

State Government

See full summary documents for additional detail

Extension of State of Emergency – Disaster Recovery Act of 2025 - Part I.

SL 2025-2 (H47), Part III

Part III of S.L. 2025-2 (House Bill 47) extended the Statewide declaration of emergency issued by the Governor in Executive Order No. 315 until June 30, 2025. This Part also provided that the extension of Executive Order No. 315 had no effect on Executive Order No. 322, issued by the Governor on October 16, 2024, and concerning unemployment insurance benefits.

This Part became effective March 19, 2025.

Purchases by Volunteer Organizations Active in Disasters – Disaster Recovery Act of 2025 - Part I.

SL 2025-2 (H47), Sec. 5.4

Section 5.4 of S.L. 2025-2 (House Bill 47) allows Volunteer Organizations Active in Disasters (VOADs) to purchase surplus heavy construction equipment and motor vehicles from the State through the Department of Administration (DOA) for the purpose of aiding in disaster recovery. It further provides that the DOA must loan surplus heavy construction equipment and motor vehicles to units of local government and VOADs for a period of five years. At the end of the five-year period, the ownership of the loaned surplus property transfers to the unit of local government or VOAD.

This section became effective March 19, 2025.

Delay 2024 North Carolina State Building Code Effective Date. – Disaster Recovery Act of 2025 - Part I.

SL 2025-2 (H47), Sec. 5.12

Section 5.12 of S.L. 2025-2 (House Bill 47) delays the effective date of the 2024 North Carolina State Building Code to 12 months after the first day of the month following the date the State Fire Marshal certifies, by letter to the Revisor of Statutes with copies sent to the President Pro Tempore of the Senate and the Speaker of the House of Representatives, that both of the following events have occurred:

- The Building Code Council and Residential Code Council have completed all of the following publication and distribution requirements:
 - The initial publication and printing of the adopted 2024 North Carolina State Building Code, including all amendments adopted as of March 19, 2025.

- The distribution of copies of the initially published 2024 North Carolina State Building Code to all State and local officials and departments who are required by statute to receive copies of the Code without the necessity of a written request.
 - The making of copies of the initial publication of the 2024 North Carolina State Building Code available for purchase by members of the general public.
- The Residential Code Council is fully constituted in accordance with statutory membership requirements.

Nothing in these provisions abrogates the duties of the Building Code Council or Residential Code Council during the delay, including finalizing its publication, providing technical assistance, and educating the public regarding changes to the North Carolina State Building Code. This section expires 12 months after the first day of the month following the State Fire Marshal's certification that both of the events listed above have occurred.

This section became effective March 19, 2025.

Require the Office of the State Fire Marshal to Maintain the Online Reporting Portal on the Storage and Deployment of Aqueous Film-Forming Foams. – House Budget Technical Corrections.

SL 2025-4 (H74), Sec. 2.3

Section 2.3 of S.L. 2025-4 (House Bill 74) requires the Office of the State Fire Marshall to maintain, with the assistance of the North Carolina Collaboratory, an online reporting portal on the storage and deployment of aqueous film-forming foams.

This section became effective May 14, 2025.

2025 State Investment Modernization Act.

SL 2025-6 (H506)

S.L. 2025-6 (House Bill 506) does the following:

- Reorganizes laws concerning the State Treasurer.
- Creates the North Carolina Investment Authority (Investment Authority) as a State agency within the Department of State Treasurer, independent of any fiscal control exercised by the Director of Budget, the Department of Administration, and the Department of State Treasurer, and outlines the powers and duties of the Investment Authority.
- Establishes a Board of Directors to govern the Investment Authority and describes the powers and duties of the Board.
- Clarifies that rules, codes of ethics, policies and procedures adopted by the State Treasurer in effect on June 30, 2025, that are impacted by the provisions pertaining to the creation of the North Carolina Investment Authority Act must remain in authority until repealed or amended by law or the Investment Authority.

