory described in the notice of public hearing, and all residents of the municipality, shall be

1 given the opportunity to ask questions and receive answers regarding the proposed annexation.

2 The notice of the public informational meeting shall:

- 3 (1) State the date, hour, and place of the public informational meeting and the  
4 date, hour, and place of the public hearing.
- 5 (2) Describe clearly the boundaries of the area proposed for annexation, and  
6 include a legible map of the area.
- 7 (3) State that the report required by G.S. 160A-47 will be available at the office  
8 of the municipal clerk at least 30 days prior to the date of the public  
9 informational meeting.
- 10 (4) Include a notice of the property owner's rights to receive water and sewer  
11 service in accordance with G.S. 160A-47.
- 12 (5) A summary of the annexation process with time lines and a summary of  
13 available statutory remedies for contesting the annexation and the failure to  
14 provide services shall be distributed at the public informational meeting.
- 15 (6) Include information on how to request water service or sewer service, the  
16 cost of request that service and possible methods of paying that cost, and any  
17 request forms and customer policies on that service.

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

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

- 36 (1) Contain specific findings showing that the area to be annexed meets the  
37 requirements of G.S. 160A-36. The external boundaries of the area to be  
38 annexed shall be described by metes and bounds. In showing the application  
39 of G.S. 160A-36(c) and (d) to the area, the governing board may refer to  
40 boundaries set forth on a map of the area and incorporate same by reference  
41 as a part of the ordinance.
- 42 (2) A statement of the intent of the municipality to provide services to the area  
43 being annexed as set forth in the report required by G.S. 160A-35.
- 44 (3) A specific finding that on the effective date of annexation the municipality  
45 will have funds appropriated in sufficient amount to finance construction of  
46 any water and sewer lines found necessary in the report required by  
47 G.S. 160A-35 to extend the basic water and/or sewer system of the  
48 municipality into the area to be annexed, or that on the effective date of  
49 annexation the municipality will have authority to issue bonds in an amount  
50 sufficient to finance such construction. If authority to issue such bonds must

1 be secured from the electorate of the municipality prior to the effective date  
2 of annexation, then the effective date of annexation shall be no earlier than  
3 the day following the statement of the successful result of the bond election.

- 4 (4) Fix the effective date for annexation. The effective date of annexation ~~may~~  
5 shall be fixed as the June 30 next following the adoption of the ordinance.~~for~~  
6 ~~any date not less than 40 days nor more than 400 days from the date of~~  
7 ~~passage of the ordinance.~~

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

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

- 23 (1) The land is being taxed at present-use value pursuant to G.S. 105-277.4.  
24 (2) The land meets both of the following conditions:

- 25 a. On the date of the resolution of intent for annexation it was being  
26 used for actual production and is eligible for present-use value  
27 taxation under G.S. 105-277.4, but the land had not been in use for  
28 actual production for the required time under G.S. 105-277.3.  
29 b. The assessor for the county where the land subject to annexation is  
30 located has certified to the city that the land meets the requirements  
31 of this subdivision.

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

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

49 (g) Simultaneous Annexation Proceedings. – If a municipality is considering the  
50 annexation of two or more areas which are all adjacent to the municipal boundary but are not

1 adjacent to one another, it may undertake simultaneous proceedings under authority of this Part  
2 for the annexation of such areas.

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

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

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

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

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

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

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

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

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

41 (k) The city shall report to the Local Government Commission as to whether police  
42 protection, fire protection, solid waste, or street maintenance services were provided in  
43 accordance with G.S. 160A-35(3)a. within 60 days after the effective date of the annexation.  
44 Such report shall be filed no more than 30 days following the expiration of the 60-day period. If  
45 a city fails to deliver police protection, fire protection, solid waste or street maintenance  
46 services as provided for in G.S. 160A-35(3)a. within 60 days after the effective date of the  
47 annexation, the owner of the property may petition the Local Government Commission for  
48 abatement of taxes to be paid to the city for taxes that have been levied as of the end of the  
49 60-day period, if the petition is filed not more than ~~90 days~~ 120 days after the expiration of the  
50 60-day period. If the Local Government Commission finds that services were not extended by

1 the end of the 60-day period, it shall enter an order directing the city not to levy any further ad  
2 valorem taxes on the property until the fiscal year commencing after extension of the municipal  
3 services.

