ORDINANCE NO. 2026-18

AMENDING CHAPTER 32

AN ORDINANCE EXTENDING THE TEMPORARY MORATORIUM ON THE ACCEPTANCE, PROCESSING, AND APPROVAL OF DEVELOPMENT APPROVALS FOR DATA CENTERS, CRYPTOCURRENCY MINING OPERATIONS, AND BATTERY ENERGY STORAGE SYSTEMS WITHIN THE CORPORATE LIMITS AND EXTRATERRITORIAL JURISDICTION OF THE CITY OF KING, NORTH CAROLINA, FOR AN ADDITIONAL PERIOD OF THREE HUNDRED SIXTY-FIVE (365) DAYS, PURSUANT TO G.S. 160D-107(e)

WHEREAS, the City Council of the City of King ("City Council") is vested with authority under Article 8 of Chapter 160A and Chapter 160D of the North Carolina General Statutes to adopt ordinances regulating the use of land within the corporate limits of the City of King and within the City's extraterritorial jurisdiction, as established pursuant to G.S. 160D-202 and Sec. 32-3 of the Code of Ordinances of the City of King ("Code of Ordinances"), for the purpose of promoting the public health, safety, morals, and general welfare, as set forth in Sec. 32-1 of the Code of Ordinances; and

WHEREAS, G.S. 160D-107 authorizes local governments to adopt a temporary moratorium on any development approval required by law, subject to the requirements set forth therein, and Sec. 32-5(b) of the Code of Ordinances separately codifies this authority together with its accompanying procedural and substantive requirements, including the requirement of G.S. 160D-107(e) and Sec. 32-5(b)(5) that no moratorium be extended unless the City has taken all reasonable and feasible steps proposed to be taken in its ordinance establishing the moratorium and new facts and conditions warrant an extension, and that any ordinance extending a moratorium include the statements required by G.S. 160D-107(d)(1) through (4) and Sec. 32-5(b)(4), including what new facts or conditions warrant the extension; and

WHEREAS, on September 8, 2026, following a duly noticed legislative hearing, the City Council adopted Ordinance No. 2026-17 (the "Original Moratorium"), imposing a temporary moratorium of sixty (60) days on the acceptance, processing, and approval of development approvals for Data Centers, Cryptocurrency Mining Operations, and Battery Energy Storage Systems (as those terms are defined in the Original Moratorium and in Section 1 of this Ordinance) within the corporate limits and extraterritorial jurisdiction of the City, which, unless extended, will terminate on November 7, 2026; and

WHEREAS, jurisdictions across North Carolina and the nation have experienced a significant increase in development interest in large-scale data centers, cryptocurrency mining operations, and associated battery energy storage systems, driven by the rapid growth of cloud computing, artificial intelligence, and digital currency markets, and the City Council desires to ensure that the City's development regulations are prepared to address such uses, and any future inquiries or applications regarding such uses, before any such application is received; as of the date of this Ordinance, no application for a development approval for any such use has been submitted to the City and no inquiry regarding any such use has been received by City staff; and numerous North Carolina local governments, including Surry County, which on July 20, 2026

adopted an ordinance extending its moratorium on data centers and related high-impact facilities through July 20, 2028, have adopted temporary moratoria on such uses in 2026 while studying them; and

WHEREAS, Chapter 32 of the Code of Ordinances, including the Table of Uses set forth in Article IV (Sec. 32-201—Sec. 32-204), does not separately identify or list "data center," "cryptocurrency mining operation," or "battery energy storage system" (other than a battery storage system accessory to a solar energy system regulated under Sec. 32-260) as a distinct permitted or special use in any zoning district, meaning that any such use proposed within the City at this time would necessarily have to be evaluated, if at all, under an existing use category not designed or intended to address the specific impacts of such uses; and

