HOUSE BILL 956:
Eden/Duke Energy Annexation Agreement.

Committee:	Senate State and Local Government. If favorable, re-refer to Rules and Operations of the Senate	**Date:**	June 20, 2018
Introduced by:	Rep. Bert Jones	**Prepared by:**	Brad Krehely
Analysis of:	First Edition		Committee Co-Counsel

OVERVIEW: House Bill 956 authorizes the City of Eden to agree by contract not to involuntarily annex one described tract, known as the Dan River Plant Property, Tract I, and to accept payment in lieu of taxes as part of that agreement. The act is effective when it becomes law.

CURRENT LAW: Annexation is a method by which municipalities alter their boundaries. The municipality must follow the statutorily prescribed steps in order to add an area into its boundaries. The municipality must provide, or contract to provide, basic services to the area. These services include police protection, fire protection, solid waste collection and the extension of water and sewer lines to the area.

North Carolina law sets forth four basic ways in which a municipality may annex an area:
- Voluntary Annexation. – The owners of all real property in an area contiguous to the municipality desiring to be annexed sign a petition requesting annexation.
- Voluntary Satellite Annexation. – The owners of all real property in the area desiring to be annexed sign a petition requesting annexation, if it otherwise meets the statutory requirements. Part 4 of Article 4A of Chapter 160A.
- Legislative Act. – The General Assembly has the authority to extend the boundaries of any municipality.
- Municipal-Initiated Annexation. – The municipality initiates an annexation proceeding, pursuant to statutory requirements. Part 7 of Article 4A of Chapter 160A.

Since 2012, municipal-initiated annexation has required approval by vote of only the residents living in the proposed annexation area. Only if a majority of the votes cast in the referendum in the proposed annexation area approve of the annexation may the annexation become effective. G.S. 160A-58.64.

S.L. 1993-418, S.L. 2002-74, and S.L. 2013-219 authorized the City of Eden, by contract, to provide that certain property described in the contract would not be annexed by the City prior to December 31, 2013, and that the City could accept, as consideration for the contract, payments in lieu of taxes.

BILL ANALYSIS: House Bill 956 authorizes the City of Eden, by contract, to provide that the described Dan River Plant Property may not be annexed by the City between January 31, 2019, and December 31, 2023, and that the City may accept, as consideration for the contract, payments in lieu of taxes. Provided modification does not materially alter the concept of the agreement, the parties may extend the agreement on mutual written consent, without further action of the General Assembly, indefinitely.

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The bill specifies that the City of Eden will accept one million dollars as payment in lieu of taxes for the five year period of the agreement. Duke Energy must make annual payments of $200,000 during the course of the agreement.

The bill also states that the City of Eden must not seek to repeal the local act, if enacted.

EFFECTIVE DATE: House Bill 956 is effective when it becomes law.

BACKGROUND: Other prior legislation authorizing *payment in lieu of taxes* in annexation agreements includes: City of Eden S.L. 1993-418, S.L. 2002-74, and S.L. 2013-219; City of Washington S.L. 1993-713; Town of Stanley S.L. 1993-713; City of Belmont S.L. 1997-105; City of Hendersonville S.L. 1997-188; Town of Laurel Park S.L. 1997-188; Town of Huntersville S.L. 1997-426; Town of Huntersville S.L. 2000-100; Town of Weldon S.L. 2001-425; City of Eden S.L. 2002-74; City of Eden S.L. 2003-316; Town of Navassa S.L. 2007-314; Town of Robbins S.L. 2009-294.

Erika Churchill and Greg Roney, Staff Attorneys for the Legislative Analysis Division, substantially contributed to this summary.