



1 TO THE LOCAL GOVERNMENT COMMISSION ON THE PROVISION OF  
2 MEANINGFUL SERVICES FOLLOWING THE ADOPTION OF AN ANNEXATION  
3 ORDINANCE; TO EXTEND THE TIME PERIOD A PROPERTY OWNER MAY  
4 APPEAL TO THE COURTS FOLLOWING AN INVOLUNTARY ANNEXATION  
5 ORDINANCE FROM SIXTY DAYS TO NINETY DAYS; TO REQUIRE OVERSIGHT  
6 OF INVOLUNTARY ANNEXATIONS BY THE LOCAL GOVERNMENT  
7 COMMISSION BY REQUIRING A FISCAL FEASIBILITY ASSESSMENT; TO  
8 REQUIRE THE LOCAL GOVERNMENT COMMISSION TO PROHIBIT FURTHER  
9 ANNEXATION IF THE ANNEXING MUNICIPALITY DOES NOT PROVIDE  
10 SERVICES IN ACCORDANCE WITH AN INVOLUNTARY ANNEXATION WITHIN  
11 THREE YEARS; TO REQUIRE THE LOCAL GOVERNMENT COMMISSION TO  
12 ABATE PROPERTY TAXES FOR PROPERTY OWNERS WITHOUT THE REQUIRED  
13 SERVICES WITHIN THREE YEARS OF AN INVOLUNTARY ANNEXATION; TO  
14 REQUIRE THE LOCAL GOVERNMENT COMMISSION TO REPORT ANNUALLY  
15 TO THE GENERAL ASSEMBLY ON INVOLUNTARY ANNEXATIONS; TO  
16 AUTHORIZE MUNICIPALITIES TO CONTRACT WITH PROPERTY OWNERS FOR  
17 THE EXTENSION OF WATER SERVICE AND SEWER SERVICE AND NONAPPEAL  
18 OF AN INVOLUNTARY ANNEXATION, WHICH MAY RUN WITH THE LAND; TO  
19 PERMIT THE PAYMENT OF ASSESSMENTS FOR THE INSTALLATION OF  
20 WATER OR SEWER SERVICE FOLLOWING AN INVOLUNTARY ANNEXATION  
21 OVER A TWENTY-YEAR PERIOD; TO ALLOW THE PAYMENT OF TAP FEES  
22 OVER A FIVE-YEAR PERIOD; TO GIVE PRIORITY TO A MUNICIPALITY  
23 ANNEXING A DISTRESSED AREA WHEN THAT MUNICIPALITY APPLIES FOR  
24 COMMUNITY DEVELOPMENT BLOCK GRANTS AND LOANS OR GRANTS FROM  
25 THE WASTEWATER RESERVE OR DRINKING WATER RESERVE.

26 The General Assembly of North Carolina enacts:

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

28 "**§ 160A-31. Annexation by petition.**

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

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

37 DATE:

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

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

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

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



1 petition. The resolution shall contain an adequate description of the property, state that the  
 2 property is contiguous to the municipal boundaries and fix a date for a public hearing on the  
 3 question of annexation. Notice of the public hearing shall be published as provided in  
 4 subsection (c) of this section. The governing board may hold the public hearing and adopt the  
 5 annexation ordinance as provided in subsection (d) of this section.

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

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

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

24 DATE:

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

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

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

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

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

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

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

44 "**§ 160A-34. Authority to annex.**

45 The governing board of any municipality having a population of less than ~~5,000~~10,000  
 46 persons according to the last federal decennial census may extend the corporate limits of such  
 47 municipality under the procedure set forth in this Part, except that this Part does not apply to  
 48 any municipality in Craven County having a population of less than 500 persons according to  
 49 the last federal decennial census unless that municipality provides at least six of the seven  
 50 categories of municipal services listed in G.S. 136-41.2(c). This Part does not apply to any  
 51 municipality unless it provides, at the time of adoption of the resolution of intent, at least two

1 meaningful services within its existing corporate boundaries. To qualify under this section, the  
2 meaningful service must be provided directly by the municipality, provided by a joint agency  
3 or authority of which the municipality is a full participating member, or provided by contract  
4 between the municipality and a third party. In the case of police protection provided by contract  
5 between the municipality and the sheriff's department, to qualify under this section the contract  
6 must establish a higher level of service than is otherwise provided in the area, such as a  
7 designated deputy or increased patrols."