WHEREAS, the City has historically relied upon the Stokes County comprehensive land use plan in the absence of a City-specific comprehensive plan; in 2025, the City Council authorized the preparation of the City's own comprehensive land use plan; in 2026, the City entered into a contract with Kimley-Horn and Associates, Inc. to oversee that planning process, which formally commenced in June 2026 and remains ongoing and incomplete as of the date of this Ordinance, with Kimley-Horn projecting completion of the comprehensive plan in the first quarter of 2027, after which the plan must be presented to, and acted upon by, the City Council; and the City Council finds that approving development approvals for high-impact, atypical land uses such as data centers, cryptocurrency mining operations, and battery energy storage systems before that comprehensive planning process identifies appropriate land use policies, growth patterns, and siting considerations for such uses risks approving development that is inconsistent with, or that forecloses options later recommended by, that plan, and that the land use policies, growth patterns, and siting considerations to be identified in that plan bear directly on the district placement, standards, and review procedures that the City's regulations for such uses should contain; and

WHEREAS, data centers, cryptocurrency mining operations, and stand-alone battery energy storage systems present potential adverse impacts that are not adequately addressed by the City's existing development regulations, including but not limited to: (a) substantial water consumption for cooling purposes; (b) significant noise generation from cooling equipment, backup generators, and related mechanical equipment; (c) fire, safety, and hazardous materials concerns associated with the storage of large quantities of lithium-ion or other battery cells and backup fuel; (d) land use compatibility concerns where such facilities are located in or near residential, agricultural, or other sensitive zoning districts or uses; (e) electricity demand and the capacity of existing electrical infrastructure to serve such facilities without adverse effect on other users; (f) air emissions, including emissions from backup generators and other fuel-burning equipment; (g) land development patterns, including large building footprints, site intensity, visual impacts, and the effect of such facilities on the extension of public infrastructure and on growth patterns; and (h) fire protection and emergency response requirements, including the specialized training, equipment, water supply, and access needed to respond to incidents involving large battery installations and associated equipment, each of which City staff has catalogued as a matter that the City's regulations must address; and

WHEREAS, the City Council finds that additional time is needed for City staff and the Planning Board to study these issues, to evaluate whether and how the Table of Uses and other provisions of Chapter 32 should be amended to specifically address data centers, cryptocurrency

mining operations, and battery energy storage systems, to consider appropriate performance standards — including without limitation noise limitations, buffering and screening, setbacks, fire and life-safety standards, and decommissioning requirements — to determine whether such uses should be permitted by right, by special use permit, by development agreement, or otherwise, and to coordinate any such standards with the City's ongoing comprehensive land use planning process described above, so that the City's regulations for such uses are informed by, and consistent with, the land use policies, growth patterns, and siting considerations that process is expected to identify; and

WHEREAS, since the adoption of the Original Moratorium, City staff has taken the following steps proposed in Section 6 of the Original Moratorium: (i) researched data center, cryptocurrency mining, and battery energy storage system regulations adopted by other North Carolina local governments; (ii) catalogued the issues that King's regulations must address, including electricity demand, noise, land development patterns, emissions, and fire protection and emergency response requirements, and many other issues; (iii) consulted with Kimley-Horn and Associates, Inc. regarding coordination of such regulations with the comprehensive planning process, and Kimley-Horn advised that the comprehensive plan development was ongoing; (iv) presented its preliminary research to the Planning Board; and (v) delivered a status report to the City Council on October 5, 2026; and

WHEREAS, on September 28, 2026, the Planning Board, by a vote of 5-0, recommended that the City Council extend the moratorium; and

WHEREAS, the City Council finds that it has taken all reasonable and feasible steps proposed to be taken in the Original Moratorium within its sixty (60)-day term, and that the remaining actions—in particular, preparation, Planning Board review, a noticed legislative hearing, and adoption of tailored amendments to Chapter 32 in accordance with G.S. 160D-601—could not reasonably or feasibly have been completed within sixty (60) days because (a) the siting, district-placement, and growth-pattern questions on which such amendments depend are the subject of the City's comprehensive planning process, which is not projected to be complete until the second quarter of 2027; (b) the issues catalogued by staff, including electricity demand, emissions, and emergency response requirements, require analysis of utility and emergency-service capacity that cannot responsibly be completed in sixty (60) days; and (c) adopting regulations before the comprehensive plan is complete risks regulations that must be revisited when the plan is adopted; and

