

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

SESSION LAW 2026-26
SENATE BILL 1074

AN ACT AUTHORIZING THE CITY OF EDEN TO ENTER INTO AN ANNEXATION AGREEMENT WITH DUKE ENERGY FOR PAYMENTS IN LIEU OF ANNEXATION; AMENDING THE TEMPORARY AUTHORITY OF THE TOWN OF MILLS RIVER WITH RESPECT TO ADOPTION OF UNIFIED DEVELOPMENT ORDINANCES; AND MAKING MODIFICATIONS REGARDING A REFERENDUM IN GUILFORD COUNTY FOR THE LEVY OF THE ARTICLE 46 QUARTER-CENT LOCAL OPTION SALES AND USE TAX AND THE DISTRIBUTION AND USE OF THE PROCEEDS OF THE TAX.

The General Assembly of North Carolina enacts:

PART I. CITY OF EDEN/DUKE ENERGY ANNEXATION AGREEMENT

SECTION 1.(a) Notwithstanding any applicable provision of the General Statutes or any other public or local law, the City of Eden is granted certain contract powers as follows:

- (1) The City of Eden may, by agreement, provide that certain property, described in subsection (c) of this section as the "Dan River Plant Property," may not be involuntarily annexed by the City during the period beginning July 1, 2025, and ending June 30, 2030, under the General Statutes as they now exist or may be subsequently amended, except as provided in the agreement. The City of Eden shall not seek to repeal this Part upon its approval by the General Assembly.
- (2) Any agreement entered into as provided in subdivision (1) of this subsection is specifically determined to be proprietary and commercial in nature and is specifically determined to be consistent with the public policy of the State of North Carolina.
- (3) Any agreement entered into as provided in subdivision (1) of this subsection is a continuing agreement and is binding on and enforceable against the current and future members of the City Council of the City of Eden during the full term of the agreement and any extension thereof.
- (4) The parties to the agreement entered into as provided in subdivision (1) of this subsection are authorized by this subsection to further modify, amend, and extend the agreement on mutual written consent, without the approval of the General Assembly, provided that any modification or amendment does not materially alter the concept of the agreement.

SECTION 1.(b) The City of Eden may accept, as consideration for the agreement authorized in subsection (a) of this section, payments in lieu of taxes in the amount of one million dollars (\$1,000,000), which shall be made by Duke Energy in annual payments in the amount of two hundred thousand dollars (\$200,000) for five successive and consecutive calendar years.

SECTION 1.(c) The agreement under subsection (a) of this section shall apply to the Dan River Plant Property described as follows:

