

## LEGISLATIVE BRIEF: ANNEXATION

### **2009-10 Legislative Goal**

Modernize Annexation Laws: Support legislation modernizing the annexation laws as follows:

- Requiring the development of joint utility service plans for urbanizing areas;
- Requiring cities to reimburse counties for the loss of sales tax due to an annexation;
- Increasing the degree of urbanization required to annex property;
- Requiring a referendum on proposed involuntary annexations in areas where public services – water and sewer and solid waste – are already in place; and
- Requiring the direct provision of municipal water and sewer services to customers within three years of an annexation.
- Providing that counties have the option of continuing to provide utilities to annexed areas.
- Setting the effective date for involuntary annexations to be June 30 following the date of adoption or final resolution of an appeal.

### **Background**

The Intergovernmental Relations Steering Committee began studying annexation in 2008 and appointed a subcommittee to look at the law in more detail. That subcommittee, the IGR Steering Committee, and the Board of Directors recommended reform of the current law. The goal was debated and approved by our members at the 2009 Legislative Goals Conference.

H524, introduced by Rep. Bruce Goforth (Buncombe), passed the House in 2009 and has been referred to Senate Finance. It is eligible for action in the short session. The bill has many elements that the NCACC goal seeks. The differences between H524 and the NCACC goal are that the legislation allows for a referendum if a citizen can get at least 15 percent of the registered voters in the area to be annexed and the receiving municipality to sign a petition. The NCACC seeks a referendum if certain services are already in place for the area to be annexed. The legislation does not require the municipality to reimburse the county for lost sales taxes, but it does require the Local Government Commission to conduct a financial analysis, with authority to stop the annexation or reverse it if needed.

There are four Senate annexation bills: S148 (Andrew Brock – Davie), S472 (Tony Rand – Cumberland), S494 (Larry Shaw – Cumberland) and S711 (Dan Clodfelter – Mecklenburg), all of which are in a subcommittee of Senate Finance. Senators on the subcommittee are Shaw, Josh Stein (Wake), Floyd McKissick (Durham), Fletcher Hartsell (Cabarrus), Richard Stevens (Wake) and William Purcell (Scotland).

Senate leadership is clearly focused on the budget. The Senate initiates the budget this year, and that chamber wants to get the budget adopted and adjourn. The House bill is a consensus bill recommended by a 2009 Legislative Study Committee; it does not have the support of those who seek a mandatory referendum.

### **Outlook for 2010**

The NCACC will seek amendments to H524 that would require a referendum in cases of involuntary annexation if water/sewer and solid waste services are already available to the annexed area, and that would require the annexing municipality to reimburse the loss of sales tax revenue to the county.