WHEREAS, the City Council finds that the following new facts and conditions, which have arisen or been confirmed since the adoption of the Original Moratorium, warrant an extension of the moratorium: (i) Kimley-Horn's projected completion of the comprehensive plan in the second quarter of 2027, which establishes that the plan will not be available to inform the City's regulations before the Original Moratorium expires; (ii) the results of City staff's research and cataloguing of issues described above, which identify the range of regulatory subjects, including electricity demand, emissions, and emergency response, and many other issues that must be addressed; (iii) the unanimous recommendation of the Planning Board on September 28, 2026 that the moratorium be extended; and (iv) the adoption and extension of moratoria on such uses by other North Carolina local governments, including nearby Surry County, which increases the

likelihood that development interest in such uses will be directed to jurisdictions that have not yet adopted tailored regulations; and

WHEREAS, the City Council has considered alternative courses of action, including relying on existing use categories and development standards, processing any applications under the City's general administrative procedures without modification, adopting a hastily prepared text amendment without adequate study and public input, adopting interim standards before completion of the comprehensive plan, or narrowing the moratorium to facilities above a size or electrical-load threshold (each as described in Section 3(b)), and has determined that each such alternative is inadequate because it would not provide sufficient time to develop appropriate, tailored standards consistent with the City's comprehensive plan and the protection of the public health, safety, and welfare; and

WHEREAS, the City Council finds that a moratorium extension of three-hundred and sixty-five (365) days, terminating at 11:59 p.m. on November 2, 2027 (for a total moratorium duration, including the Original Moratorium, of approximately 420 days), is reasonable in duration and reasonably necessary to allow City staff and the Planning Board time for study and drafting, as described herein, including completion of the comprehensive plan (projected for the second quarter of 2027), consideration of the plan by the City Council, conformance of draft regulations to the plan, Planning Board review, and a noticed legislative hearing and Council action under G.S. 160D-601, and does not exceed the time necessary to correct, modify, or resolve the conditions described herein; and

WHEREAS, this moratorium is not adopted for the purpose of developing or adopting new or amended plans or development regulations governing residential uses, and no residential use is subject to this moratorium; and

WHEREAS, the City Council, having called for and conducted a duly noticed legislative hearing on November 2, 2026, with notice published once a week for two successive calendar weeks in The Stokes News, a newspaper having general circulation in the City, with the first publication occurring on October 15, 2026 and the second publication occurring on October 22, 2026, the first publication having occurred not less than ten (10) days nor more than twenty-five (25) days prior to the date of the hearing, in accordance with N.C.G.S. § 160D-107(b), N.C.G.S. § 160D-601(a), and Sec. 32-5(b)(2) of the Code of Ordinances, and having considered all public comments received at said hearing, the status report of City staff, and the recommendation of the Planning Board, finds that new facts and conditions warrant an extension of the moratorium and that adoption of this Ordinance is reasonable, in the public interest, and necessary to protect the public health, safety, and welfare of the City's residents pending the adoption of appropriate development regulations addressing data centers, cryptocurrency mining operations, and battery energy storage systems;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of King, North Carolina, that:

Section 1. Definitions. For purposes of this Ordinance, the following terms shall have the meanings ascribed below (new definitions added to the Code of Ordinances by reference for the

duration of the moratorium as extended by this Ordinance, and identical to the definitions set forth in the Original Moratorium):

(a) Data Center. Any building, structure, or group of buildings or structures, or any portion thereof, containing one or more large-scale computer systems, server installations, or networked server computers, together with associated cooling, electrical, and backup power equipment, used or intended to be used for data storage, data processing, web hosting, cloud computing, application hosting, streaming services, artificial intelligence or artificial intelligence training, or other similar or related uses, processes, or services offered to, or used by, off-site users or locations.

(b) Cryptocurrency Mining Operation. Any building, structure, or group of buildings or structures, or any portion thereof, containing one or more large-scale computer systems or networked server computers used for computationally intensive applications such as blockchain technology, validation of blockchain transactions, cryptocurrency mining, or other similar or comparable functions.

(c) Battery Energy Storage System ("BESS"). Any stand-alone facility or installation consisting of one or more devices or systems that store electrical energy for later use or dispatch to the electrical grid, to a Data Center, or to a Cryptocurrency Mining Operation, other than a battery storage system that is clearly accessory and incidental to a solar energy system regulated under Sec. 32-260 of the Code of Ordinances and sized solely to serve the on-site principal use.