- Allows funds appropriated and available to the Department of State Treasurer to be used to pay expenses of the Investment Authority until the Investment Authority begins to manage investments on January 1, 2026.
- Adds the Investment Authority as an entity to advise the Governor and Council of State with investments.
- Requires the Investment Authority to invest the excess cash of the General Fund, the Highway Fund, the Highway Trust Fund, and special funds held by the State Treasurer.
- Removes the public procurement process to select a third-party professional investment management firm and authorizes the Investment Authority to select the third-party professional investment firm to invest the assets of the Escheat Fund.
- Allows the Investment Authority to charge administrative fees for the operation of investment programs.
- Requires the Investment Authority's designated attorneys to review all proposed investment contracts and all proposed contracts for investment-related services and confirm that the contracts meet specified criteria.
- Permits the Supplemental Retirement Board of Trustees to request support or assistance from the Investment Authority.
- Amends the laws governing reports and audits of the State Treasurer by transferring authority from the State Treasurer to the Investment Authority and requiring the Investment Authority to report monthly on the performance of all investments.
- Requires the Board of Directors to ensure a portion of the Retirement Systems' invested assets are always available to be converted to cash proceeds sufficient to meet projected net benefit payments and highly probable contractual obligations.
- Directs the Chief Investment Officer to manage the Retirement Systems' investments to remain within the approved risk operating range set by the Board of Directors.
- Clarifies that rules adopted by the State Treasurer in effect as of December 31, 2025, that are impacted by the provisions pertaining to the duties and start date of the Investment Authority must remain in effect until repealed or amended by law or the Investment Authority, and makes further technical and conforming changes.

The provisions pertaining to the creation of the North Carolina Investment Authority became effective July 1, 2025. The provisions pertaining to the duties and start date of the Investment Authority become effective January 1, 2026. Certain technical and conforming changes have various effective dates. Except as otherwise provided, this act became effective June 13, 2025.

Natural Heritage Program Data Confidentiality – Department of Natural and Cultural Resources Agency Bill.

SL 2025-10 (S477), Sec. 1

Section 1 of S.L. 2025-10 (Senate Bill 477) authorizes the Department of Natural and Cultural Resources to limit public disclosure of information concerning the nature and location of any rare species of plants or animals, or sensitive natural habitats, upon determining that disclosure would create a risk of harm, theft, or destruction to those species or habitats.

This section became effective June 13, 2025.

Standards for Visitor Conduct Exempted from Rule Making – Department of Natural and Cultural Resources Agency Bill.

SL 2025-10 (S477), Sec. 2

Section 2 of S.L. 2025-10 (Senate Bill 477) exempts the Department of Natural and Cultural Resources (DNCR) from rulemaking requirements under Article 2A of the North Carolina Administrative Procedure Act in developing standards and rules of conduct governing visitors to sites owned or managed by DNCR.

This section became effective June 13, 2025.

Extended Lease Terms for State Recreation Areas – Department of Natural and Cultural Resources Agency Bill.

SL 2025-10 (S477), Sec. 3

Section 3 of S.L. 2025-10 (Senate Bill 477) authorizes the Department of Natural and Cultural Resources (DNCR) to enter into leases for a period greater than 30 years, but no more than 50 years, of lands owned by the federal government and managed by DNCR as the Falls Lake, Jordan Lake, and Kerr Lake State Recreation Areas.

This section became effective June 13, 2025.

Modernize Historical Publications Statute – Department of Natural and Cultural Resources Agency Bill.

SL 2025-10 (S477), Sec. 4

Section 4 of S.L. 2025-10 (Senate Bill 477) allows the Department of Natural and Cultural Resources to fund publication of the Governor's papers from sources other than the State's Contingency and Emergency Fund and eliminates the provision that limits each published volume of colonial records to no more than 700 pages.

This section became effective June 13, 2025.

Symphony Statutory Revisions. – Department of Natural and Cultural Resources Agency Bill.

SL 2025-10 (S477), Sec. 5

Section 5 of S.L. 2025-10 (Senate Bill 477) clarifies that (i) employees of the Department of Natural and Cultural Resources assigned to assist the North Carolina Symphony Society, Inc. (Symphony) are exempt from certain classification and compensation-related rules established by the State Human Resources Commission and (ii) the Symphony is not a State agency and continues to be eligible to receive the patronage of the State.

This section became effective June 13, 2025.

Expand and Codify Free School Group Admission – Department of Natural and Cultural Resources Agency Bill.

SL 2025-10 (S477), Sec. 6

Section 6 of S.L. 2025-10 (Senate Bill 477) prohibits the Department of Natural and Cultural Resources (DNCR) from imposing regular admission fees on school groups visiting any site owned or managed by DNCR.