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

9 **"§ 160A-35. Prerequisites to annexation; ability to serve; report and plans.**

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

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

1 In areas where the installation of sewer is not ~~economically~~ fiscally  
 2 feasible or would be environmentally damaging due to the unique  
 3 topography or environmental qualities of the area, the municipality  
 4 may agree to provide septic system maintenance and repair service  
 5 until such time as sewer service is provided to properties similarly  
 6 situated. In any event, the plans shall call for construction to be  
 7 completed within three years of the effective date of annexation.

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

15 (4) A statement of the impact of the annexation on any rural fire department  
 16 providing service in the area to be annexed and a statement of the impact of  
 17 the annexation on fire protection and fire insurance rates in the area to be  
 18 annexed, if the area where service is provided is in an insurance district  
 19 designated under G.S. 153A-233, a rural fire protection district under Article  
 20 3A of Chapter 69 of the General Statutes, or a fire service district under  
 21 Article 16 of Chapter 153A of the General Statutes. The rural fire  
 22 department shall make available to the city not later than 30 days following a  
 23 written request from the city all information in its possession or control,  
 24 including but not limited to operational, financial and budgetary information,  
 25 necessary for preparation of a statement of impact. The rural fire department  
 26 forfeits its rights under G.S. 160A-37.1 and G.S. 160A-37.2 if it fails to  
 27 make a good faith response within 45 days following receipt of the written  
 28 request for information from the city, provided that the city's written request  
 29 so states by specific reference to this section.

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

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

39 **"§ 160A-36. Character of area to be annexed.**

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

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

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

- 1 (2) At least ~~one-eighth~~ one-fifth of the aggregate external boundaries of the area  
2 must coincide with the municipal boundary. A connecting corridor  
3 consisting solely of a public street or street right-of-way may not be used to  
4 establish contiguity to an outlying, noncontiguous area.
- 5 (3) No part of the area shall be included within the boundary of another  
6 incorporated municipality.
- 7 (4) No part of the area may be served by a water and sewer system operated by a  
8 municipality other than the annexing municipality, unless in accordance with  
9 an annexation agreement in effect under Part 6 of this Article, or the system  
10 is operated pursuant to an interlocal agreement under Article 20 of this  
11 Chapter to which the annexing municipality is a party, or the system is  
12 operated by an authority or joint agency of which the annexing municipality  
13 is a full participating member.

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

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

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

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

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

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

13 **"§ 160A-37. Procedure for annexation.**

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

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

37 (b) Notice of Public Information Meeting and Public Hearing. — The notice of public  
38 information meeting and public hearing ~~shall~~ shall be a combined notice that includes at least  
39 all of the following:

- 40 (1) Fix the date, hour and place of the public informational meeting and the  
41 date, hour, and place of the public hearing.
- 42 (2) Describe clearly the boundaries of the area under consideration, and include  
43 a legible map of the area.
- 44 (3) State that the report required in G.S. 160A-35 will be available at the office  
45 of the municipal clerk at least 30 days prior to the date of the public  
46 informational meeting.
- 47 (4) Include an explanation of an owner's rights pursuant to subsection (f1) and  
48 (f2) of this section.
- 49 (5) Include a summary of the annexation process with time lines and a summary  
50 of available statutory remedies for contesting the annexation and the failure  
51 to provide services.



1           (6) Include information on how to request to become a customer of the water  
2           service or sewer service, the cost of requesting that service along with the  
3           option of paying that cost in accordance with G.S. 160A-232(c), and any  
4           forms to request that service.

5           (7) Describe clearly the distinction between the public informational meeting  
6           and the public hearing.

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

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

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

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

47           (d) Public Hearing. – At the public hearing a representative of the municipality shall  
48 first make an explanation of the report required in G.S. 160A-35. Following such explanation,  
49 all persons resident or owning property in the territory described in the notice of public hearing,  
50 and all residents of the municipality, shall be given an opportunity to be heard. A summary of  
51 the annexation process with time lines and a summary of available statutory remedies for

1 contesting the annexation and the provision of services shall be distributed at the public  
2 hearing, and information regarding including any forms for requesting water service or sewer  
3 service to individual lots shall be distributed at the public informational meeting.

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

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

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

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

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

- 1 (2) The land meets both of the following conditions:  
2 a. On the date of the resolution of intent for annexation it was being  
3 used for actual production and is eligible for present-use value  
4 taxation under G.S. 105-277.4, but the land had not been in use for  
5 actual production for the required time under G.S. 105-277.3.  
6 b. The assessor for the county where the land subject to annexation is  
7 located has certified to the city that the land meets the requirements  
8 of this subdivision.

