



HOUSE BILL 173: Various Local Provisions III.

2025-2026 General Assembly

Committee:	Senate Finance. If favorable, re-refer to Rules and Operations of the Senate	Date:	June 19, 2025
Introduced by:	Rep. Paré	Prepared by:	Nicholas Giddings
Analysis of:	Third Edition		Staff Attorney

OVERVIEW: *The finance provisions of House Bill 173 would deannex certain described property from the City of Asheville (Part II) and establish the 2020 Census lines as the legal boundary between Catawba and Lincoln Counties (Part V). The remainder of the bill would do the following:*

- *Temporarily limit extraterritorial jurisdiction expansion in Wake County.*
- *Limit commercial development moratoria in the Town of Taylortown.*
- *Authorize the City of Asheboro to lease city owned property at Asheboro Municipal Airport for up to 40 years without treating it as a sale and remove the 40-year limitation on the Raleigh-Durham Airport Authority's ability to lease airport property and contract with parties to operate airplane activities.*

CURRENT LAW/BILL ANALYSIS/EFFECTIVE DATES:

PART I – TEMPORARILY LIMIT ETJ EXPANSION IN WAKE COUNTY

Except under certain circumstances, a municipality may regulate land use within an area beyond its corporate limits, commonly referred to as extraterritorial jurisdiction (ETJ). Land use regulations include zoning, subdivision regulation, building code enforcement, minimum housing code enforcement, historic preservation, erosion and sedimentation control regulation, and historic district regulation.

Generally, municipalities are authorized to exercise their ETJ powers up to the following limits:

- Up to one mile beyond its corporate limits.
- If the city's population is between 10,000 and 24,499, up to two miles beyond its corporate limits.
- If the city's population is 25,000, up to three miles beyond its corporate limits.

Part I, which is applicable to Wake County only, would limit any municipality from expanding the territory over which that municipality may exercise ETJ in Wake County beyond the territory over which the municipality exercised ETJ on January 1, 2025.

This Part would be effective when it becomes law and would expire December 31, 2028.

PART II – CITY OF ASHEVILLE DEANNEXATION

Under Section 1 of Article VII of the NC Constitution, the General Assembly is empowered to "provide for the organization and government and the fixing of boundaries of counties, cities and towns, and other governmental subdivisions, and, except as otherwise prohibited by this Constitution, may give such

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powers and duties to counties, cities and towns, and other governmental subdivisions as it may deem advisable." Pursuant to this Section, the General Assembly enacted Article 4A of Chapter 160A of the General Statutes which governs annexations by municipalities. In addition, the General Assembly may annex property by local act. However, the General Assembly has not enacted any method for municipalities to deannex property; only the General Assembly may deannex property.

Part II would remove certain described property from the corporate limits of the City of Asheville. Part II would become effective June 30, 2025, and apply to tax years beginning on or after July 1, 2025.

PART III – LIMIT COMMERCIAL DEVELOPMENT MORATORIA IN THE TOWN OF TAYLORTOWN

North Carolina local governments have authority under G.S. 160D-107 to adopt ordinances imposing temporary moratoria on development approvals except moratoria for the purpose of developing or amending residential development regulations. Moratoriums must be reasonable in duration and may not extend beyond the time needed to address the condition warranting its imposition. G.S. 160D-107(a).

Except in cases of imminent threats to public safety, prior to adopting a development moratoria ordinance, local governments must conduct a legislative public hearing after first publishing a notice of hearing at least seven days prior to the hearing. Moratoriums 61 days or longer have additional public notice requirements. G.S. 160D-107(b).

Absent an imminent threat to public health or safety, G.S. 160D-107(c) provides that the following projects are exempt from moratoria if:

- A valid building permit has been issued.
- A special use permit application has been accepted as complete.
- A site-specific statutory right has vested.
- A common law development right has vested.
- A preliminary or final subdivision plats that have been accepted for review.

G.S. 160D-107(d) requires the development moratoria ordinance to include, at the time of adoption, each of the following statements:

1. A statement of the problems or conditions necessitating the moratorium and what courses of action, alternative to a moratorium, were considered by the local government and why those alternative courses of action were not deemed adequate.
2. A statement of the development approvals subject to the moratorium and how a moratorium on those approvals will address the problems or conditions leading to imposition of the moratorium.
3. A date for termination of the moratorium and a statement setting forth why that duration is reasonably necessary to address the problems or conditions leading to imposition of the moratorium.
4. A statement of the actions, and the schedule for those actions, proposed to be taken by the local government during the duration of the moratorium to address the problems or conditions leading to imposition of the moratorium.

Once adopted, the development moratoria ordinance may not be renewed or extended unless (i) the local government has taken all reasonable steps to address the problems necessitating imposition of the moratorium and (ii) new facts and conditions warrant the extension. The ordinance renewing or extending the moratorium must include, at the time of adoption, the findings set forth in G.S. 160D-107(d)(1)-(4) and must set forth the new facts or conditions warranting the extension. G.S. 160D-107(e).