This section became effective June 13, 2025.

Repeal Obsolete Reporting Requirements – Department of Natural and Cultural Resources Agency Bill.

SL 2025-10 (S477), Sec. 7

Section 7 of S.L. 2025-10 (Senate Bill 477) repeals a reporting requirement for the Department of Natural and Cultural Resources (DNCR) related to grants-in-aid to private nonprofit organizations in the areas of history, art, and culture. It also repeals a generalized biennial reporting requirement that DNCR is required to submit in addition to any other reports required to be submitted by the General Assembly.

This section became effective June 13, 2025.

State Nature and Historic Preserve Additions and Deletions – Department of Natural and Cultural Resources Agency Bill.

SL 2025-10 (S477), Sec. 8

Section 8 of S.L. 2025-10 (Senate Bill 477) adds North Peaks State Trail to the State Nature and Historic Preserve (Preserve). This section also excepts from dedication and removes certain small

parcels from the Preserve that are located at Mayo River State Park, Chimney Rock State Park, New River State Park, and Fonta-Flora State Trail.

The removals from the Preserve are all minor deletions, as follows:

- Mayo River State Park: Excepts four small tracts totaling approximately .394 acres needed for a permanent easement for a highway construction project.
- Chimney Rock State Park: Excepts three small tracts totaling approximately 0.43 acres adjacent to US Highway 64 & 74A in Bat Cave that were destroyed by Helene.
- Chimney Rock State Park: Excepts approximately 5.78 acres needed for a permanent communications easement.
- New River State Park: Excepts a small tract totaling approximately 10,014 square feet needed for a permanent drainage easement for a highway construction project.
- Fonta-Flora State Trail: Excepts a small tract totaling approximately 4,417 square feet needed for an access easement.

This section became effective June 13, 2025.

Authorize a Temporary Exemption from Certain State Building Code Requirements Pertaining to Fire-Resistant Windows for Downtown, Commercial Structures Damaged by Hurricane Helene – Various Disaster Recovery Reforms.

SL 2025-18 (H251), Sec. 6

Section 6 of S.L. 2025-18 (House Bill 251) allows eligible buildings to be temporarily exempt from compliance with current fire-resistant window requirements under the North Carolina State Building Code (Code). An eligible building is one that meets all of the following criteria:

- Is located in a Helene-affected county, was in existence prior to September 27, 2024, and was directly damaged or destroyed by Hurricane Helene.
- Is located within the central business district or downtown commercial district of a city as of September 27, 2024.
- Is solely classified as a commercial occupancy under the Code and not classified under any residential or mixed-use occupancy group.
- Is undergoing reconstruction, rebuilding, rehabilitation, or repair solely for the purpose of restoring the building to substantially its previous condition, use, occupancy, and size, without expanding its original footprint, height, or changing its occupancy classification under the Code.

Owners of eligible buildings may reconstruct or repair the eligible building using window assemblies that have the same fire-protection rating that existed in the eligible building as of September 27, 2024. Eligible buildings are not required to upgrade to the current fire-protection ratings required by the Code. To utilize the exemption, the owner of an eligible building must submit an affidavit to the local building inspections department with the permit application. The

exemption must be claimed within two years after the effective date of this section and does not relieve owners of eligible buildings from complying with other fire safety requirements.

This section became effective June 26, 2025, and applies to eligible buildings for which a Certificate of Occupancy is issued on or after that date.

Historic Flood Event Building Code Exemptions (Replacing or Reconstructing Existing Buildings). – Various Disaster Recovery Reforms.

SL 2025-18 (H251), Sec. 7

Section 7 of S.L. 2025-18 (House Bill 251) does the following:

- Upon the execution of a memorandum of agreement (MOA) between North Carolina and the Federal Emergency Management Agency (FEMA), authorizes the owner of a lawfully established building or structure damaged by the Helene flood event to replace or reconstruct the building or structure within the base floodplain to the same or lesser extent or volume existing immediately before the historic flood event, without regard to changes in State or local regulations adopted after the building or structure was lawfully established. The MOA must specify conditions under which reconstruction in the designated Helene-affected counties may deviate from the specific the National Flood Insurance Program (NFIP) floodplain management standards, while ensuring that all counties remain eligible for participation in the NFIP.
- Limits local government authority to adopt ordinances to regulate uses in flood hazard areas and grant permits for the use of flood hazard areas that are consistent with floodway regulation statutes.
- Requires all communities in North Carolina to continue to enforce FEMA's minimum floodplain management standards, except for property owners in Helene-affected counties granted specific authority pursuant to the MOA.