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

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

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

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

- 37 (1) If the municipality has not provided the meaningful services set forth in its  
38 plan submitted under the provisions of ~~G.S. 160A-35(3)a~~ G.S. 160A-35(3)a,  
39 on substantially the same basis and in the same manner as such services  
40 were provided within the rest of the municipality prior to the effective date  
41 of annexation, and  
42 (2) If at the time the writ is sought such meaningful services set forth in the plan  
43 submitted under the provisions of ~~G.S. 160A-35(3)a~~ G.S. 160A-35(3)a are  
44 still being provided on substantially the same basis and in the same manner  
45 as on the date of annexation of the municipality.

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

- 47 (1) ~~If the plans submitted under the provisions of G.S. 160A-35(3)b require the~~  
48 ~~construction of major trunk water mains and sewer outfall lines and~~  
49 (2) ~~If contracts for such construction have not yet been let.~~

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

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

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

17 (k) The city shall report to the Local Government Commission as to whether police  
18 protection, fire protection, solid waste, or street maintenance services were provided in  
19 accordance with G.S. 160A-35(3)a. within 60 days after the effective date of the annexation.  
20 Such report shall be filed no more than 30 days following the expiration of the 60-day period. If  
21 a city fails to deliver police protection, fire protection, solid waste or street maintenance  
22 services as provided for in G.S. 160A-35(3)a. within 60 days after the effective date of the  
23 annexation, the owner of the property may petition the Local Government Commission for  
24 abatement of taxes to be paid to the city for taxes that have been levied as of the end of the  
25 60-day period, if the petition is filed not more than 90 days-120 days after the expiration of the  
26 60-day period. If the Local Government Commission finds that services were not extended by  
27 the end of the 60-day period, it shall enter an order directing the city not to levy any further ad  
28 valorem taxes on the property until the fiscal year commencing after extension of the municipal  
29 services.

30 (l) The city shall report to the Local Government Commission as to whether the  
31 extension of water and sewer lines was completed within the three-year time period specified in  
32 G.S. 160A-35(3). If the extension is not complete at the end of three years after the effective  
33 date of the annexation ordinance, the owner of the property may petition the Local Government  
34 Commission for abatement of taxes to be paid to the city which have not been levied as of the  
35 expiration date of the three-year period, if such petition is filed not more than 120 days after the  
36 expiration of the three-year period. If the Local Government Commission finds that the  
37 extension to the property was not complete by the end of the three-year period, it shall enter an  
38 order directing the city not to levy any further ad valorem taxes on the property until the fiscal  
39 year commencing after completion of the extension. In addition, if the Local Government  
40 Commission found that the extension to the property was not completed by the end of the three-  
41 year period, and if it finds that for any fiscal year during the period beginning with the first day  
42 of the fiscal year in which the annexation ordinance became effective and ending the last day of  
43 the fiscal year in which the three-year period expired, the city made an appropriation for  
44 construction, operation, or maintenance of a water or sewer system (other than payments the  
45 city made as a customer of the system) from the fund or funds for which ad valorem taxes are  
46 levied, then the Local Government Commission shall order the city to release or refund an  
47 amount of the petitioner's property taxes for that year in question in proportion to the  
48 percentage of appropriations in the fund made for water and sewer services. By way of  
49 illustration, if a net amount of one hundred thousand dollars (\$100,000) was appropriated for  
50 water or sewer construction, operation, or maintenance from a fund which had total

1 expenditures of ten million dollars (\$10,000,000) and the petitioner's tax levy was one thousand  
2 dollars (\$1,000), the amount of release or refund shall be ten dollars (\$10.00)."

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

4 "**§ 160A-38. Appeal.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 (3) Remand the report to the municipal governing board for amendment of the  
2 plans for providing services to the end that the provisions of G.S. 160A-35  
3 are satisfied.
- 4 (4) Declare the ordinance null and void, if the court finds that the ordinance  
5 cannot be corrected by remand as provided in subdivisions (1), (2), or (3) of  
6 this subsection.

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

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

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

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

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

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

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

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

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

43 **"§ 160A-46. Authority to annex.**

44 The governing board of any municipality having a population of ~~5,000-10,000~~ or more  
45 persons according to the last federal decennial census may extend the corporate limits of such  
46 municipality under the procedure set forth in this Part. This Part does not apply to any  
47 municipality unless it provides, at the time of adoption of the resolution of intent, at least two  
48 meaningful services within its existing corporate boundaries. To qualify under this section, the  
49 meaningful service must be provided directly by the municipality, provided by a joint agency  
50 or authority of which the municipality is a full participating member, or provided by contract  
51 between the municipality and a third party. In the case of police protection provided by contract

1 between the municipality and the sheriff's department, to qualify under this section the contract  
2 must establish a higher level of service than is otherwise provided in the area, such as a  
3 designated deputy or increased patrols."