Tract 1



Beginning at a concrete monument set in the westerly line of S.R. # 1779 (Edgewood Road) and running thence from said beginning point, S 36° 45' E 80.6 feet to a stake, thence N 69° 26' E 826.6 feet to an iron rod found; thence N 20° 32' W 239.7 feet to an iron rod; thence N 69° 28' E 97.1 feet to an iron rod found; thence N 20° 39' W 180.0 feet to an iron rod found; thence N 69° 18' E 54.7 feet to a concrete monument found; thence N 20° 30' W 240.4 feet to an iron rod; thence N 69° 30' E 87.0 feet to an iron rod found; thence N 20° 35' W 180.1 feet to an iron rod found; thence N 69° 27' E 515.5 feet to an iron rod and iron pipe found in the westerly boundary of the property of Fieldcrest Mills, Inc.; thence with said property line S 10° 19' E 1390.2 feet to a concrete monument found in the southwesterly corner of the property of Fieldcrest Mills, Inc.; thence with the southerly line of Fieldcrest Mills, Inc., N 79° 03' E 161.9 feet to a concrete monument found; thence S 80° 53' E 1126.3 feet to an iron rod found in the centerline of the CNW Railroad Spur Track; thence with the centerline of said Spur track the following courses and distances: S 4° 02' E 100.0 feet to a point; S 0° 02' E 99.9 feet to a point; S 4° 04' W 100.0 feet to a point; S 7° 43' W 100.0 feet to a point; S 11° 45' W 100.0 feet to a point; S 15° 57' W 100.0 feet to a point; S 20° 00' W 100.0 feet to a point; S 24° 15' W 100.0 feet to a point; S 28° 05' W 100.0 feet to a point; S 31° 33' W 72.0 feet to a spike found; thence N 88° 54' E 623.1 feet to an iron rod found; thence S 18° 36' E 367.2 feet to an iron pipe found; thence S 6° 02' W 74.9 feet to an iron pipe found; thence S 24° 38' E 141.5 feet to a point in the northerly bank of the Dan River; thence with the Dan River the following courses and distances: S 66° 35' W 48.8 feet; S 54° 44' W 77.0 feet; S 61° 37' W 108.8 feet; S 55° 43' W 74.6 feet; S 53° 05' W 203.1 feet; S 32° 02' W 281.5 feet; S 27° 20' W 140.7 feet; S 27° 58' W 436.3 feet; S 29° 28' W 142.1 feet; S 26° 31' W 236.2 feet; S 41° 30' W 204.0 feet; S 52° 38' W 266.5 feet; S 58° 31' W 263.2 feet; S 63° 40' W 317.8 feet; S 57° 38' W 75.4 feet; S 65° 46' W 312.0 feet; S 71° 46' W 148.1 feet; S 75° 07' W 232.9 feet; S 76° 21' W 205.8 feet; N 6° 55' W 64.0 feet; S 68° 04' W 235.4 feet; S 17° 07' E 61.4 feet; S 66° 21' W 108.2 feet; S 67° 33' W 318.2 feet; S 68° 11' W 220.3 feet; S 70° 06' W 139.5 feet; S 78° 35' W 234.8 feet; S 65° 10' W 88.2 feet to a point in the southeasterly margin of the property of Fieldcrest Mills, Inc.; thence with the property line of Fieldcrest Mills, Inc.; N 18° 51' W 176.4 feet to an iron rod set; thence S 56° 26' W 96.7 feet to an iron pipe found; thence N 19° 06' W 1090.1 feet to a concrete monument found; thence N 82° 22' E 247.0 feet to a point in the westerly bank of a pond; thence with the westerly bank of said pond, eight courses and distances as follows: (1) N 46° 33' W 98.7 feet; (2) N 32° 44' W 86.0 feet; (3) N 47° 00' W 82.7 feet; (4) N 84° 22' W 45.6 feet; (5) N 39° 52' W 147.9 feet; (6) N 18° 33' W 89.6 feet; (7) N 7° 38' E 206.9 feet; (8) N 36° 54' E 60.4 feet at an intersection of the said pond and Moir Branch; thence with the centerline of Moir Branch the following courses and distances: (1) N 22° 07' W 200.2 feet; (2) N 25° 40' W 40.5 feet; (3) N 45° 48' W 58.0 feet; (4) N 11° 08' W 47.0 feet; (5) S 79° 32' E 37.3 feet; (6) N 4° 09' E 25.0 feet; (7) N 6° 39' W 132.1 feet; (8) N 5° 28' E 193.7 feet; (9) N 7° 04' W 76.1 feet; (10) S 30° 57' W 48.8 feet; (11) S 73° 25' W 18.4 feet; (12) N 15° 37' W 44.9 feet; (13) N 3° 35' E 122.1 feet; (14) N 3° 20' W 34.8 feet; (15) N 14° 01' W 129.2 feet; (16) N 50° 22' W 61.7 feet; (17) N 22° 47' W 85.8 feet; (18) N 34° 56' W 29.7 feet; (19) N 4° 25' E 177.2 feet; (20) N 16° 48' E 54.7 feet; (21) N 30° 16' E 28.2 feet; (22) N 18° 14' W 25.5 feet; (23) N 13° 26' W 47.0 feet; (24) N 4° 41' E 115.3 feet; (25) S 89° 12' E 26.5 feet; (26) N 41° 02' E 26.5 feet; (27) N 9° 00' W 94.8 feet; (28) N 1° 43' W 62.0 feet; (29) N 40° 28' E 15.7 feet; (30) N 22° 50' E 46.8 feet; (31) N 11° 42' E 37.1 feet; (32) S 82° 45' E 40.0 feet; (33) N 16° 55' E 45.3 feet; (34) N 21° 40' E 37.9 feet; (35) N 6° 31' E 114.3 feet to a point in the southerly line of the property of Fieldcrest Mills, Inc.; thence with the southerly line of said property N 63° 10' E 308.3 feet to an iron pipe found; thence N 63° 14' E 523.5 feet to an iron pipe found; thence N 63° 07' E 132.1 feet to an iron pipe found; N 63° 20' E 171.2 feet to an iron pipe found; thence N 63° 13' E 357.6 feet to the point of beginning, containing 371.48 acres.

Tract 2

Beginning at a point on the west bank of Miry Branch at the confluence of Miry Branch and Dan River; thence with the west branch of Miry Branch the following courses and distances: S 33° 39' W 85.4 feet; S 57° 48' W 80.0 feet; S 30° 56' W 51.1 feet; S 14° 24' E 36.7 feet; S 43° 41' E 74.3 feet; S 1° 31' W 72.2 feet; S 6° 51' W 117.5 feet; S 5° 17' W 37.8 feet; S 45° 12' W 74.0 feet; S 41° 15' W 117.0 feet; S 31° 11' W 36.9 feet; S 15° 35' E 72.8 feet; S 31° 08' W 52.5 feet; S 24° 33' E 44.3 feet; S 24° 09' W 94.5 feet; S 7° 15' W 35.1 feet; S 36° 54' E 71.5 feet to an iron rod; thence S 72° 11' W 395.3 feet to a concrete monument found; thence N 2° 25' E 917.1 feet to the southerly line of said river; thence with the southerly bank of Dan River three calls as follows: N 70° 00' E 336.4 feet; N 69° 52' E 115.1 feet; N 79° 21' E 154.5 feet to the point of beginning, containing 9.08 acres.