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Part III, applicable only to the Town of Taylortown, would create additional hearings for commercial development moratoria in the Town of Taylortown. Before adopting a development regulation imposing a commercial development moratorium within the Town's corporate limits or ETJ, the Town would be required to hold (i) two legislative hearings on different dates wherever legislative hearings are usually held and (ii) two legislative hearings on different dates at a location within the area of the corporate limits or ETJ affected by the moratorium. All four hearings would be required to be held within 30 days of the final hearing.

The Part would permit the Town of Taylortown's governing board to impose a single, 60-day moratorium on commercial development within its corporate limits or ETJ. No part of the area included in the initial moratorium could be included in any subsequent moratoria unless at least 5 years have passed since the initial moratorium. This provision would not be intended to limit the ability of the governing board to address cases involving an imminent and substantial threat to public health or safety.

Any moratoria on commercial development currently imposed by the Town would be void as of the effective date of the Part. No portion of the corporate limits or ETJ included in the current moratorium could be included in any subsequent moratorium for a period of 5 years from the effective date of the Part.

Part III would be effective when it becomes law and apply to moratoria imposed on or after that date.

PARTS IV AND VI – AIRPORT LEASES

Local governments generally dispose of real and personal property in accordance with the procedures established by Article 12 of Chapter 160A. Subject to certain conditions for each method, a local government can dispose of real or personal property by any of the following means:

- Private negotiation and sale.
- Advertisement for sealed bids.
- Negotiated offer, advertisement, and upset bid.
- Public auction.
- Exchange.
- Lease.

Generally, any property owned by a city may be leased or rented for such terms and upon such conditions as the council may determine, but not for longer than 10 years and only if the council determines that the property will not be needed by the city for the term of the lease. In determining the term of a proposed lease, periods that may be added to the original term by options to renew or extend must be included.

Under G.S. 160A-272(b1), a local government may lease real property for longer than 10 years, but a lease term of more than 10 years must be treated as a sale of the real property and executed by following any of the procedures authorized for sale of real property.

Under general law and through local acts modifying the General Statutes, the following modifications have been made for the City of Asheboro and the Raleigh-Durham Airport Authority:

- The City of Asheboro may lease airport property for up to 30 years without treating it as a sale of property and without following competitive bidding.
- The Raleigh-Durham Airport Authority may lease airport property for a term not to exceed 40 years without treating it as a sale of property and without following competitive bidding, and

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contract with persons, firms, or corporations for the operation of airplane activities for terms not to exceed 40 years.

Part IV would allow the City of Asheboro to lease city owned property in connection with the operation of Asheboro Municipal Airport for up to 40 years without treating it as a sale. Part IV would be effective when it becomes law and apply to leases entered into or renewed or extended on or after that date.

Part VI would remove the Raleigh-Durham Airport Authority's 40-year limitation on (i) leasing airport property without treating it as a sale and (ii) contracting with persons, firms or corporations for the operation of airplane activities; effectively allowing the Raleigh-Durham Airport Authority to lease airport property and execute contracts for the operation of airplane activities for a time period of their choosing. Part VI would be effective when it becomes law and apply to contracts and leases entered into, renewed, or extended on or after that date.

PART V – CATAWBA/LINCOLN COUNTY BOUNDARY

G.S. 153A-18 establishes a process by which counties can alter their boundary lines if those lines are uncertain or ambiguous. When adjoining counties are uncertain as to the exact location of the boundary between them, the affected counties' governing boards may formally request that the North Carolina Geodetic Survey (NCGS) perform a survey to help reestablish the boundary line. Once completed, the NCGS survey map reestablishing the boundary line is presented to the affected counties for consideration. If the governing boards of the counties fail to ratify the reestablished boundary line within one year of receiving the NCGS survey map denoting the location of the reestablished boundary line, the NCGS survey map becomes conclusive as to the location of the boundary line. The NCGS survey map is then recorded with the Register of Deeds in each affected county and with the Secretary of State's office. The chief of the NCGS notifies affected parties in writing of the action taken. If the disputed boundary is not resolved by the procedure in G.S. 153A-18(a), then any of the counties may apply to a superior court judge with jurisdiction to appoint a boundary commission to resolve the disputed boundary.

Part V would do the following:

- Effective June 30, 2025, establish the legal boundary between Catawba and Lincoln Counties to be consistent with the 2020 Census geography until January 1, 2030.
- Require the Counties of Catawba and Lincoln to submit the completed county boundary survey delivered by the North Carolina Geodetic Survey to the U.S. Census Bureau as part of the Boundary and Annexation Survey in advance of the 2030 federal decennial census.

Erika Churchill and Brad Krehely, Staff Attorneys in the Legislative Analysis Division, substantially contributed to this summary.