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

5 **"§ 160A-47. Prerequisites to annexation; ability to serve; report and plans.**

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

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

12 a. The present and proposed boundaries of the municipality.

13 b. The present major trunk water mains and sewer interceptors and  
14 outfalls, and the proposed extensions of such mains and outfalls and  
15 water and sewer lines as required in subdivision (3) of this section.  
16 The water and sewer map must bear the seal of a registered  
17 professional engineer.

18 c. The general land use pattern in the area to be annexed.

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

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

25 a. Provide for extending police protection, fire protection, solid waste  
26 collection and street maintenance services to the area to be annexed  
27 on the date of annexation on substantially the same basis and in the  
28 same manner as such services are provided within the rest of the  
29 municipality prior to annexation. A contract with a rural fire  
30 department to provide fire protection shall be an acceptable method  
31 of providing fire protection. If a water distribution system is not  
32 available in the area to be annexed, the plans must call for reasonably  
33 effective fire protection services until such time as waterlines are  
34 made available in such area under existing municipal policies for the  
35 extension of waterlines. A contract with a private firm to provide  
36 solid waste collection services shall be an acceptable method of  
37 providing solid waste collection services.

38 b. Provide for extension of major trunk water ~~mains and~~mains, sewer  
39 outfall lines, waterlines, and sewer lines into the area to be annexed  
40 ~~so that when such lines are constructed, property owners in the area~~  
41 ~~to be annexed will be able to secure public water and sewer service,~~  
42 ~~according to the policies in effect in such municipality for extending~~  
43 ~~water and sewer lines to individual lots or subdivisions.~~ annexed. ~~If~~  
44 ~~requested by the owner of an occupied dwelling unit or an operating~~  
45 ~~commercial or industrial property in writing on a form provided by~~  
46 ~~the municipality, which form acknowledges that such extension or~~  
47 ~~extensions will be made according to the current financial policies of~~  
48 ~~the municipality for making such extensions, and if such form is~~  
49 ~~received by the city clerk no later than five days after the public~~  
50 ~~hearing, provide for extension of water and sewer lines to the~~  
51 ~~property or to a point on a public street or road right of way adjacent~~

1 to the property according to the financial policies in effect in such  
2 municipality for extending water and sewer lines. If any such  
3 requests are timely made, the municipality shall at the time of  
4 adoption of the annexation ordinance amend its report and plan for  
5 services to reflect and accommodate such requests, if an amendment  
6 is necessary. In areas where the municipality is required to extend  
7 sewer service according to its policies, but the installation of sewer is  
8 not economically-fiscally feasible or would be environmentally  
9 damaging due to the unique topography or environmental qualities of  
10 the area, the municipality shall provide septic system maintenance  
11 and repair service until such time as sewer service is provided to  
12 properties similarly situated.

13 c. ~~If extension of major trunk water mains, sewer outfall lines, sewer~~  
14 ~~lines and water lines is necessary, set~~ Set forth a proposed timetable  
15 for construction of such mains, outfalls and lines as soon as possible  
16 following the effective date of annexation. In any event, the plans  
17 shall call for construction to be completed within ~~two~~ three years of  
18 the effective date of annexation.

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

26 (4) A statement of the impact of the annexation on any rural fire department  
27 providing service in the area to be annexed and a statement of the impact of  
28 the annexation on fire protection and fire insurance rates in the area to be  
29 annexed, if the area where service is provided is in an insurance district  
30 designated under G.S. 153A-233, a rural fire protection district under Article  
31 3A of Chapter 69 of the General Statutes, or a fire service district under  
32 Article 16 of Chapter 153A of the General Statutes. The rural fire  
33 department shall make available to the city not later than 30 days following a  
34 written request from the city all information in its possession or control,  
35 including but not limited to operational, financial and budgetary information,  
36 necessary for preparation of a statement of impact. The rural fire department  
37 forfeits its rights under G.S. 160A-49.1 and G.S. 160A-49.2 if it fails to  
38 make a good faith response within 45 days following receipt of the written  
39 request for information from the city, provided that the city's written request  
40 so states by specific reference to this section.

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

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

50 "§ 160A-48. Character of area to be annexed.