SECTION 1.(d) This Part is effective when it becomes law.

PART II. MILLS RIVER UNIFIED DEVELOPMENT ORDINANCE

SECTION 2.(a) Section 2.3 of S.L. 2025-32 is repealed.

SECTION 2.(b) Any unified development ordinance adopted by the Town of Mills River between June 30, 2025, and July 1, 2026, shall be null and void, without any force or effect.

SECTION 2.(c) This Part is effective when it becomes law.

PART III. GUILFORD COUNTY ARTICLE 46 MODIFICATIONS

SECTION 3.(a) This Part applies only to Guilford County.

SECTION 3.(b) G.S. 105-537, as amended by Section 2(b) of S.L. 2025-87, reads as rewritten:

"§ 105-537. Levy.

(a) Authority. – A tax levied under this Article must be approved in a referendum. If the majority of those voting in a referendum held pursuant to this Article vote for the levy of the tax, the board of county commissioners may, by resolution and after 10 days' public notice, levy a local sales and use tax at a rate of one-quarter percent (0.25%).

(b) Vote. – The board of county commissioners may direct the county board of elections to conduct an advisory referendum on the question of whether to levy a local sales and use tax in the county as provided in this Article. The election shall be held in accordance with the procedures of G.S. 163-287, except that the election shall not be held within one year from the date of the last preceding election under this section.

(c) Ballot Question. – The form of the question to be presented on a ballot for a special election concerning the levy of the tax authorized by this Article shall be:

"[] FOR [] AGAINST

Local sales and use tax at the rate of ~~one-quarter~~ one-fourth of one percent (0.25%) in addition to all other State and local sales and use taxes to be used solely for classroom teacher salary ~~supplements, supplements (70%), for fire protection equipment and services, services (18%), for Guilford Technical Community College, College (8%), and to be used by for qualifying municipalities for any public purpose allowable expenses (4%)."~~

SECTION 3.(c) G.S. 105-538, as amended by Section 2(c) of S.L. 2025-87, reads as rewritten:

"§ 105-538. Administration, distribution, and use of taxes.

(a) Definitions. – The following definitions and the definitions in G.S. 105-472, to the extent they are not inconsistent with the provisions of this section, apply in this section:

- (1) Adjusted per capita distribution. – The net proceeds of the tax collected under Articles 39, 40, and 42 of Chapter 105 of the General Statutes distributable to a municipality as calculated using the per capita distribution method under G.S. 105-472(b)(1) multiplied by twenty-five percent (25%).
- (2) Ad valorem distribution. – The net proceeds of the tax collected under Articles 39, 40, and 42 of Chapter 105 of the General Statutes and distributable to a

municipality as calculated using the ad valorem distribution method under G.S. 105-472(b)(2).

- (3) Allocated proportional share. – An amount equal to a ~~qualifying municipality's ad valorem distribution subtracted from its adjusted distribution but only if the amount is positive.~~ the product of a qualifying municipality's proportional percentage and the total municipal share.
- (4) ~~Per capita distribution.~~ – ~~The net proceeds of the tax collected under Articles 39, 40, and 42 of Chapter 105 of the General Statutes and distributable to a municipality as calculated using the per capita distribution method under G.S. 105-472(b)(1).~~ Proportional percentage. – A percentage calculated by dividing a qualifying municipality's unreduced share by the total unreduced shares of all qualifying municipalities.
- (5) Qualifying municipality. – A municipality located in Guilford County that has an adjusted per capita distribution that is greater than its ad valorem distribution.
- (6) Total municipal share. – Four percent (4%) of the total net proceeds under this Article.
- (7) Unreduced share. – An amount equal to a qualifying municipality's ad valorem distribution subtracted from its adjusted per capita distribution but only if the amount is positive.

(b) Administration. – The Secretary shall, on a monthly basis, allocate to each taxing county the net proceeds of the tax levied under this Article. If the Secretary collects taxes under this Article in a month and the taxes cannot be identified as being attributable to a particular taxing county, the Secretary must allocate the net proceeds of these taxes among the taxing counties in proportion to the amount of taxes collected in each county under this Article in that month. For purposes of this Article, the term "net proceeds" has the same meaning as defined in G.S. 105-472.

