



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

37 The General Assembly of North Carolina enacts:

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

39 **"§ 160A-31. Annexation by petition.**

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

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

48 DATE:

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

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

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

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

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

14 DATE:

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

17 1. We the undersigned owners of real property believe that the area described in paragraph  
18 2 below meets the requirements of G.S. 160A-31(b1) and respectfully request that the area  
19 described in paragraph 2 below be annexed to the (City or Town) of \_\_\_\_\_

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

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

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

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

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

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

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

25 (i) Using the procedures under this section, the governing board of any municipality  
26 may annex by ordinance any distressed area contiguous to its boundaries upon presentation to  
27 the governing board of a petition signed by at least one adult resident of at least seventy-five  
28 percent (75%) of the resident households located within such area. For purposes of this  
29 subsection, a "distressed area" is defined as an area in which at least fifty-one percent (51%) of  
30 the households in the area petitioning to be annexed have incomes that are two hundred percent  
31 (200%) or less than the most recently published United States Census Bureau poverty  
32 thresholds. The municipality may require reasonable proof that the petitioner in fact resides at  
33 the address indicated.

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

36 DATE:

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

39 1. We the undersigned residents of real property believe that the area described in  
40 paragraph 2 below meets the requirements of G.S. 160A-31(i) and respectfully request that the  
41 area described 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 (k) For purposes of determining whether the percentage of households in the area  
45 petitioning for annexation meets the poverty thresholds under subsections (b1) and (i) of this  
46 section, the petitioners shall submit to the municipal governing board any reasonable evidence  
47 that demonstrates the area in fact meets the income requirements of that subsection. The  
48 evidence presented may include data from the most recent federal decennial census, other  
49 official census documents, signed affidavits by at least one adult resident of the household  
50 attesting to the household size and income level, or any other documentation verifying the  
51 incomes for a majority of the households within the petitioning area. Petitioners may select to

1 submit name, address, and social security number to the clerk, who shall in turn submit the  
2 information to the Department of Revenue. Such information shall be kept confidential and is  
3 not a public record. The Department shall provide the municipality with a summary report of  
4 income for households in the petitioning area. Information for the report shall be gleaned from  
5 income tax returns, but the report submitted to the municipality shall not identify individuals or  
6 households."

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

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

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

11 **"§ 160A-34. Authority to annex.**

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

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

27 **"§ 160A-35. Prerequisites to annexation; ability to serve; report and plans.**

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

- 32 (1) A map or maps of the municipality and adjacent territory to show the  
33 following information:  
34 a. The present and proposed boundaries of the municipality.  
35 b. The proposed extensions of water ~~mains and mains~~, sewer ~~outfalls~~  
36 outfall lines, sewer lines, and waterlines to serve the annexed area, if  
37 such utilities are operated by the municipality. The water and sewer  
38 map must bear the seal of a registered professional engineer or a  
39 licensed surveyor.
- 40 (2) A statement showing that the area to be annexed meets the requirements of  
41 G.S. 160A-36.
- 42 (3) A statement setting forth the plans of the municipality for extending to the  
43 area to be annexed each ~~major municipal~~meaningful service performed  
44 within the municipality at the time of annexation. Specifically, such plans  
45 shall:  
46 a. Provide for extending police protection, fire protection, solid waste  
47 collection and street maintenance services to the area to be annexed  
48 on the date of annexation on substantially the same basis and in the  
49 same manner as such services are provided within the rest of the  
50 municipality prior to annexation. A contract with a rural fire  
51 department to provide fire protection shall be an acceptable method

1 of providing fire protection. If a water distribution system is not  
2 available in the area to be annexed, the plans must call for reasonably  
3 effective fire protection services until such time as waterlines are  
4 made available in such area under existing municipal policies for the  
5 extension of waterlines. A contract with a private firm to provide  
6 solid waste collection services shall be an acceptable method of  
7 providing solid waste collection services.