4 (l) The city shall report to the Local Government Commission as to whether the  
5 extension of water and sewer lines was completed within the three year time period specified in  
6 G.S. 160A-35(3). If the extension is not complete at the end of three years after the effective  
7 date of the annexation ordinance, the owner of the property may petition the Local Government  
8 Commission for abatement of taxes to be paid to the city which have not been levied as of the  
9 expiration date of the three year period, if such petition is filed not more than 120 days after the  
10 expiration of the three year period. If the Local Government Commission finds that the  
11 extension to the property was not complete by the end of the three year period, it shall enter an  
12 order directing the city not to levy any further ad valorem taxes on the property until the fiscal  
13 year commencing after completion of the extension. In addition, if the Local Government  
14 Commission found that the extension to the property was not completed by the end of the three  
15 year period, and if it finds that for any fiscal year during the period beginning with the first day  
16 of the fiscal year in which the annexation ordinance became effective and ending the last day of  
17 the fiscal year in which the three year period expired, the city made an appropriation for  
18 construction, operation or maintenance of a water or sewer system (other than payments the  
19 city made as a customer of the system) from the fund or funds for which ad valorem taxes are  
20 levied, then the Local Government Commission shall order the city to release or refund an  
21 amount of the petitioner's property taxes for that year in question in proportion to the  
22 percentage of appropriations in the fund made for water and sewer services. By way of  
23 illustration, if a net amount of one hundred thousand dollars (\$100,000) was appropriated for  
24 water or sewer construction, operation or maintenance from a fund which had total  
25 expenditures of ten million dollars (\$10,000,000) and the petitioner's tax levy was one thousand  
26 dollars (\$1,000), the amount of release or refund shall be ten dollars (\$10.00)."

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

28 **"§ 160A-38. Appeal.**

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

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

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

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

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

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

49 (e) At any time before or during the review proceeding, any petitioner or petitioners  
50 may apply to the reviewing court for an order staying the operation of the annexation ordinance

1 pending the outcome of the review. The court may grant or deny the stay in its discretion upon  
2 such terms as it deems proper, and it may permit annexation of any part of the area described in  
3 the ordinance concerning which no question for review has been raised.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 "**§ 160A-46. Authority to annex.**

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

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

27 "**§ 160A-47. Prerequisites to annexation; ability to serve; report and plans.**

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

32 (1) A map or maps of the municipality and adjacent territory to show the  
33 following information:

- 34 a. The present and proposed boundaries of the municipality.  
35 b. The present major trunk water mains and sewer interceptors and  
36 outfalls, and the proposed extensions of such mains and outfalls and  
37 water and sewer lines as required in subdivision (3) of this section.  
38 The water and sewer map must bear the seal of a registered  
39 professional engineer.  
40 c. The general land use pattern in the area to be annexed.

41 (2) A statement showing that the area to be annexed meets the requirements of  
42 G.S. 160A-48.

43 (3) A statement setting forth the plans of the municipality for extending to the  
44 area to be annexed each ~~major municipal~~ meaningful service performed  
45 within the municipality at the time of annexation. Specifically, such plans  
46 shall:

- 47 a. Provide for extending police protection, fire protection, solid waste  
48 collection and street maintenance services to the area to be annexed  
49 on the date of annexation on substantially the same basis and in the  
50 same manner as such services are provided within the rest of the

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

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

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

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

22 **"§ 160A-48. Character of area to be annexed.**

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

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

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

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

1                   operated by an authority or joint agency of which the annexing municipality  
2                   is a full participating member.

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

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

9           (2)     Has a total resident population equal to at least ~~one person~~ two and  
10 five-tenths persons for each acre of land included within its boundaries, and  
11 is subdivided into lots and tracts such that at least sixty percent (60%) of the  
12 total acreage consists of lots and tracts three acres or less in size and such  
13 that at least sixty-five percent (65%) of the total number of lots and tracts are  
14 one acre or less in ~~size;~~ size.