- 1 (a) A municipal governing board may extend the municipal corporate limits to include  
2 any ~~area~~area that complies with the following:
- 3 (1) Which meets the general standards of ~~subsection (b), and~~subsection (b) of  
4 this section.
  - 5 (2) Every part of which meets the requirements of ~~either any of the following~~:  
6 a. ~~subsection (c)~~Subsection (c) of this section.  
7 b. ~~or subsection (d)~~Subsection (d) of this section.  
8 c. Is completely surrounded by the municipality's primary corporate  
9 limits.
- 10 (b) The total area to be annexed must meet all of the following standards:
- 11 (1) It must be adjacent or contiguous to the municipality's boundaries at the time  
12 the annexation proceeding is begun, except if the entire territory of a county  
13 water and sewer district created under G.S. 162A-86(b1) is being annexed,  
14 the annexation shall also include any noncontiguous pieces of the district as  
15 long as the part of the district with the greatest land area is adjacent or  
16 contiguous to the municipality's boundaries at the time the annexation  
17 proceeding is begun.
  - 18 (2) At least ~~one-eighth~~one-fifth of the aggregate external boundaries of the area  
19 must coincide with the municipal boundary. A connecting corridor  
20 consisting solely of a public street or street right-of-way may not be used to  
21 establish contiguity to an outlying, noncontiguous area.
  - 22 (3) No part of the area shall be included within the boundary of another  
23 incorporated municipality.
  - 24 (4) No part of the area may be served by a water and sewer system operated by a  
25 municipality other than the annexing municipality, unless in accordance with  
26 an annexation agreement in effect under Part 6 of this Article, or the system  
27 is operated pursuant to an interlocal agreement under Article 20 of this  
28 Chapter to which the annexing municipality is a party, or the system is  
29 operated by an authority or joint agency of which the annexing municipality  
30 is a full participating member.
- 31 (c) Part or all of the area to be annexed must be developed for urban purposes at the  
32 time of approval of the report provided for in G.S. 160A-47. Area of streets and street  
33 rights-of-way shall not be used to determine total acreage under this section. An area developed  
34 for urban purposes is defined as any area which meets any one of the following standards:
- 35 (1) Has a total resident population equal to at least two and three-tenths persons  
36 for each acre of land included within its ~~boundaries; or~~boundaries.
  - 37 (2) Has a total resident population equal to at least ~~one person~~two and one-half  
38 persons for each acre of land included within its boundaries, and is  
39 subdivided into lots and tracts such that at least sixty percent (60%) of the  
40 total acreage consists of lots and tracts three acres or less in size and such  
41 that at least sixty-five percent (65%) of the total number of lots and tracts are  
42 one acre or less in ~~size; or~~size.
  - 43 (3) Is so developed that at least ~~sixty percent (60%)~~sixty-five percent (65%) of  
44 the total number of lots and tracts in the area at the time of annexation are  
45 used for residential, commercial, industrial, institutional or governmental  
46 purposes, and is subdivided into lots and tracts such that at least sixty  
47 percent (60%) of the total acreage, not counting the acreage used at the time  
48 of annexation for commercial, industrial, governmental or institutional  
49 purposes, consists of lots and tracts ~~three-two and one-half~~three-two and one-half acres or less in  
50 size. For purposes of this section, a lot or tract shall not be considered in use  
51 for a commercial, industrial, institutional, or governmental purpose if the lot

1 or tract is used only temporarily, occasionally, or on an incidental or  
2 insubstantial basis in relation to the size and character of the lot or tract. For  
3 purposes of this section, acreage in use for commercial, industrial,  
4 institutional, or governmental purposes shall include acreage actually  
5 occupied by buildings or other man-made structures together with all areas  
6 that are reasonably necessary and appurtenant to such facilities for purposes  
7 of parking, storage, ingress and egress, utilities, buffering, and other  
8 ancillary services and ~~facilities; or facilities.~~

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

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

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

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

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

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

25 (1) Lies between the municipal boundary and an area developed for urban  
26 purposes so that the area developed for urban purposes is either not adjacent  
27 to the municipal boundary or cannot be served by the municipality without  
28 extending services and/or water and/or sewer lines through such sparsely  
29 developed area; or

30 (2) Is adjacent, on at least sixty percent (60%) of its external boundary, to any  
31 combination of the municipal boundary and the boundary of an area or areas  
32 developed for urban purposes as defined in subsection (c).

33 The purpose of this subsection is to permit municipal governing boards to extend corporate  
34 limits to include all nearby areas developed for urban purposes and where necessary to include  
35 areas which at the time of annexation are not yet developed for urban purposes but which  
36 constitute necessary land connections between the municipality and areas developed for urban  
37 purposes or between two or more areas developed for urban purposes. For purposes of this  
38 subsection, "necessary land connection" means an area that does not exceed twenty-five percent  
39 (25%) of the total area to be annexed.