(d) Exclusions. The terms defined in this Section shall not include: (1) electronic gaming, internet sweepstakes, video sweepstakes, or similar uses regulated under Sec. 32-261 of the Code of Ordinances; (2) data processing, computing, or battery storage equipment that is clearly incidental and subordinate to a permitted principal use specifically identified in the Table of Uses set forth in Article IV of Chapter 32 (including, without limitation, hospitals, medical facilities, financial institutions, offices, and educational institutions), and that is intended solely to support the on-site operations of such principal use, provided that such equipment is not offered to, or used by, off-site users or off-site locations; or (3) any use for which a valid development approval has been issued, or a complete application accepted, prior to the effective date of the Original Moratorium (September 8, 2026), to the extent addressed in Section 7 below.

Section 2. Moratorium Extended.

The temporary moratorium imposed by the Original Moratorium is hereby extended and continued, effective upon adoption of this Ordinance and without interruption, upon the acceptance, processing, and approval of any development approval required by law — including, without limitation, zoning permits, building permits, special use permits, zoning map amendments (rezonings), site plan approvals, and preliminary or final subdivision plat approvals — for the establishment, construction, erection, installation, alteration, or expansion of any Data Center, Cryptocurrency Mining Operation, or Battery Energy Storage System, as those terms are defined in Section 1, anywhere within the corporate limits of the City of King and within the City's extraterritorial jurisdiction as established pursuant to Sec. 32-3 of the Code of Ordinances and G.S. 160D-202.

Section 3. Statement of Problems or Conditions Necessitating the Moratorium; Alternatives Considered.

(a) The problems and conditions necessitating this moratorium are those described in the WHEREAS clauses of this Ordinance, including: (i) the absence of a specifically identified use category, development standards, or performance standards in Chapter 32 of the Code of Ordinances addressing Data Centers, Cryptocurrency Mining Operations, or Battery Energy Storage Systems; (ii) the significant water consumption, noise, fire and safety, land use compatibility, electricity demand, emissions, land development pattern, and fire protection and emergency response impacts associated with such uses; and (iii) the City's ongoing, and as-yet incomplete, comprehensive land use planning process being overseen by Kimley-Horn and Associates, Inc., which is projected to be complete in the second quarter of 2027 and which is intended to establish land use policies, growth patterns, and siting considerations that should inform — and not be undermined or foreclosed by — decisions approving high-impact, atypical uses such as those addressed by this Ordinance.

(b) The City Council considered, and rejected as inadequate, the following alternative courses of action: (1) taking no action and allowing such uses to be evaluated under existing, non-tailored use categories; (2) directing staff to process any applications for such uses under existing standards without a moratorium; (3) adopting a text amendment to Chapter 32 addressing such uses without a moratorium and without adequate time for study, drafting, and public engagement; (4) deferring any interim action entirely until completion of the City's comprehensive land use planning process; (5) adopting interim standards for such uses before the comprehensive plan is complete; and (6) narrowing the moratorium to facilities exceeding a specified size or electrical-load threshold. The City Council finds that each such alternative is inadequate because alternatives (1) through (3) would not provide the time necessary for the City to develop appropriate, tailored standards prior to the potential submission and processing of an application for such a use; alternatives (4) and (5) are inadequate because the comprehensive planning process is not expected to be complete until the second quarter of 2027, adopting standards before that process identifies appropriate land use policies, growth patterns, and siting considerations risks regulations that must be revisited, and deferring all action until the plan is complete would leave the City without any means of addressing the impacts described above in the interim; and alternative (6) is inadequate because the absence of any use category or standards in Chapter 32 means that facilities of any size, including smaller facilities and stand-alone battery installations, present the noise, fire and safety, emissions, and compatibility impacts described above, and no size or load threshold can be responsibly selected until staff completes the analysis described in Section 6. The City Council therefore finds that a moratorium of the duration set forth in Section 5 is the more proportionate interim measure.

Section 3A. Steps Taken Under the Original Moratorium; New Facts and Conditions Warranting Extension.

(a) Pursuant to G.S. 160D-107(e) and Sec. 32-5(b)(5) of the Code of Ordinances, the City Council finds that the City has taken all reasonable and feasible steps proposed to be taken in the Original Moratorium, as described in the WHEREAS clauses of this

Ordinance, and that the remaining actions could not reasonably or feasibly have been completed within the sixty (60)-day term of the Original Moratorium for the reasons stated in those clauses.