This section became effective June 26, 2025, and expires three years from the effective date of the MOA with FEMA, unless otherwise extended by mutual agreement between North Carolina and FEMA or terminated earlier pursuant to the MOA.

Historic Flood Building Code Exemption (Vegetative Debris) – Various Disaster Recovery Reforms.

SL 2025-18 (H251), Sec. 8

Section 8 of S.L. 2025-18 (House Bill 251) requires the Department of Environmental Quality, the Department of Agriculture and Consumer Services (DACs), and units of local government, as applicable, to waive all of the following requirements, to the extent the requirements are State or local in origin and not otherwise required to satisfy federal law, as they may apply to activities to process tree stumps and other vegetative debris into mulch or soil amendments in the counties designated before, on, or after the effective date of this act under a major disaster declaration by the President of the United States due to Hurricane Helene:

- Solid waste composting rules for Type 1 facilities.
- Stormwater and sedimentation and erosion control requirements.
- Air quality permit requirements for vegetative debris processing equipment.
- Soil amendment or compost product registration required by DACS.
- State Fire Code limitations on mulch pile storage.

This section became effective June 26, 2025, and expires July 1, 2027.

Historic Flood Event Building Code Exemption (Composting) – Various Disaster Recovery Reforms.

SL 2025-18 (H251), Sec. 9

Section 9 of S.L. 2025-18 (House Bill 251) requires units of local government in Helene-affected counties managing vegetative debris removal within their jurisdictions to transport that material to a composting site for reuse as mulch or soil amendment when the transportation and disposal costs for processing tree stumps and other vegetative material at a composting site are equal to or less than transporting and disposing of the material at a landfill.

This section became effective June 26, 2025, and expires on July 1, 2027.

Building Code Revisions – Child Care Regulatory Reforms.

SL 2025-36 (H412), Part III

Part III of S.L. 2025-36 (House Bill 412) does the following:

- Requires that until rules are adopted, the Office of State Fire Marshall, the Residential Code Council, Building Code Council, and State and local governments enforcing the North Carolina State Building Code treat a family care home as a Residential Group R-3 occupancy provided that the area of the dwelling used for the family child care home meets certain requirements for exit locations, fire extinguishers, safety plans, carbon monoxide detection, and smoke alarms.
- Requires that the Residential Code Council and Building Code Council create a family child care home occupancy classification within a dwelling and adopt rules amending the Code that are consistent with this Part.
- Amends the definition of child care facility in G.S. 110-86 and the mandatory standards for a child care license in G.S. 110-91 to conform to changes made in this Part.
- Requires the Division of Child Development and Early Education to establish the Licensed Childcare Licensure Workgroup to examine streamlining regulatory requirements for the physical structures of licensed child care facilities and report the findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division of the General Assembly no later than one year after the act became law.

This Part became effective July 1, 2025.

Emergency Communications Exemptions/Sanitary Board/Section 401 Certifications.

SL 2025-50 (H768)

S.L. 2025-50 (House Bill 768) does the following:

