



HOUSE BILL 348: Annexation of PUV Land/School Capacity.

2025-2026 General Assembly

Committee:	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	June 24, 2025
Introduced by:	Reps. McNeely, Huneycutt, Jeffers	Prepared by:	Nicholas Giddings
Analysis of:	PCS to Second Edition H348-CSBAf-17		Staff Attorney

OVERVIEW: *The Proposed Committee Substitute (PCS) to House Bill 348 would impose limits upon the ability of a city to annex agricultural, horticultural, or forestland areas that are not contiguous to the city and not in the city's extraterritorial planning jurisdiction.*

The PCS differs from the Second Edition by making land that has been enrolled in present use value taxation within the previous three calendar years subject to the limits on annexation in the bill and making the bill applicable only to counties with a population of 150,000 residents or more as of the most recent federal decennial census.

CURRENT LAW: G.S. 160A-58.1 governs the voluntary municipal annexation of noncontiguous property, also known as voluntary satellite annexation. If all property owners in a satellite area petition a municipality for voluntary annexation of the noncontiguous property, the municipality may annex the property, but only if the following 5 requirements are met:

1. The nearest point on the proposed satellite corporate limits must not be more than 3 miles from the primary corporate limits of the annexing municipality.
2. No point on the proposed satellite corporate limits may be closer to the primary corporate limits of another municipality than to the primary corporate limits of the annexing municipality.
3. The area must be so situated that the annexing municipality will be able to provide the same services within the proposed satellite corporate limits than it provides within its primary corporate limits.
4. If the area proposed for annexation, or any portion thereof, is a subdivision as defined in G.S. 160D-102(31), the entire subdivision must be included.
5. The area within the proposed satellite corporate limits, when added to the area within all other satellite corporate limits, may not exceed 10% of the area within the primary corporate limits of the annexing city.

A municipality may regulate land use within an area beyond its corporate limits, commonly referred to as extraterritorial jurisdiction (ETJ). 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.

Kara McCraw
Director



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BILL ANALYSIS: The PCS would provide that, for cities in a county with a population of 150,000 residents or more as of the most recent federal decennial census, before a public hearing for annexation of an area that (i) is agricultural land, forestland, or horticultural land, or has been enrolled in present use value taxation within the previous three calendar years, (ii) is not contiguous to the city's corporate limits, and (iii) is not within the city's ETJ, the city council must direct its planning department to consult with the planning department of the county with jurisdiction over the area proposed for annexation to determine whether zoning the area as residential would increase the number of students attending public school in the county to more than 100% of the county's current capacity.

If so, then the annexation could not proceed unless either (i) the board of county commissioners approves the annexation or (ii) the city agrees to pay the county the amount necessary to restore compliance with school capacity.

EFFECTIVE DATE: This act would become effective July 1, 2025, and would apply to petitions for annexation received on or after that date.

BACKGROUND: There are 18 counties with populations of 150,000 or more as of the most recent federal decennial census: Alamance, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Durham, Forsyth, Gaston, Guilford, Iredell, Johnston, Mecklenburg, New Hanover, Onslow, Pitt, Union, and Wake.

Chris Saunders, Staff Attorney in the Legislative Analysis Division, substantially contributed to this summary.