(b) The City Council finds that the new facts and conditions described in the WHEREAS clauses of this Ordinance, including the projected completion of the comprehensive plan in the second quarter of 2027, the results of staff's research and cataloguing of issues, and the unanimous recommendation of the Planning Board, warrant an extension of the moratorium.

(c) The statements required by G.S. 160D-107(d)(1) through (4) and Sec. 32-5(b)(4) of the Code of Ordinances are set forth in Sections 3, 4, 5, and 6 of this Ordinance.

Section 4. Development Approvals Subject to Moratorium; Relationship to the Problems Identified.

The development approvals identified in Section 2 are subject to this moratorium because each constitutes a step in the approval process by which a Data Center, Cryptocurrency Mining Operation, or Battery Energy Storage System could be established, constructed, altered, or expanded within the City's jurisdiction under regulations that do not currently, and adequately, address the impacts described in Section 3. Pausing the acceptance, processing, and approval of such development approvals for the duration of the moratorium, as extended by this Ordinance, will allow the City to complete the study and regulatory drafting process described in Section 6 before any such use may be approved, thereby directly addressing the problems and conditions identified above.

Section 5. Duration; Termination Date.

The extension imposed by this Ordinance shall be effective as of the date of adoption of this Ordinance, shall continue the moratorium without interruption beyond the termination date of the Original Moratorium, and shall terminate three-hundred and sixty-five (365) days after adoption, at 11:59 p.m. on November 2, 2027 (for a total moratorium duration, including the Original Moratorium, of approximately 420 days), unless earlier terminated or subsequently extended by the City Council in accordance with G.S. 160D-107(e) and applicable law. The City Council finds that a three-hundred and sixty-five (365)-day duration is reasonably necessary, and does not exceed the time necessary, to complete the schedule of actions described in Section 6. In particular, the City Council finds that (a) the comprehensive plan is not projected to be complete until the second quarter of 2027; (b) the plan must thereafter be presented to and acted upon by the City Council; (c) draft regulations must then be conformed to the plan, reviewed by the Planning Board, noticed for a legislative hearing in accordance with G.S. 160D-601, and acted upon by the City Council; and (d) the period remaining after the projected completion of the plan is no longer than reasonably necessary to complete those steps. This moratorium shall terminate earlier, on the effective date of amendments to Chapter 32 that specifically address Data Centers, Cryptocurrency Mining Operations, and Battery Energy Storage Systems, if that date occurs before the termination date stated above.

Section 6. Schedule of Actions to Be Taken During the Moratorium.

During the moratorium period, as extended by this Ordinance, the following actions shall be taken on or before the dates indicated:

(a) By March 1, 2027, City planning staff shall continue to research data center, cryptocurrency mining, and battery energy storage system regulations adopted by other North Carolina local governments, evaluate the impacts specific to the City of King, and prepare a preliminary draft of proposed text amendments to Chapter 32 addressing such uses, including proposed definitions, zoning district applicability, and development standards (including noise limitations, buffering and screening, setbacks, electrical-load and water-use review, emissions controls, fire and life-safety and emergency response requirements, and decommissioning requirements). As part of this work, staff shall continue to consult with Kimley-Horn and Associates, Inc. to coordinate those regulations with the City's ongoing comprehensive planning process and shall report to the City Council by April 5, 2027 on the land use policies, growth patterns, and siting considerations being developed in that process that bear on such uses.

(b) Staff shall present its preliminary research and any draft text amendment to the Planning Board at the Planning Board's first regularly scheduled meeting following completion of the preliminary draft described in subsection (a), and in any event no later than March 30, 2027, for review and discussion, and the Planning Board shall advise staff and the City Council whether it believes it will have sufficient information to conduct a formal public hearing on any proposed text amendment prior to expiration of the moratorium.

(c) The City Council shall receive written status updates from staff during the moratorium period, the first no later than March 1, 2027, and thereafter monthly, reporting on the status of the comprehensive planning process and the work described in this Section, and shall determine whether to proceed with a public hearing on a proposed text amendment to Chapter 32 prior to expiration of the moratorium, or whether, based on new facts or conditions, an extension of the moratorium is warranted in accordance with G.S. 160D-107(e).