15           (3)     Is so developed that at least ~~sixty percent (60%)~~ sixty-five percent (65%) of  
16 the total number of lots and tracts in the area at the time of annexation are  
17 used for residential, commercial, industrial, institutional or governmental  
18 purposes, and is subdivided into lots and tracts such that at least sixty  
19 percent (60%) of the total acreage, not counting the acreage used at the time  
20 of annexation for commercial, industrial, governmental or institutional  
21 purposes, consists of lots and tracts ~~three-two and one half (2.5)~~ three-two and one half (2.5) acres or less  
22 in size. For purposes of this section, a lot or tract shall not be considered in  
23 use for a commercial, industrial, institutional, or governmental purpose if the  
24 lot or tract is used only temporarily, occasionally, or on an incidental or  
25 insubstantial basis in relation to the size and character of the lot or tract. For  
26 purposes of this section, acreage in use for commercial, industrial,  
27 institutional, or governmental purposes shall include acreage actually  
28 occupied by buildings or other man-made structures together with all areas  
29 that are reasonably necessary and appurtenant to such facilities for purposes  
30 of parking, storage, ingress and egress, utilities, buffering, and other  
31 ancillary services and ~~facilities;~~ facilities.

32           (4)     Is the entire area of any county water and sewer district created under  
33 G.S. 162A-86(b1), but this subdivision only applies to annexation by a  
34 municipality if that:

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

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

39           provided that the special categorization provided by this subdivision only  
40 applies if the municipality is annexing in one proceeding the entire territory  
41 of the district not already within the corporate limits of a municipality; or

42           (5)     Is so developed that, at the time of the approval of the annexation report, all  
43 tracts in the area to be annexed are used for commercial, industrial,  
44 governmental, or institutional purposes.

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

48           (1)     Lies between the municipal boundary and an area developed for urban  
49 purposes so that the area developed for urban purposes is either not adjacent  
50 to the municipal boundary or cannot be served by the municipality without

- 1 extending services and/or water and/or sewer lines through such sparsely  
2 developed area; or  
3 (2) Is adjacent, on at least sixty percent (60%) of its external boundary, to any  
4 combination of the municipal boundary and the boundary of an area or areas  
5 developed for urban purposes as defined in subsection (c).

6 The purpose of this subsection is to permit municipal governing boards to extend corporate  
7 limits to include all nearby areas developed for urban purposes and where necessary to include  
8 areas which at the time of annexation are not yet developed for urban purposes but which  
9 constitute necessary land connections between the municipality and areas developed for urban  
10 purposes or between two or more areas developed for urban purposes. For purposes of this  
11 subsection, "necessary land connection" means an area that does not exceed twenty-five percent  
12 (25%) of the total area to be annexed.

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

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

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

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

29 **"§ 160A-49. Procedure for annexation.**

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

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

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

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

- 4 (1) Fix the date, hour and place of the public informational meeting and the  
5 date, hour, and place of the public hearing.
- 6 (2) Describe clearly the boundaries of the area under consideration, and include  
7 a legible map of the area.
- 8 (3) State that the report required in G.S. 160A-47 will be available at the office  
9 of the municipal clerk at least 30 days prior to the date of the public  
10 informational meeting.
- 11 (4) Include a notice of a property owner's rights to request water and sewer  
12 service in accordance with ~~G.S. 160A-47~~ G.S. 160A-47(3)b. and a form for  
13 making the request. The form shall state that a request for extending water  
14 and sewer lines to an individual lot does not waive the right to contest the  
15 annexation, but the request shall be binding if the annexation becomes  
16 effective. The form shall state the municipality's policy for financial  
17 participation in the cost of the extension and the statutory time line for  
18 completion. The form shall further state the policy, with estimated time line,  
19 for extension of water and sewer lines to properties that do not request an  
20 individual extension as provided in G.S. 160A-47(3)b.
- 21 (5) Include an explanation of a property owner's rights pursuant to subsections  
22 (f1) and (f2) of this section.
- 23 (6) Include a summary of the annexation process and time lines and a summary  
24 of available statutory remedies for contesting the annexation and the failure  
25 to provide services.

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

1 within the area to be annexed. In any case where notices are placed on property, the person  
2 placing the notices shall certify that fact to the governing board.

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

10 (c1) Public Informational Meeting. – At the public informational meeting a  
11 representative of the municipality shall first make an explanation of the report required in  
12 G.S. 160A-47. Following such explanation, all persons resident or owning property in the  
13 territory described in the notice of public hearing, and all residents of the municipality, shall be  
14 given the opportunity to ask questions and receive answers regarding the proposed annexation.  
15 The notice of the public informational meeting shall:

16 (1) State the date, hour, and place of the public informational meeting and the  
17 date, hour, and place of the public hearing.

18 (2) Describe clearly the boundaries of the area proposed for annexation, and  
19 include a legible map of the area.