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

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

47 (g) If the area includes any residential lot that is shown on a subdivision plat approved  
48 and recorded as a final plat pursuant to an ordinance adopted under Article 18 of Chapter 153A  
49 of the General Statutes or under Article 19 of this Chapter, the area must include all other  
50 residential lots shown on the same recorded final subdivision plat, except for lots already  
51 included in the corporate limits of the annexing municipality or another municipality. If the

1 subdivision is in more than one county, the annexation area need not include lots across the  
2 county line. For purposes of this section, if the subdivision was approved as a phased  
3 development, each phase may be considered a separate subdivision."

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

5 **"§ 160A-49. Procedure for annexation.**

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

20 (a1) Resolution of Intent. – At least one year after adoption of the resolution of  
21 consideration, the municipal governing body may adopt a resolution stating the intent of the  
22 municipality to ~~consider annexation.~~ proceed with annexation of some or all of the area  
23 described in the resolution of consideration. Such resolution of intent shall describe the  
24 boundaries of the area ~~under consideration,~~ intended for annexation, fix a date for a public  
25 informational meeting, and fix a date for a public hearing on the question of annexation. The  
26 date for the public informational meeting shall be not less than 45 days and not more than 55  
27 days following passage of the resolution. The date for the public hearing to be not less than 60  
28 days and not more than 90 days following passage of the ~~resolution.~~ resolution of intent.

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

- 32 (1) Fix the date, hour and place of the public informational meeting and the  
33 date, hour, and place of the public hearing.
- 34 (2) Describe clearly the boundaries of the area under consideration, and include  
35 a legible map of the area.
- 36 (3) State that the report required in G.S. 160A-47 will be available at the office  
37 of the municipal clerk at least 30 days prior to the date of the public  
38 informational meeting.
- 39 (4) Include a notice of a property owner's rights to request to become a customer  
40 of the water and sewer service in accordance with ~~G.S. 160A-47.~~ the policies  
41 in effect in the municipality for such services, the cost of requesting that  
42 service along with the option of paying that cost in accordance with  
43 G.S. 160A-232(c), and any forms to request that service.
- 44 (5) Include an explanation of a property owner's rights pursuant to subsections  
45 (f1) and (f2) of this section.
- 46 (6) Include information on how to request to become a customer of the water  
47 service or sewer service, the cost of requesting that service along with the  
48 option of paying that cost in accordance with G.S. 160A-232(c), and any  
49 forms to request that service.
- 50 (7) Describe clearly the distinction between the public informational meeting  
51 and the public hearing.

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

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

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

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

47 (e) Passage of the Annexation Ordinance. – The municipal governing board shall take  
48 into consideration facts presented at the public hearing and shall have authority to amend the  
49 report required by G.S. 160A-47 to make changes in the plans for serving the area proposed to  
50 be annexed so long as such changes meet the requirements of G.S. 160A-47, provided that if  
51 the annexation report is amended to show additional subsections of G.S. 160A-48(c) or (d)

1 under which the annexation qualifies that were not listed in the original report, the city must  
2 hold an additional public hearing on the annexation not less than 30 nor more than 90 days after  
3 the date the report is amended, and notice of such new hearing shall be given at the first public  
4 hearing. At any regular or special meeting held no sooner than the tenth day following the  
5 public hearing and not later than 90 days following such public hearing, the governing board  
6 shall have authority to adopt an ordinance extending the corporate limits of the municipality to  
7 include all, or such part, of the area described in the notice of public hearing which meets the  
8 requirements of G.S. 160A-48 and which the governing board has concluded should be  
9 annexed. The ordinance shall:

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

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

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

4 (1) Land that is being taxed at present-use value pursuant to G.S. 105-277.4; or

5 (2) Land that:

6 a. Was on the date of the resolution of intent for annexation being used  
7 for actual production and is eligible for present-use value taxation  
8 under G.S. 105-277.4, but the land has not been in use for actual  
9 production for the required time under G.S. 105-277.3; and

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

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

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

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

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

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

34 (h) Remedies for Failure to Provide Services. – If, not earlier than one year from the  
35 effective date of annexation, and not later than 15 months from the effective date of annexation,  
36 any person owning property in the annexed territory shall believe that the municipality has not  
37 followed through on its service plans adopted under the provisions of G.S. 160A-47(3) and  
38 160A-49(e), for any required service other than water and sewer services such person may  
39 apply for a writ of mandamus under the provisions of Article 40, Chapter 1 of the General  
40 Statutes. Relief may be granted by the judge of superior court