8 b. Provide for extension of water ~~mains~~ mains, sewer outfall lines, and  
9 sewer lines, and waterlines into the area to be annexed so that  
10 property owners in the area to be annexed will be able to secure  
11 public water and sewer services according to the policies in effect in  
12 such municipality ~~for extending water and sewer lines to individual~~  
13 ~~lots or subdivisions prior to annexation.~~ If the municipality must, at  
14 its own expense, extend water and/or sewer mains into the area to be  
15 annexed before property owners in the area can, according to  
16 municipal policies, make such connection to such lines, then the  
17 plans must call for contracts to be let and construction to begin on  
18 such lines within one year following the effective date of annexation.  
19 In areas where the installation of sewer is not ~~economically~~ fiscally  
20 feasible or would be environmentally damaging due to the unique  
21 topography or environmental qualities of the area, the municipality  
22 may agree to provide septic system maintenance and repair service  
23 until such time as sewer service is provided to properties similarly  
24 situated. In any event, the plans shall call for construction to be  
25 completed within three years of the effective date of annexation.

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

33 (4) A statement of the impact of the annexation on any rural fire department  
34 providing service in the area to be annexed and a statement of the impact of  
35 the annexation on fire protection and fire insurance rates in the area to be  
36 annexed, if the area where service is provided is in an insurance district  
37 designated under G.S. 153A-233, a rural fire protection district under Article  
38 3A of Chapter 69 of the General Statutes, or a fire service district under  
39 Article 16 of Chapter 153A of the General Statutes. The rural fire  
40 department shall make available to the city not later than 30 days following a  
41 written request from the city all information in its possession or control,  
42 including but not limited to operational, financial and budgetary information,  
43 necessary for preparation of a statement of impact. The rural fire department  
44 forfeits its rights under G.S. 160A-37.1 and G.S. 160A-37.2 if it fails to  
45 make a good faith response within 45 days following receipt of the written  
46 request for information from the city, provided that the city's written request  
47 so states by specific reference to this section.

48 (5) A statement showing how the proposed annexation will affect the city's  
49 finances and services, including city revenue change estimates. Estimates  
50 must include projections for at least a five-year period beyond the first year  
51 that expenditures are to be made for the provision of city services to the

1 annexed area with accounting by revenue source and category of  
2 expenditure. This statement shall be delivered to the clerk of the board of  
3 county commissioners at least 30 days before the date of the public  
4 informational meeting on any annexation under this Part."

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

6 **"§ 160A-36. Character of area to be annexed.**

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

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

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

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

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

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

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

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

- 1           (1a) An area with a total resident population equal to at least two and three-tenths  
2 persons for each acre of land included within its boundaries.
- 3           (2) An area so developed that, at the time of the approval of the annexation  
4 report, all tracts in the area to be annexed are used for commercial,  
5 industrial, governmental, or institutional purposes.
- 6           (3) The entire area of any county water and sewer district created under  
7 G.S. 162A-86(b1), but this subsection only applies to annexation by a  
8 municipality if that:
- 9           a. Municipality has provided in a contract with that district that the area  
10 is developed for urban purposes; and
- 11           b. Contract provides for the municipality to operate the sewer system of  
12 that county water and sewer district;
- 13 provided that the special categorization provided by this subsection only  
14 applies if the municipality is annexing in one proceeding the entire territory  
15 of the district not already within the corporate limits of a municipality.
- 16           (d) In fixing new municipal boundaries, a municipal governing board shall use recorded  
17 property lines and streets as boundaries. Some or all of the boundaries of a county water and  
18 sewer district may also be used when the entire district not already within the corporate limits  
19 of a municipality is being annexed.
- 20           (e) The area of an abolished water and sewer district shall be considered to be a water  
21 and sewer district for the purpose of this section even after its abolition under  
22 G.S. 162A-87.2(b).
- 23           (f) If the area includes any residential lot that is shown on a subdivision plat approved  
24 and recorded as a final plat pursuant to an ordinance adopted under Article 18 of Chapter 153A  
25 of the General Statutes or under Article 19 of this Chapter, the area must include all other  
26 residential lots shown on the same recorded final subdivision plat, except for lots already  
27 included in the corporate limits of the annexing municipality or another municipality. If the  
28 subdivision is in more than one county, the annexation area need not include lots across the  
29 county line. For purposes of this section, if the subdivision was approved as a phased  
30 development, each phase may be considered a separate subdivision."