20 (3) State that the report required by G.S. 160A-47 will be available at the office  
21 of the municipal clerk at least 30 days prior to the date of the public  
22 informational meeting.

23 (4) Include a notice of the property owner's rights to receive water and sewer  
24 service in accordance with G.S. 160A-47.

25 (5) A summary of the annexation process and time lines, a summary of  
26 available statutory remedies for contesting the annexation and the provision  
27 of services, and the form for requesting the extension of water and sewer  
28 lines to individual lots shall be distributed at the public informational  
29 meeting.

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

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

- 1 (1) Contain specific findings showing that the area to be annexed meets the  
2 requirements of G.S. 160A-48. The external boundaries of the area to be  
3 annexed shall be described by metes and bounds. In showing the application  
4 of G.S. 160A-48(c) and (d) to the area, the governing board may refer to  
5 boundaries set forth on a map of the area and incorporate same by reference  
6 as a part of the ordinance.
- 7 (2) A statement of the intent of the municipality to provide services to the area  
8 being annexed as set forth in the report required by G.S. 160A-47.
- 9 (3) A specific finding that on the effective date of annexation the municipality  
10 will have funds appropriated in sufficient amount to finance construction of  
11 any major trunk water mains and sewer outfalls and such water and sewer  
12 lines as required in G.S. 160A-47(3)b found necessary in the report required  
13 by G.S. 160A-47 to extend the basic water and/or sewer system of the  
14 municipality into the area to be annexed, or that on the effective date of  
15 annexation the municipality will have authority to issue bonds in an amount  
16 sufficient to finance such construction. If authority to issue such bonds must  
17 be secured from the electorate of the municipality prior to the effective date  
18 of annexation, then the effective date of annexation shall be no earlier than  
19 the day following the statement of the successful result of the bond election.
- 20 (4) Fix the effective date for annexation. The effective date of annexation ~~may~~  
21 shall be fixed as the June 30 next following the adoption of the ordinance.~~for~~  
22 ~~any date not less than 70 days nor more than 400 days from the date of~~  
23 ~~passage of the ordinance.~~

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

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

- 43 (1) Land that is being taxed at present-use value pursuant to G.S. 105-277.4; or  
44 (2) Land that:  
45 a. Was on the date of the resolution of intent for annexation being used  
46 for actual production and is eligible for present-use value taxation  
47 under G.S. 105-277.4, but the land has not been in use for actual  
48 production for the required time under G.S. 105-277.3; and

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

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

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

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

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

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

25       (h)   Remedies for Failure to Provide Services. – If, not earlier than one year from the  
26                       effective date of annexation, and not later than 15 months from the effective date of annexation,  
27                       any person owning property in the annexed territory shall believe that the municipality has not  
28                       followed through on its service plans adopted under the provisions of G.S. 160A-47(3) and  
29                       160A-49(e), for any required service other than water and sewer services such person may  
30                       apply for a writ of mandamus under the provisions of Article 40, Chapter 1 of the General  
31                       Statutes. Relief may be granted by the judge of superior court

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

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

40       If, not earlier than 24 months from the effective date of the annexation, and not later than  
41       27 months from the effective date of the annexation, any person owning property in the  
42       annexed area can show that the plans submitted under the provisions of G.S. 160A-47(3)c  
43       require the construction of major trunk water mains and sewer outfall lines and if construction  
44       has not been completed within two years of the effective date of the annexation, relief may also  
45       be granted by the superior court by an order to the municipality to complete such lines and  
46       outfalls within a certain time. Similar relief may be granted by the superior court to any owner  
47       of property who made a timely request for a water or sewer line, or both, pursuant to  
48       G.S. 160A-47(3)b and such lines have not been completed within two years from the effective  
49       date of annexation in accordance with applicable city policies and through no fault of the

1 owner, if such owner petitions for such relief not earlier than 24 months following the effective  
2 date of annexation and not later than 27 months following the effective date of annexation.