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

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

50 If, not earlier than 24 months from the effective date of the annexation, and not later than  
51 27 months from the effective date of the annexation, any person owning property in the

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

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

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

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

30 (k) The city shall report to the Local Government Commission as to whether the  
31 extension of water and sewer lines was completed within the three-year time period specified in  
32 G.S. 160A-47(3)c. ~~If a valid request for extension of a water or sewer line has been made under~~  
33 ~~G.S. 160A-47(3)b, and the extension is not complete at the end of ~~two~~three years after the~~  
34 ~~effective date of the annexation ordinance, the owner of the property may petition the Local~~  
35 ~~Government Commission for abatement of taxes to be paid to the city which have not been~~  
36 ~~levied as of the expiration date of the ~~two-year~~three-year period, if such petition is filed not~~  
37 ~~more than 60~~120 days after the expiration of the ~~two-year~~three-year period. If the Local  
38 Government Commission finds that the extension to the property was not complete by the end  
39 of the ~~two-year~~three-year period, it shall enter an order directing the city not to levy any further  
40 ad valorem taxes on the property until the fiscal year commencing after completion of the  
41 extension. In addition, if the Local Government Commission found that the extension to the  
42 property was not completed by the end of the ~~two-year~~three-year period, and if it finds that for  
43 any fiscal year during the period beginning with the first day of the fiscal year in which the  
44 annexation ordinance became effective and ending the last day of the fiscal year in which the  
45 ~~two-year~~three-year period expired, the city made an appropriation for construction, operation or  
46 maintenance of a water or sewer system (other than payments the city made as a customer of  
47 the system) from the fund or funds for which ad valorem taxes are levied, then the Local  
48 Government Commission shall order the city to release or refund an amount of the petitioner's  
49 property taxes for that year in question in proportion to the percentage of appropriations in the  
50 fund made for water and sewer services. By way of illustration, if a net amount of one hundred  
51 thousand dollars (\$100,000) was appropriated for water or sewer construction, operation or

1 maintenance from a fund which had total expenditures of ten million dollars (\$10,000,000) and  
2 the petitioner's tax levy was one thousand dollars (\$1,000), the amount of release or refund  
3 shall be ten dollars (\$10.00).

4 (l) The city shall report to the Local Government Commission as to whether police  
5 protection, fire protection, solid waste, or street maintenance services were provided in  
6 accordance with G.S. 160A-47(3)a. within 60 days after the effective date of the annexation.  
7 Such report shall be filed no more than 30 days following the expiration of the 60-day period. If  
8 a city fails to deliver police protection, fire protection, solid waste or street maintenance  
9 services as provided for in G.S. 160A-47(3)a. within 60 days after the effective date of the  
10 annexation, the owner of the property may petition the Local Government Commission for  
11 abatement of taxes to be paid to the city for taxes that have been levied as of the end of the  
12 60-day period, if the petition is filed not more than ~~90 days~~ 120 days after the expiration of the  
13 60-day period. If the Local Government Commission finds that services were not extended by  
14 the end of the 60-day period, it shall enter an order directing the city not to levy any further ad  
15 valorem taxes on the property until the fiscal year commencing after extension of the municipal  
16 services."

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

18 **"§ 160A-50. Appeal.**

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

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

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

- 32 (1) A transcript of the portions of the municipal journal or minute book in which  
33 the procedure for annexation has been set forth and  
34 (2) A copy of the report setting forth the plans for extending services to the  
35 annexed area as required in G.S. 160A-47.

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

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

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

- 49 (1) That the statutory procedure was not ~~followed~~, or followed.  
50 (2) That the provisions of G.S. 160A-47 were not ~~met~~, or met.  
51 (3) That the provisions of G.S. 160A-48 have not been met.



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

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

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

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

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

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

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

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

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

40          (j) If a petition for review is filed under subsection (a) of this section or an appeal is  
41          filed under G.S. 160A-49.1(g) or G.S. 160A-49.3(g), and a stay is granted, then the time  
42          periods of two years, 24 months or 27 months provided in G.S. 160A-47(3)c, 160A-49(h), or  
43          160A-49(j) are each extended by the lesser of the length of the stay or one year for that  
44          annexation.

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

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

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

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

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

- 7 a. Police protection.
- 8 b. Fire protection.
- 9 c. Solid waste collection services.
- 10 d. Street maintenance.
- 11 e. Water service.
- 12 f. Sewer service."