Except as provided in this Article, the adoption, levy, collection, administration, and repeal of these additional taxes must be in accordance with Article 39 of this Chapter. G.S. 105-468.1 is an administrative provision that applies to this Article. A tax levied under this Article does not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a).

(c) Distribution Method. – During any year in which the ad valorem method of distribution under G.S. 105-472 is in effect in the taxing county, the Secretary shall calculate and distribute, on a monthly basis, the net proceeds of the tax collected under this Article as follows:

- (1) ~~Of the amount allocated to the taxing county, calculate and set aside an amount equal to the sum of the amounts listed in this subdivision multiplied by a fraction with a numerator of 1 and a denominator of 12. The amounts calculated under this subdivision shall be based on using the total annual net proceeds from the prior fiscal year. The amount set aside under this subdivision shall be distributed in accordance with subdivision (3) of this subsection. The amounts are:~~ Ninety-six percent (96%) to the taxing county.
 - a. ~~The greater of twenty percent (20%) of the net proceeds or five million dollars (\$5,000,000).~~
 - b. ~~The greater of ten percent (10%) of the net proceeds or two million five hundred thousand dollars (\$2,500,000).~~
- (2) ~~From the amount remaining after the calculation in subdivision (1) of this subsection, deduct a qualifying municipality's allocated share and distribute the allocated share to the qualifying municipality. From the remaining four percent (4%), the allocated proportional share to each qualifying municipality.~~

- (3) ~~From the amount remaining after the distribution in subdivision (2) of this subsection, distribute to the county the amount set aside under subdivision (1) of this subsection plus the remaining net proceeds, if any, after the distribution in subdivision (2) of this subsection.~~

(d) Municipal and District Use. – Each fiscal year, a qualifying municipality, except for the Town of Summerfield, shall use ~~the net proceeds of a tax~~ the allocated proportional share distributed to it under this Article ~~only for any public purpose.~~ The Town of Summerfield shall distribute the allocated proportional share to the Summerfield Fire District until the cumulative total distributed reaches three million dollars (\$3,000,000). The Summerfield Fire District shall use the net proceeds distributed to it only for capital enhancements for water resources related to fire protection. When the cumulative total distributed to the Summerfield Fire District under this subsection reaches three million dollars (\$3,000,000), the Town of Summerfield shall retain the allocated proportional share distributed to it on and after that date and use it for any public purpose. For purposes of this subsection, the "cumulative total" is determined from the first distribution until distributions across fiscal years equal or exceed three million dollars (\$3,000,000).

(e) County Use. – Each fiscal year, a county shall use the net proceeds of a tax distributed to it under this Article for the items and in the amounts and priority order as set forth in this subsection. ~~A county~~ The percentages listed in this subsection result in amounts that are mathematically equivalent to amounts calculated using the percentages stated on the ballot question under G.S. 105-537(c). A county, and any local board of education or community college to which a county distributes funds pursuant to this subsection, shall use the net proceeds of a tax distributed to it under this Article to supplement and not to supplant or replace existing funds or other resources for the items listed and shall, at a minimum, maintain funding for the items listed at a level that meets the average level of funding provided for that item during the previous 10 years, or for the budget appropriation that encompasses that item if the budget of the county, local board of education, or a community college has not appropriated funds specifically for the item during the previous 10 years. The items and amounts ~~items, amounts, and priority order~~ are as follows:

- (1) ~~Twenty percent (20%) or five million dollars (\$5,000,000), whichever is greater,~~ Seventy-three percent (73%) for teacher salary supplements. For purposes of this subdivision, "teacher" includes instructional support personnel.
- (2) Nineteen percent (19%) to the Guilford County Fire and Rescue Council for equipment purchases or capital expenditures necessary to provide fire protection services in the county, including any necessary expenses to administer these funds. Guilford County may establish a custodial fund for the benefit and use of the Guilford Fire and Rescue Council.
- ~~(2)(3) Ten percent (10%) or two million five hundred thousand dollars (\$2,500,000), whichever is greater,~~ Eight percent (8%) to the Guilford Technical Community College for capital expenditures.
- (3) ~~The remainder for classroom teacher salary supplements. For purposes of this subsection, a "classroom teacher" is an employee of a local board of education employed as a teacher who spends at least seventy percent (70%) of his or her work time in classroom instruction."~~

SECTION 3.(d) This Part is effective when it becomes law and applies to referenda held on or after that date for which the Guilford County Board of Commissioners has adopted a resolution prior to, on, or after the effective date of this Part.

PART IV. EFFECTIVE DATE

SECTION 4. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 2nd day of July, 2026.

s/ Rachel Hunt
President of the Senate

s/ Destin Hall
Speaker of the House of Representatives