(d) Following delivery of the draft comprehensive plan (projected for the first quarter of 2027), staff shall, within sixty (60) days, conform the draft amendments to Chapter 32 to the policies of that plan and present them to the Planning Board; and, not later than the expiration of the moratorium, the City Council shall hold a legislative hearing, noticed in accordance with G.S. 160D-601, and consider adoption of amendments to Chapter 32 addressing Data Centers, Cryptocurrency Mining Operations, and Battery Energy Storage Systems, or shall consider whether an extension of the moratorium is warranted under G.S. 160D-107(e).

(e) Not later than thirty (30) days before the termination date of this moratorium, the City Council shall meet to receive a report from staff on the status of the actions described in this Section and to determine whether the amendments described in subsection (d) will be adopted before the moratorium terminates.

Section 7. Exempt Projects.

Consistent with G.S. 160D-107(c), and absent an imminent threat to public health or safety, this moratorium shall not apply to: (a) any project for which a valid building permit issued pursuant to G.S. 160D-1110 (referenced in G.S. 160D-107(c) as G.S. 160D-1108) is outstanding as of the effective date of the Original Moratorium; (b) any project for which a special use permit application has been accepted as complete as of the effective date of the Original Moratorium; (c) development set forth in a site-specific vesting plan approved pursuant to G.S. 160D-108.1; (d) development for which substantial expenditures have already been made in good-faith reliance on a prior valid development approval; or (e) preliminary or final subdivision plats accepted for review by the City prior to the call for the hearing on the Original Moratorium, provided that any such preliminary plat, if subsequently approved, shall be allowed to proceed to final plat approval without being subject to this moratorium. If a complete application for a development approval subject to this moratorium was submitted prior to the effective date of the Original Moratorium, G.S. 160D-108(b) shall apply when permit processing resumes upon expiration or termination of the moratorium. Nothing in this Ordinance shall be construed to impair any vested right established under G.S. 160D-108, G.S. 160D-108.1, or common law, and the extension of the moratorium by this Ordinance shall not apply to any person to whom the Original Moratorium did not apply.

Section 7A. Exemption and Vested Rights Determinations.

Any person claiming that a project is exempt from this moratorium under Section 7, or that the person holds a statutory or common law vested right or a right of permit choice under G.S. 160D-108 or G.S. 160D-108.1, may submit a written request for determination, with supporting documentation, to the zoning administrator in accordance with Sec. 32-49(h) of the Code of Ordinances. The zoning administrator shall issue a written determination stating the basis for the decision within fifteen (15) business days after receipt of a complete request. A determination under this Section may be appealed in accordance with G.S. 160D-405, and nothing in this Section limits any remedy available under G.S. 160D-1403.1 or G.S. 160D-107(f).

Section 8. Scope.

This moratorium applies throughout the corporate limits of the City of King and within the City's extraterritorial jurisdiction as established pursuant to Sec. 32-3 of the Code of Ordinances and G.S. 160D-202. This moratorium is not adopted for, and does not apply to, the development of any residential use.

Section 9. Conflict with Other Ordinances.

To the extent any provision of the Code of Ordinances conflicts with this Ordinance, this Ordinance shall control for the duration of the moratorium, after which the provisions of the Code of Ordinances in conflict herewith, if not otherwise amended, shall resume full force and effect.

Section 10. Severability.

If any section, subsection, sentence, clause, or phrase of this Ordinance is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. If any provision of this Ordinance extending the moratorium is held invalid, the Original Moratorium shall remain in effect through its stated termination date.

Section 11. Expedited Judicial Review.

As provided in G.S. 160D-107(f) and Sec. 32-5(b)(6) of the Code of Ordinances, any person aggrieved by the imposition of this moratorium may apply to the General Court of Justice for an order enjoining its enforcement, and any such action shall be scheduled for expedited hearing with priority accorded in accordance with that statute.

Section 12. Effective Date.

This Ordinance shall become effective immediately upon adoption, before the termination of the Original Moratorium, so that the moratorium continues without interruption.

Adopted by the City Council of the City of King, North Carolina, this 2nd day of November, 2026, following a duly noticed legislative hearing held on the same date.

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Mayor, City of King, North Carolina

ATTEST:

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City Clerk