- Exempts certain buildings and structures from emergency responder communications coverage requirements found within the North Carolina Fire Code, requires the Building Code Council to adopt rules in accordance with the act, and directs the Building Code Council and local governments to follow the requirements of the act until the effective date of permanent rules.
- Provides that vacancies on a sanitary district board that provides water and sewer service and that lies solely within a county with more than 17 municipalities that lie wholly within that county, shall be filled by the remaining sanitary district board members until the next election for board members with a resident from the same residency district of the vacating sanitary district board member.
- Establishes statutory requirements for the Department of Environmental Quality's (DEQ) handling of applications under Section 401 of the Clean Water Act for projects that are eligible for a Nationwide Permit or Regional General Permit issued by the United States Army Corps of Engineers. DEQ is required to:
 - Notify an applicant of the required fee within 5 days of receipt of an application. DEQ's review period begins on the date the fee is paid. The fee is waived if DEQ does not notify an applicant of the fee within 5 days of receipt of the application.
 - Within 30 days of the beginning of the review period, DEQ must (i) determine whether the application is complete and notify the applicant accordingly and, (ii) if DEQ determines an application is incomplete, specify all deficiencies in a notice to the applicant. Review of amended applications or supplemental information responses provided by the applicant must occur within 20 business days of receipt. If DEQ fails to issue a notice that the application is incomplete within the requisite initial 30-day period, or the supplemental 20 day review period, the application is deemed complete.
 - Either approve or deny an application within (i) 10 business days of the date the application is deemed complete if no public hearing is held or (ii) 15 business days of the close of the record if a public hearing is held and no additional information is required. Failure of DEQ to approve or deny the application within the requisite time results in a waiver of the certification requirement by the State, unless the applicant agrees, in writing, to an extension of time, which must not exceed one year from the State's receipt of the application for certification.
 - Issue a certification, with or without conditions or limitations, upon determining that the proposed discharges into navigable waters subject to the federal Clean Water Act will comply with State water quality requirements. DEQ can include as conditions or limitations in a certification any effluent limitations or other

limitations necessary to assure the proposed discharges into navigable waters subject to the federal Clean Water Act will comply with State water quality requirements. DEQ must not impose any other conditions or limitations in a certification.

- DEQ can deny a certification application only if it determines that no reasonable conditions or limitations would provide assurance that the proposed discharges into navigable waters subject to the federal Clean Water Act will comply with State water quality requirements.

The section of the act pertaining to buildings and structures exempt from emergency responder communications coverage requirements expires when permanent rules adopted as required by the act become permanent. The section of the act pertaining to the filling of a vacancy in a sanitary district board became effective July 2, 2025. The section of the act pertaining to applications under Section 401 of the Clean Water Act became effective October 1, 2025.

Gullah Geechee Heritage Trail – Various State and Local Government Provisions.

SL 2025-67 (H23), Part II

Part II of S.L. 2025-67 (House Bill 23) authorizes the Gullah Geechee Heritage Trail in Brunswick County. This Part requires the State to support, promote, encourage, and facilitate the establishment of trail segments on State park lands and on other lands. On segments of the Heritage Trail that cross property controlled by agencies or owners other than the State, the laws, rules, and policies of those agencies or owners control the use of the property.

This Part became effective July 7, 2025.

Authorize Adding South Fork Passage State Trail to the State Parks System. – Various State and Local Gov't Provisions.

SL 2025-67 (H23), Part IV

Part IV of S.L. 2025-67 (House Bill 23) authorizes the Department of Natural and Cultural Resources to add the South Fork Passage Trail (Trail) in Catawba, Lincoln, and Gaston Counties to the State Parks System as a State Trail. The Trail, which runs alongside the South Fork River, must begin at the confluence of the Henry Fork and Jacob Fork at Jacob Fork Park and end at the boundary between the State and South Carolina on Lake Wylie.

This section became effective July 7, 2025.

Codify Lake Norman Marine Commission. – Various State and Local Government Provisions.

SL 2025-67 (H23), Part V

Part V of S.L. 2025-67 (House Bill 23) does the following:

- Codifies the session law language that established the Lake Norman Marine Commission and makes various revisions to the laws that govern the Commission.
- Subjects individuals serving on the Lake Norman Marine Commission to the State Ethics Act, which would require them to submit a Statement of Economic Interest to the State Ethics Commission.
- Makes various conforming changes to the statute that governs the membership of the Catawba/Wateree River Basin Advisory Commission.
- Provides that the initial appointments to the governing board of the Lake Norman Marine Commission become effective on the date that is seven calendar days following the adoption by three or more eligible local governments of a joint resolution reconstituting the Lake Norman Marine Commission.
- Provides that all rules, regulations, and decisions made by the predecessor Lake Norman Marine Commission remain in full force and effect until and unless duly modified by the reconstituted Lake Norman Marine Commission.

This Part became effective July 7, 2025.

Road and Bridge Naming Designations – Various State and Local Government Provisions.