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

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

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

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

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

23 "**§ 160A-58.11. Local Government Commission oversight of annexation.**

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

- 28 (1) Assess the fiscal feasibility of all proposed annexations, by determining  
29 whether the projected expenses to be incurred as a result of the annexation,  
30 including the amount of proposed debt, are reasonable for the purposes for  
31 which the expenses are to be incurred and by determining the extent to  
32 which the probable net revenues resulting from the annexation and other  
33 revenue sources proposed by the municipality will be sufficient to meet  
34 these expenses and service any proposed debt.
- 35 (2) Prohibit further annexation by any municipality that has not provided  
36 services in accordance with statutory requirements to any other area annexed  
37 by that municipality with an effective date more than 12 months prior to the  
38 proposed annexation until such time as the municipality demonstrates to the  
39 Commission that such requirements have been met.
- 40 (3) Prohibit further annexation by the municipality and abate all ad valorem  
41 property taxes levied on the newly annexed territory if the municipality has  
42 not provided the meaningful services as stated in the annexation ordinance  
43 within three years of the effective date of the annexation ordinance, until  
44 such time as the municipality demonstrates to the Commission that such  
45 requirements have been met.

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

1       (c) In order to effectuate the purposes of this section, the Commission may delegate its  
2 authority and responsibilities under this section to the staff of the State and Local Government  
3 Finance Division of the Department of State Treasurer. The Commission may not delegate the  
4 responsibility to make the final determination that the annexation is not fiscally feasible to any  
5 staff of the State and Local Government Finance Division of the Department of State Treasurer.

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

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

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

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

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

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

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

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

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

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

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

28           "Part 7. Annexation Agreements With Property Owners.

29       "**§ 160A-58.35. Annexation agreements.**

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

33           (1) To petition the city for annexation of the property pursuant to Part 1 or Part  
34 4 of Article 4A of this Chapter, upon the city's request.

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

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

43       (c) A contract under this section may be part of a development agreement under Part  
44 3D of Article 19 of this Chapter or Part 3A of Article 18 of Chapter 153A of the General  
45 Statutes."

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

47       "**§ 160A-232. Payment of assessments in cash or by installments.**

48       (a) The owners of assessed property shall have the option, within 30 days after the  
49 publication of the notice that the assessment roll has been confirmed, of paying the assessment  
50 either in cash or in not more than 10 annual installments, as may have been determined by the

1 council in the resolution directing the project giving rise to the assessment to be undertaken.  
2 With respect to payment by installment, the council may provide.

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

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

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

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

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

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

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

29 **"§ 143B-437.04. Community development block grants.**

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

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

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

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

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

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

1 **"§ 159G-23. Common criteria for loan or grant from Wastewater Reserve or Drinking**  
2 **Water Reserve.**

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

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

- 1 prepared pursuant to the National Flood Insurance Program or approved by  
2 the Department determine whether an area is within the 100-year floodplain.
- 3 (6) Sound management. – A project submitted by a local government unit that  
4 has demonstrated a willingness and ability to meet its responsibilities  
5 through sound fiscal policies and efficient operation and management has  
6 priority.
- 7 (7) Capital improvement plan. – A project that implements the applicant's  
8 capital improvement plan for the wastewater system or public water system  
9 it manages has priority over a project that does not implement a capital  
10 improvement plan. To receive priority, a capital improvement plan must set  
11 out the applicant's expected water infrastructure needs for at least 10 years.
- 12 (8) Coastal habitat protection. – A project that implements a recommendation of  
13 a Coastal Habitat Protection Plan adopted by the Environmental  
14 Management Commission, the Coastal Resources Commission, and the  
15 Marine Fisheries Commission pursuant to G.S. 143B-279.8 has priority over  
16 other projects that affect counties subject to that Plan.
- 17 (9) Low-income residents. – A project that is located in an area annexed by a  
18 municipality under Article 4A of Chapter 160A of the General Statutes in  
19 order to provide water or sewer services to low-income residents has  
20 priority. For purposes of this section, low-income residents are those with a  
21 family income that is fifty percent (50%) or less of median family income."

22 **SECTION 18.** This act becomes effective October 1, 2009, and applies to  
23 annexations for which a resolution of intent has been adopted under Part 2 or Part 3 of Article  
24 4A of Chapter 160A of the General Statutes on or after that date and to annexation for which a  
25 petition has been received under Part 1 or Part 4 of Article 4A of Chapter 160A of the General  
26 Statutes on or after that date.