



SENATE BILL 1074: Eden/Duke Energy Annexation Agreement.

2025-2026 General Assembly

Committee:	Senate State and Local Government. If favorable, re-refer to Finance. If favorable, re-refer to Rules and Operations of the Senate	Date:	June 2, 2026
Introduced by:	Sen. Berger	Prepared by:	Karyl Smith
Analysis of:	First Edition		Committee Co-Counsel

OVERVIEW: *Senate Bill 1074 would authorize the City of Eden to agree by contract not to annex two described tracts, known as the Dan River Plant Property, and to accept payment in lieu of taxes as part of that agreement.*

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

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.
- **Municipal-Initiated Annexation subject to a referendum.** – The municipality initiates an annexation proceeding, pursuant to statutory requirements.
- **Legislative Act.** – The General Assembly has the authority to extend the boundaries of any municipality.

BILL ANALYSIS: Senate Bill 1074 would authorize the City of Eden, by contract, to provide that the described Dan River Plant Property may not be annexed by the City between July 1, 2025, and June 30, 2030, except as provided in the agreement. The bill would also allow the City to accept, as consideration for the contract, payments in lieu of taxes in the amount of \$1,000,000 for the five year period of the agreement, requiring Duke Energy to make annual payments of \$200,000. Provided modification does not materially alter the concept of the agreement, the parties would be permitted to modify the agreement on mutual written consent without further action of the General Assembly.

EFFECTIVE DATE: The bill would become effective when it becomes law.

BACKGROUND: S.L. 1993-418, S.L. 2002-74, S.L. 2013-219, and S.L. 2018-19 authorized the City of Eden, by contract, to provide that the described Dan River Plant Property would not be annexed by the City prior to a specific date, and that the City could accept, as consideration for the contract, payments in lieu of taxes.

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Legislative Analysis
Division
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