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

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

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

21 ~~(k) The city shall report to the Local Government Commission as to whether the  
22 extension of water and sewer lines was completed within the three year time period specified in  
23 160A-47(3)c. If a valid request for extension of a water or sewer line has been made under  
24 G.S. 160A-47(3)b, and the extension is not complete at the end of two-three years after the  
25 effective date of the annexation ordinance, the owner of the property may petition the Local  
26 Government Commission for abatement of taxes to be paid to the city which have not been  
27 levied as of the expiration date of the two-yearthree year period, if such petition is filed not  
28 more than 60120 days after the expiration of the two-yearthree year period. If the Local  
29 Government Commission finds that the extension to the property was not complete by the end  
30 of the two-yearthree year period, it shall enter an order directing the city not to levy any further  
31 ad valorem taxes on the property until the fiscal year commencing after completion of the  
32 extension. In addition, if the Local Government Commission found that the extension to the  
33 property was not completed by the end of the two-yearthree year period, and if it finds that for  
34 any fiscal year during the period beginning with the first day of the fiscal year in which the  
35 annexation ordinance became effective and ending the last day of the fiscal year in which the  
36 two-yearthree year period expired, the city made an appropriation for construction, operation or  
37 maintenance of a water or sewer system (other than payments the city made as a customer of  
38 the system) from the fund or funds for which ad valorem taxes are levied, then the Local  
39 Government Commission shall order the city to release or refund an amount of the petitioner's  
40 property taxes for that year in question in proportion to the percentage of appropriations in the  
41 fund made for water and sewer services. By way of illustration, if a net amount of one hundred  
42 thousand dollars (\$100,000) was appropriated for water or sewer construction, operation or  
43 maintenance from a fund which had total expenditures of ten million dollars (\$10,000,000) and  
44 the petitioner's tax levy was one thousand dollars (\$1,000), the amount of release or refund  
45 shall be ten dollars (\$10.00).~~

46 ~~(l) The city shall report to the Local Government Commission as to whether police  
47 protection, fire protection, solid waste, or street maintenance services were provided in  
48 accordance with G.S. 160A-47(3)a. within 60 days after the effective date of the annexation.  
49 Such report shall be filed no more than 30 days following the expiration of the 60-day period. If  
50 a city fails to deliver police protection, fire protection, solid waste or street maintenance~~

1 services as provided for in G.S. 160A-47(3)a. within 60 days after the effective date of the  
2 annexation, the owner of the property may petition the Local Government Commission for  
3 abatement of taxes to be paid to the city for taxes that have been levied as of the end of the  
4 60-day period, if the petition is filed not more than ~~90 days~~ 120 days after the expiration of the  
5 60-day period. If the Local Government Commission finds that services were not extended by  
6 the end of the 60-day period, it shall enter an order directing the city not to levy any further ad  
7 valorem taxes on the property until the fiscal year commencing after extension of the municipal  
8 services."

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

10 **"§ 160A-50. Appeal.**

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

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

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

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

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

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

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

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

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

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

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

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

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

48 (2) Remand the ordinance to the municipal governing board for amendment of  
49 the boundaries to conform to the provisions of G.S. 160A-48 if it finds that  
50 the provisions of G.S. 160A-48 have not been met; provided, that the court

1 cannot remand the ordinance to the municipal governing board with  
2 directions to add area to the municipality which was not included in the  
3 notice of public hearing and not provided for in plans for service.

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

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

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

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

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

31 (j) If a petition for review is filed under subsection (a) of this section or an appeal is  
32 filed under G.S. 160A-49.1(g) or G.S. 160A-49.3(g), and a stay is granted, then the time  
33 periods of two years, 24 months or 27 months provided in G.S. 160A-47(3)c, 160A-49(h), or  
34 160A-49(j) are each extended by the lesser of the length of the stay or one year for that  
35 annexation.

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

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

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

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

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

48 a. Police protection.

49 b. Fire protection.

50 c. Solid waste collection services.

1           d.     Street maintenance.

2           e.     Water service.

3           f.     Sewer service."

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

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

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

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

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

14       "**§ 160A-58.11. Local Government Commission oversight of annexation.**

15       (a) The Local Government Commission shall provide oversight of annexation under  
16       Part 2 and Part 3 of this Article and under G.S. 160A-31(b1) by all municipalities, and upon  
17       request by the municipality of annexation under G.S. 160A-31(i). In carrying out that  
18       responsibility, the Local Government Commission shall do all of the following:

19       (1) Assess the fiscal feasibility of all proposed annexations, by determining  
20       whether the projected expenses to be incurred as a result of the annexation,  
21       including the amount of proposed debt, are reasonable for the purposes for  
22       which the expenses are to be incurred and by determining the extent to  
23       which the probable net revenues resulting from the annexation and other  
24       revenue sources proposed by the municipality will be sufficient to meet  
25       these expenses and service any proposed debt.