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

32 **"§ 160A-37. Procedure for annexation.**

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

47           (a1) Resolution of Intent. — At least one year after adoption of the resolution of  
48 consideration, the municipal governing body may adopt a resolution stating the intent of the  
49 municipality to ~~consider annexation.~~ proceed with annexation of some or all of the area  
50 described in a resolution of consideration. Such resolution of intent shall describe the  
51 boundaries of the area ~~under consideration,~~ intended for annexation, fix a date for the public



1 informational meeting, and fix a date for a public hearing on the question of annexation. The  
2 date for the public informational meeting shall be not less than 45 days and not more than 55  
3 days following passage of the resolution. The date for the public hearing to be not less than 60  
4 days and not more than 90 days following passage of the ~~resolution~~ resolution of intent.

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

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

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

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

1 notices are placed on property, the person placing the notice shall certify that fact to the  
2 governing board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 any person owning property in the annexed territory shall believe that the municipality has not  
2 followed through on its meaningful service plans adopted under the provisions of  
3 G.S. 160A-35(3) and subsection (e) of this section, the person may apply for a writ of  
4 mandamus under the provisions of Article 40, Chapter 1 of the General Statutes. Relief may be  
5 granted by the judge of superior court

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

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

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

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

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

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

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

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

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

50 ~~(l) The city shall report to the Local Government Commission as to whether the~~  
51 ~~extension of water and sewer lines was completed within the three-year time period specified in~~

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

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

23 **"§ 160A-38. Appeal.**

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

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

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

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

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

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

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

49 (f) The court shall fix the date for review of annexation proceedings under this Chapter,  
50 which review date shall preferably be within 30 days following the last day for receiving  
51 petitions to the end that review shall be expeditious and without unnecessary delays. The

1 review shall be conducted by the court without a jury. The court may hear oral arguments and  
2 receive written briefs, and may take evidence intended to show ~~either~~ any of the following:

- 3 (1) That the statutory procedure was not ~~followed or~~ followed.
- 4 (2) That the provisions of G.S. 160A-35 were not ~~met, or~~ met.
- 5 (3) That the provisions of G.S. 160A-36 have not been met.
- 6 (4) That the municipality has proven that the municipality is providing  
7 meaningful service to the property owners.

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

- 9 (1) Remand the ordinance to the municipal governing board for further  
10 proceedings if procedural irregularities are found to have materially  
11 prejudiced the substantive rights of any of the petitioners.
- 12 (2) Remand the ordinance to the municipal governing board for amendment of  
13 the boundaries to conform to the provisions of G.S. 160A-36 if it finds that  
14 the provisions of G.S. 160A-36 have not been met; provided, that the court  
15 cannot remand the ordinance to the municipal governing board with  
16 directions to add area to the municipality which was not included in the  
17 notice of public hearing and not provided for in plans for service.
- 18 (3) Remand the report to the municipal governing board for amendment of the  
19 plans for providing services to the end that the provisions of G.S. 160A-35  
20 are satisfied.
- 21 (4) Declare the ordinance null and void, if the court finds that the ordinance  
22 cannot be corrected by remand as provided in subdivisions (1), (2), or (3) of  
23 this subsection.

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

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

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

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

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

1 (l) Any settlement agreed to 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 7.(a)** Part 3 of Article 4A of Chapter 160A of the General Statutes reads  
6 as rewritten:

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

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

9 **"§ 160A-46. Authority to annex.**

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

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

22 **"§ 160A-47. Prerequisites to annexation; ability to serve; report and plans.**

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

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

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



1 including but not limited to operational, financial and budgetary information,  
2 necessary for preparation of a statement of impact. The rural fire department  
3 forfeits its rights under G.S. 160A-49.1 and G.S. 160A-49.2 if it fails to  
4 make a good faith response within 45 days following receipt of the written  
5 request for information from the city, provided that the city's written request  
6 so states by specific reference to this section.

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

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

16 **"§ 160A-48. Character of area to be annexed.**

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

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

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

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

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

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

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

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

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

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

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

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

22 **"§ 160A-49. Procedure for annexation.**

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

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

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

49 (1) Fix the date, hour and place of the public informational meeting and the  
50 date, hour, and place of the public hearing.