SL 2025-67 (H23), Part VI

Part VI of S.L. 2025-67 (House Bill 23) requires the Department of Transportation to make the following naming designations:

- Rename the bridge on North Carolina Highway 904 that crosses the Columbus and Robeson County Line as the "Assistant Chief Lenneau D. Hammond Bridge."
- Rename the bridge on Rock Barn Road NE that crosses Interstate 40 as the "Mayor Bruce R. Eckard Bridge."
- Rename Complex Street in the Town of Tabor City as "Shane Miller Street."

This Part became effective July 7, 2025.

Amend the North Carolina State Building Code to Allow Certain Unlimited Area Building Clearances to Include Railroad Rights-Of-Way – Various State and Local Government Provisions.

SL 2025-67 (H23), Part VII

Part VII of S.L. 2025-67 (House Bill 23) requires the Building Code Council to amend the North Carolina State Building Code (Code), and those enforcing the Code prior to the amendment, to include railroad rights-of-way as part of the term “public ways” for open space clearance determinations to allow for an unlimited area building classification for certain existing buildings which also meet specified parcel and building criteria.

This Part became effective July 7, 2025, and expires upon the adoption of permanent rules.

Limit Rules With Substantial Financial Costs.

SL 2025-82 (H402)

S.L. 2025-82 (House Bill 402) provides that a proposed permanent rule with an aggregate financial cost of \$20 million in a five-year period cannot become effective unless the General Assembly ratifies a bill approving the rule. If the General Assembly does not ratify a bill approving the rule, the Rules Review Commission must return the rule to the agency within 15 days of the General Assembly adjourning for a period of 30 days or more. This act does not apply to rules required by federal law.

"Aggregate financial cost" is defined as the amount of costs to all persons affected, as identified in a substantial economic impact analysis, not including benefits. "Substantial economic impact" means an aggregate financial impact on all persons affected by a proposed rule of \$1 million in a five-year period.

Further, the act imposes limitations on permanent rules adopted by a board, commission, council, or similar unit of government, including rules adopted as part of the periodic review and readoption process, as follows:

- For proposed permanent rules with an aggregate financial cost of at least \$1,000,000 over a five-year period, the rule must be adopted by a vote of at least 2/3 of all members present and voting, except if the rule or set of rules is required by federal law.
- For proposed permanent rules with an aggregate financial cost of \$10,000,000 over a five-year period, the rule must be adopted by a unanimous vote of all members present and voting, except if the rule or set of rules is required by federal law.

This bill was vetoed by the Governor on June 27, 2025, and that veto was overridden by the General Assembly on July 29, 2025. This act became effective July 29, 2025, and applies to rules adopted on or after that date.

Clarify Powers of State Auditor – Clarify Powers of State Auditor.

SL 2025-83 (H549), Part I

Part I of S.L. 2025-83 (House Bill 549) does the following:

- Exempts the Office of the State Auditor from getting written approval from the Governor before contracting to obtain the services of a consultant. (Effective July 1, 2025).
- Generally exempts the Office of the State Auditor from the statutes governing information technology. The Auditor's Office may elect to participate in the information technology programs, services, and contracts offered by the Department of Information Technology, including procurement. The Office of State Auditor must make this election in writing. (Effective July 1, 2025).
- Exempts the Office of the State Auditor from statutes requiring the Department of Information Technology to approve information technology procurement. The Auditor may procure information technology services under the Auditor's authority to contract with professional persons and experts. (Effective July 1, 2025).
- Defines a "publicly-funded entity" as "[a]ny individual, private corporation, institution, association, board, or other organization that receives, disburses, or otherwise handles State or federal funds."
- Provides that the State Auditor is required to investigate reports of improper governmental activities of publicly-funded entities in addition to State agencies and employees of those agencies.
- Provides that upon demand of the Auditor, access to persons and records of a State agency includes the viewing of databases, datasets, and digital records necessary for any purpose within the authority of the Auditor.
- Permits the Auditor to have access to databases, datasets, digital records, and other documentation of publicly-funded entities which pertain to either: (i) amounts received from a grant or contract from the federal government, the State, or its political subdivisions or (ii) amounts received, disbursed, or otherwise handled for the federal government, the State, or its political subdivisions.
- Allows the Auditor to commence an action in superior court for a show cause hearing if a person failed to provide access to persons or records.

This bill was vetoed by the Governor on July 2, 2025, and that veto was overridden by the General Assembly on July 29, 2025. Except as otherwise provided, this Part of the act became effective July 29, 2025.