26       (2) Prohibit further annexation by any municipality that has not provided  
27       services in accordance with statutory requirements to any other area annexed  
28       by that municipality with an effective date more than 12 months prior to the  
29       proposed annexation until such time as the municipality demonstrates to the  
30       Commission that such requirements have been met.

31       (3) Prohibit further annexation by the municipality and abate all ad valorem  
32       property taxes levied on the newly annexed territory if the municipality has  
33       not provided the meaningful services as stated in the annexation ordinance  
34       within three years of the effective date of the annexation ordinance, until  
35       such time as the municipality demonstrates to the Commission that such  
36       requirements have been met.

37       (b) Following approval of the report required under G.S. 160A-35 or G.S. 160A-47, the  
38       municipality shall submit it to the Commission for review. The Commission shall report  
39       findings regarding the fiscal feasibility of the proposed annexation within sixty (60) days of  
40       receipt of the report. If the Commission determines that the annexation is not fiscally feasible,  
41       the Commission shall so notify the municipality, and the annexation in the form proposed may  
42       not proceed.

43       (c) In order to effectuate the purposes of this section, the Commission may delegate its  
44       authority and responsibilities under this section to the staff of the State and Local Government  
45       Finance Division of the Department of State Treasurer. The Commission may not delegate the  
46       responsibility to determine if the annexation is not fiscally feasible to any staff to the State and  
47       Local Government Finance Division of the Department of State Treasurer.

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

- 1           (1)   The number of involuntary annexations proposed each year.
- 2           (2)   The number of involuntary annexations for which the assessment of the  
3           fiscal feasibility showed that the involuntary annexation was not fiscally  
4           feasible.
- 5           (3)   The number and character of reports made to the Local Government  
6           Commission under G.S. 160A-37(k).
- 7           (4)   The number and character of reports made to the Local Government  
8           Commission under G.S. 160-49(k), and the number of abatements granted  
9           under that statute.
- 10          (5)   The number of reports made to the Local Government Commission under  
11          G.S. 160A-49(l).
- 12          (6)   The number of prohibitions on further annexation issued by the Local  
13          Government Commission.
- 14          (7)   The number of abatement of taxes under subdivision (a)(3) of this section."

15       **SECTION 14.(a)** Part 6 of Article 4A of Chapter 160A reads as rewritten:

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

17       **SECTION 14.(b)** Article 4A of Chapter 160A is amended by adding a new Part to

18 read:

19                   "Part 7. Annexation Agreements With Property Owners.

20       "§ 160A-58.35. Annexation agreements.

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

- 24           (1)   To petition the city for annexation of the property pursuant to Part 1 or Part  
25           4 of Article 4A of this Chapter, upon the city's request.
- 26           (2)   Not to join in any appeal if the city adopts an ordinance to annex the  
27           property that is served by water or sewer under the contract pursuant to Part  
28           2 or Part 3 of Article 4A of this Chapter.

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

34           (c)   A contract under this section may be part of a development agreement under Part  
35       3D of Article 19 of this Chapter or Part 3A of Article 18 of Chapter 153A of the General  
36       Statutes."

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

38       "§ 160A-232. Payment of assessments in cash or by installments.

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

- 44           (1)   That the first installment with interest shall become due and payable on the  
45           date when property taxes are due and payable, and one subsequent  
46           installment and interest shall be due and payable on the same date in each  
47           successive year until the assessment is paid in full; or
- 48           (2)   That the first installment with interest shall become due and payable 60 days  
49           after the date that the assessment roll is confirmed, and one subsequent

1 installment and interest shall be due and payable on the same day of the  
2 month in each successive year until the assessment is paid in full.

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

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

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

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

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

21 **"§ 143B-437.04. Community development block grants.**

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

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

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

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

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

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

44 **"§ 159G-23. Common criteria for loan or grant from Wastewater Reserve or Drinking**  
45 **Water Reserve.**

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

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

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

18 **SECTION 18.** This act becomes effective October 1, 2009, and applies to  
19 annexations for which a resolution of intent has been adopted under Part 2 or Part 3 of Article  
20 4A of Chapter 160A of the General Statutes on or after that date and to annexation for which a  
21 petition has been received under Part 1 or Part 4 of Article 4A of Chapter 160A of the General  
22 Statutes on or after that date.