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

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

46 (c) Action Prior to Informational Meeting. – At least 30 days before the date of the  
47 public informational meeting, the governing board shall approve the report provided for in  
48 G.S. 160A-47, and shall make it available to the public at the office of the municipal clerk. In  
49 addition, the municipality may prepare a summary of the full report for public distribution. In  
50 addition, the city shall post in the office of the city clerk, at least 30 days before the public

1 informational meeting, a legible map of the area to be annexed and a list of persons holding  
2 freehold interests in property in the area to be annexed that it has identified.

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

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

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

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

1                   ~~any date not less than 70 days nor more than 400 days from the date of~~  
2                   ~~passage of the ordinance.~~

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

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

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

23                   (2)    Land that:

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

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

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

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

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

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

1 (h) Remedies for Failure to Provide Services. – If, not earlier than one year from the  
2 effective date of annexation, and not later than 15 months from the effective date of annexation,  
3 any person owning property in the annexed territory shall believe that the municipality has not  
4 followed through on its service plans adopted under the provisions of G.S. 160A-47(3) and  
5 160A-49(e), for any required service other than water and sewer services such person may  
6 apply for a writ of mandamus under the provisions of Article 40, Chapter 1 of the General  
7 Statutes. Relief may be granted by the judge of superior court

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

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

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

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

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

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

48 (k) The city shall report to the Local Government Commission as to whether the  
49 extension of water and sewer lines was completed within the three-year time period specified in  
50 G.S. 160A-47(3)c. If a valid request for extension of a water or sewer line has been made under  
51 G.S. 160A-47(3)b, and the extension is not complete at the end of two three years after the

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

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

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

36 "**§ 160A-50. Appeal.**

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

46 (i) If part or all of the area annexed under the terms of an annexation ordinance is the  
47 subject of an appeal to the superior court, Court of Appeals or Supreme Court on the effective  
48 date of the ordinance, then the ordinance shall be deemed amended to make the effective date  
49 with respect to such area the last day of the next full calendar month following the date of the  
50 final judgment of the superior court or appellate division, whichever is appropriate, or the date  
51 the municipal governing board completes action to make the ordinance conform to the court's

1 instructions in the event of remand. Upon the effective date of annexation, taxation of real and  
2 personal property is subject to the provisions of G.S. 160A-58.10. The municipal governing  
3 board may, however, adopt a resolution prior to the date the annexation would become  
4 effective under this subsection, setting the effective date for the thirtieth day of June next  
5 following the date of the final judgment. For the purposes of this subsection, a denial of a  
6 petition for rehearing or for discretionary review shall be treated as a final ~~judgement~~ judgment.

7 (j) If a petition for review is filed under subsection (a) of this section or an appeal is  
8 filed under G.S. 160A-49.1(g) or G.S. 160A-49.3(g), and a stay is granted, then the time  
9 periods of two years, 24 months or 27 months provided in G.S. 160A-47(3)c, 160A-49(h), or  
10 160A-49(j) are each extended by the lesser of the length of the stay or one year for that  
11 annexation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 "§ 160A-58.11. Referendum upon petition of registered voters before involuntary  
2 annexation ordinance.

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

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

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

11 (3) Contain a clear description of the boundaries of the proposed annexation  
12 area.

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

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

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

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

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

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

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

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

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

46 (g) Upon a determination that a sufficient referendum petition has been submitted, the  
47 municipal governing body may either abandon the proposed involuntary annexation by  
48 resolution or adopt a resolution setting the date for the referendum to coincide with the next  
49 general municipal election and so notify the board of elections. If the municipality's next  
50 general election is to be held more than two years from the determination and the municipality

1 does not abandon the proposed involuntary annexation, the resolution setting the date for the  
2 referendum shall make that date coincide with the next countywide general election.

3 (h) The board of elections shall cause legal notice of the election to be published. That  
4 notice shall include the general statement of the referendum. The referendum shall be  
5 conducted, returned, and the results declared as in other municipal elections in the municipality.  
6 Registered voters of the municipality and the proposed annexation area shall be allowed to vote  
7 on the referendum. The reasonable costs of the referendum shall be reimbursed to the board of  
8 elections by the municipal governing board.