Other State Auditor Amendments – Clarify Powers of State Auditor.

SL 2025-83 (H549), Part II

Part II of S.L. 2025-83 (House Bill 549) does the following:

- Removes language making certain entities subject to audit by the State Auditor and requiring the Auditor to verify certain membership counts.

- Provides that if an audit or investigation reveals that a person or entity received public funds as a result of fraud, misrepresentation, or other deceptive acts or practices while doing business with a State agency, then the Auditor must notify the Department of Revenue so the money can be collected. (Effective December 1, 2025).
- Allows the State Auditor to audit or investigate any publicly funded entity. This audit or investigation is limited to the State or federal funds received, disbursed, or otherwise handled by the publicly-funded entity.

This bill was vetoed by the Governor on July 2, 2025, and that veto was overridden by the General Assembly on July 29, 2025. Except as otherwise provided, this Part of the act became effective July 29, 2025.

Sunday Opening State Historic Site Pilot Program – Continuing Budget Operations.

SL 2025-89 (H125), Sec. 2C.1

Section 2C.1 of S.L. 2025-89 (House Bill 125) appropriated from the General Fund to the Department of Natural and Cultural Resources (DNCR) the nonrecurring sum of \$114,000 in each year of the 2025–2027 fiscal biennium to implement and fund the Sunday Opening State Historic Pilot Program (Program). The Program requires DNCR to open and operate the following historic sites on Sundays during each site's peak season:

1. Bentonville Battlefield.
2. Brunswick Town/Fort Anderson.
3. Charlotte Hawkins Brown Museum.
4. Fort Fisher.
5. Governor Charles B. Aycock Birthplace.
6. Historic Bath.
7. Historic Edenton.
8. Historic Halifax.
9. North Carolina State Capitol.
10. Reed Gold Mine.
11. Roanoke Island Festival Park.
12. Somerset Place.
13. Thomas Day State Historic Site.

This section of the act became effective July 1, 2025.

Division of Accountability, Value, and Efficiency – Continuing Budget Operations.

SL 2025-89 (H125), Sec. 2E.2

Section 2E.2 of S.L. 2025-89 (House Bill 125) appropriates \$6 million to the Department of the State Auditor (Department) to establish the Division of Accountability, Value, and Efficiency

(Division) within the Department, including up to 45 new positions. No later than October 1, 2025, every State agency must report to the Division an explanation of how the agency, including each division or office within that agency, utilizes public monies to execute its powers and duties under law, and a description of all positions within that agency that have remained vacant for six months or more as of July 1, 2025.

The Division is directed to assess the continued need for each State agency and the vacant positions within each agency and report to the General Assembly by December 31, 2025. The Division terminates on December 31, 2028.

The appropriation in this section became effective July 1, 2025. The remainder of this section became effective August 6, 2025.

State Board of Elections Exempt Positions/Funds – Continuing Budget Operations.

SL 2025-89 (H125), Sec. 2E.3

Section 2E.3 of S.L. 2025-89 (House Bill 125) appropriates recurring funds to the State Board of Elections for seven new policymaking positions, all of which are also designated as exempt policymaking positions under the North Carolina Human Resources Act.

This section became effective July 1, 2025.

Department of Labor Modifications – Continuing Budget Operations Part II.

SL 2025-92 (H358), Sec. 4.1

Section 4.1 of S.L. 2025-92 (House Bill 358) does the following:

- Allows the Department of Labor (Department) to hire private counsel from available funds and represent itself in court, as necessary.
- Permits the Department to take action in court to enforce rules and regulations.
- Provides that upon request of the Department, the Attorney General must represent the Department in actions or proceedings. The Attorney General can designate staff to fulfill this duty.

This section became effective September 30, 2025.

Exempt Model Homes from Fire Protection Water Supply Requirement During Construction – Regulatory Reform Act of 2025.

SL 2025-94 (H926), Sec. 6

Section 6 of S.L. 2025-94 (House Bill 926) authorizes a fire code official to reduce fire-flow requirements for an isolated model home at a subdivision project site where full fire flow

requirements is impractical or pending. This section also requires the Building Code Council and Residential Code Council to make conforming changes to the Code, as applicable.

This section became effective October 6, 2025.

Limit Local Government Authority to Regulate the Display of American Flags on Private Property – Regulatory Reform Act of 2025.

SL 2025-94 (H926), Sec. 12

Section 12 of S.L. 2025-94 (House Bill 926) amends existing law that limits the authority of local governments to prohibit an official governmental flag from being flown or displayed if the official governmental flag is flown or displayed. The section enhances protections for the American flag and the State's flag to prohibit a local government from adopting or enforcing an ordinance that prohibits or restricts a property owner from displaying such flags on the property owner's property. A local government is, however, authorized to adopt an ordinance to reasonably regulate the manner and placement of the display of an American flag or a North Carolina flag only when necessary to protect public health and safety. To enforce such an ordinance against a particular property, a local government is required to produce written findings of fact documenting the public health and safety concerns. If a local government asserts a traffic based justification concerning a flag on a particular property, a site study conducted by the Department of Transportation must be performed to evaluate whether traffic concerns will actually arise with manner or placement of the display of the flag at the particular location, and a flag must only be prohibited if the Department of Transportation determines traffic concerns would in fact arise.

This section became effective October 6, 2025, and abates any citation, fine, penalty, action, proceeding, or litigation pending on that date which has resulted from application of an ordinance contrary to the provisions of this section.

Extend Notice Required Before Contested Case Hearings – Regulatory Reform Act of 2025.

SL 2025-94 (H926), Sec. 14

Section 14 of S.L. 2025-94 (House Bill 926) requires that for Article 3 contested cases, the Office of Administrative Hearings (OAH) must give the parties notice of the location and week that the hearing is expected at least 30 days before the initial scheduled hearing date. OAH must still issue a formal notice of hearing at least 15 days before the hearing date. For Article 3A contested cases, the agency must give the parties notice at least 30 days before the hearing.

This section became effective October 6, 2025.

Encourage Article 3A Agencies to Negotiate Informally – Regulatory Reform Act of 2025.

SL 2025-94 (H926), Sec. 15

Section 15 of S.L. 2025-94 (House Bill 926) clarifies the official State policy on contested cases, to provide that for State agencies whose contested cases operate under Article 3A of the Administrative Procedure Act, disputes between a person and the agency should ideally be settled through informal procedures before the filing of a contested case, and that a contested case may be filed only if the dispute cannot be resolved informally.

This section became effective October 6, 2025.

Zoning Regulation/University Property – Regulatory Reform Act of 2025.

SL 2025-94 (H926), Sec. 18

Section 18 of S.L. 2025-94 (House Bill 926) exempts on a Statewide basis any building project managed by the State Construction Office from local zoning and development regulations. This section would also exempt projects that are both: (i) managed by The University of North Carolina or any of its constituent institutions, and (ii) are in Buncombe, Orange, Watauga, or Wake County.

This section became effective October 6, 2025.

Equality in State Agencies/Prohibition on DEI.

Ratified (H171)

House Bill 171 would have done the following:

- Prohibit State agencies from promoting, supporting, implementing, or maintaining diversity, equity, and inclusion (DEI), including using DEI in State government hirings and employment, maintaining dedicated DEI staff positions or offices, or offering or requiring DEI training.
- Prohibit a State agency or unit of local government from (i) using State funds or public monies to promote, fund, implement, or maintain DEI initiatives or programs and (ii) applying for, accepting, or utilizing federal funds, grants, or other assistance that require compliance with DEI policies, initiatives, or mandates. Existing programs funded in these ways would have been discontinued unless federal law required continued participation.
- Require the State Auditor to conduct periodic compliance audits to determine violations and report those violations to named entities.
- Amend the State Budget Act by requiring State agencies to attempt to recoup the misspent funds by all lawful means available, including filing a civil action. It would have also required the Governor to report the facts leading to the suspension of a State officer or employee of the Executive Branch to the Attorney General and the district attorney for the county in which all or a substantial part of the violation occurred.

- Require the Local Government Commission, after suspending a local officer or employee for refusing to comply with the Local Government Finance Act, to report the circumstances to the Attorney General and the district attorney for the county in which all or a substantial part of the noncompliance occurred.
- Provide consequences for violating the prohibition on using public monies for DEI purposes.

House Bill 171 was ratified by the General Assembly on June 30, 2025, and vetoed by the Governor on July 3, 2025.