9 (i) The referendum of any number of proposed involuntary annexations may be  
10 submitted at the same election. But as to each proposed involuntary annexation, a separate  
11 petition shall be filed and there shall be an entirely separate ballot.

12 (j) The ballots used in a referendum shall submit the following proposition:

13 "[ ] FOR [ ] AGAINST

14 The annexation of (clear description of the proposed annexation area)."

15 (k) If a majority of such votes cast on the referendum are for annexation, the annexing  
16 municipality shall proceed with the adoption of the annexation ordinance as provided in  
17 G.S. 160A-35 or G.S. 160A-47, as applicable. If less than a majority of the votes cast on the  
18 referendum are for annexation, the municipal governing body may not proceed with the  
19 adoption of the annexation ordinance or begin a separate involuntary annexation process with  
20 respect to that proposed annexation area for at least 60 months from the date of the referendum.  
21 If the results are a tie, the municipal governing body may not proceed with the adoption of the  
22 annexation ordinance or begin a separate involuntary annexation process with respect to that  
23 proposed annexation area for at least 60 months from the date of the referendum."

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

26 **"§ 160A-58.12. Local Government Commission oversight of annexation.**

27 (a) The Local Government Commission shall provide oversight of annexation under  
28 Part 2 and Part 3 of this Article. In carrying out that responsibility, the Local Government  
29 Commission shall do all of the following:

30 (1) Assess the fiscal feasibility of all proposed annexations, by determining  
31 whether the projected expenses to be incurred as a result of the annexation,  
32 including the amount of proposed debt, are reasonable for the purposes for  
33 which the expenses are to be incurred and by determining the extent to  
34 which the probable net revenues resulting from the annexation and other  
35 revenue sources proposed by the municipality will be sufficient to meet  
36 these expenses and service any proposed debt.

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

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

48 (b) Following approval of the report required under G.S. 160A-35 or G.S. 160A-47, the  
49 municipality shall submit it to the Commission for review. The Commission shall make an  
50 administrative determination regarding the fiscal feasibility of the proposed annexation. The

1 Commission shall report findings regarding the fiscal feasibility of the proposed annexation  
2 within 60 days of receipt of the report.

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

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

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

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

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

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

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

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

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

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

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

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

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

32 "Part 7. Annexation Agreements With Property Owners.

33 **"§ 160A-58.35. Annexation agreements.**

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

37 (1) To petition the city for annexation of the property pursuant to Part 1 or Part  
38 4 of Article 4A of this Chapter, upon the city's request.

39 (2) Not to join in any appeal if the city adopts an ordinance to annex the  
40 property that is served by water or sewer under the contract pursuant to Part  
41 2 or Part 3 of Article 4A of this Chapter.

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

47 (c) A contract under this section may be part of a development agreement under Part  
48 3D of Article 19 of this Chapter or Part 3A of Article 18 of Chapter 153A of the General  
49 Statutes."

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

51 **"§ 160A-232. Payment of assessments in cash or by installments.**

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

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

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

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

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

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

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

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

32 **"§ 143B-437.04. Community development block grants.**

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

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

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

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

49 (b) In order to qualify for the benefits of this section, after an area is designated an  
50 urban progress zone under G.S. 143B-437.09, the governing body of the city in which the zone  
51 is located must adopt a strategy to improve the zone and establish an urban progress zone

1 committee to oversee the strategy. The strategy and the committee must conform with  
2 requirements established by the Secretary of Commerce."

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

4 **"§ 159G-23. Common criteria for loan or grant from Wastewater Reserve or Drinking**  
5 **Water Reserve.**

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

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

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

25 **SECTION 18.** This act becomes effective October 1, 2009, and applies to  
26 annexations for which a resolution of intent has been adopted under Part 2 or Part 3 of Article  
27 4A of Chapter 160A of the General Statutes on or after that date and to annexation for which a  
28 petition has been received under Part 1 or Part 4 of Article 4A of Chapter 160A of the General  
29 Statutes on or after that date.