

Local Government

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Interest to Support North Carolina Pandemic Recovery Efforts – State Fiscal Recovery Funds/North Carolina Pandemic Recovery Office Revisions.

SL 2026-3 (H433), Sec. 3

Section 3 of S.L. 2026-3 (House Bill 433) specifies that interest earned on certain funds, from the following, is appropriated to the Office of State Budget and Management for operations pertaining to pandemic recovery: the Local Fiscal Recovery Fund; the Homeowner Assistance Fund; the Economic Development Assistance Strategy and Tourism grant funds; and the Project Fund.

This section became effective May 12, 2026.

Constitutional Amendment Property Tax Levy Limit.

SL 2026-5 (H1089)

S.L. 2026-5 (House Bill 1089) submits to the voters of North Carolina the question of whether to amend the State Constitution to require the General Assembly to enact limits on the amount by which the authorized property tax levy could be increased and allow for exceptions applicable to the limitations enacted.

The ballot question will be considered at the statewide general election to be held on November 3, 2026, and the ballot question will read:

"Constitutional amendment requiring limits on property tax increases by local governments."

This act became effective May 21, 2026. If approved by a majority of the voters in the November 3, 2026, election, the amendment to the North Carolina Constitution will become effective upon certification of the referendum results.

Property Tax Reappraisal Moratorium.

SL 2026-8 (S889)

S.L. 2026-8 (Senate Bill 889), later modified by S.L. 2026-47 (Senate Bill 474), imposes a property tax reappraisal moratorium on certain counties meeting specified criteria, which will delay by one year the implementation of the general reappraisal conducted for 2026 by those counties. Specifically, this act does the following:

Section 1 initially required any county that (i) had a population of 15,000 or greater according to the latest federal decennial census and (ii) conducted a general reappraisal for 2026 and adopted a new schedule of values effective January 1, 2026, to postpone the implementation of its 2026

reappraisal. Instead, the schedule of values from the previous reappraisal must be used for the taxable year beginning July 1, 2026. The 2026 reappraisal will instead be implemented and deemed to have been conducted in 2027. Section 1 was initially effective June 19, 2026, and applied to nine counties that conducted reappraisals effective January 1, 2026: Anson, Bladen, Buncombe, Davidson, Guilford, Harnett, Onslow, Pender, and Scotland. Chowan, Clay, and Pamlico Counties also conducted 2026 reappraisals, but each fell below the 15,000-population limit.

However, Section 1 was modified by S.L. 2026-47 to adjust the counties subject to the moratorium. That act, effective July 7, 2026, rewrote Section 1 to instead provide that any county that conducted a general reappraisal for 2026 must postpone that reappraisal until 2027, unless any of the following exemptions apply:

- General Exemption – The moratorium does not apply to a county meeting any of the following criteria:
 - Has a population of less than 12,000 according to the latest federal decennial census.
 - Clay County is exempt under this metric; however, Chowan and Pamlico Counties no longer qualify for exemption.
 - Is in the third year following its notice of mandatory reappraisal advancement with a population of less than 150,000 according to the latest federal decennial census.
 - Harnett County is exempt under this metric.
 - Has levied a property tax rate, exclusive of any special tax area, in excess of \$0.95 per \$100 of property value at any point over the previous four taxable years.
 - Scotland County is exempt under this metric.
- Revenue-neutral property tax rate exemption – The moratorium does not apply to a county that meets all of the following criteria:
 - Is in a Helene affected area, as defined in Section 1.4 of S.L. 2025-2.
 - Is not otherwise exempt under a general exemption, above.
 - For the taxable year beginning July 1, 2026, adopts a property tax rate at or below the rate equal to its revenue-neutral property tax rate rounded up to the next whole cent.
 - Buncombe County could have qualified for exemption under these criteria; however, it is subject to the moratorium because it did not adopt a property tax rate at or below the rounded revenue-neutral rate.

Therefore, after the passage of S.L. 2026-47, nine counties are subject to the property tax reappraisal moratorium: Anson, Bladen, Buncombe, Chowan, Davidson, Guilford, Onslow, Pamlico, and Pender.

Section 2 of S.L. 2026-8 requires an individual selected to serve as a county assessor to pay a \$20 fee in order to take the comprehensive examination required to maintain their eligibility to serve as a county assessor. This section is effective October 1, 2026, and applies to examinations conducted on or after that date.

Add New Hanover and Pender as High Hazard Counties for Open Burning. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 10

Section 10 of S.L. 2026-11 (Senate Bill 401) adds New Hanover County and Pender County to the list of "high hazard counties" in which it is unlawful:

- For any person to willfully start or cause to be started any fire in or within 500 feet of any woodland under the protection of the Department of Agriculture and Consumer Services (DACS) without a permit from DACS.
- For any person to willfully burn debris, stumps, brush, or other flammable materials from ground clearing of five or more contiguous acres without a special permit from DACS. Regular permits are required for areas less than five acres.

This section became effective June 22, 2026.

Exempt Buildings Used for Production of Agricultural Products Derived from Animal Waste from Building Code and County Zoning – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 19

Section 19 of S.L. 2026-11 (Senate Bill 401) does all of the following:

- Provides that a building or structure used solely for the production of agricultural products and commodities derived from animal waste, including fertilizers and biogas, is a bona fide farm purpose exempt from county zoning.
- Reorganizes the existing uses specifically set out as bona fide farm purposes into an enumerated list.
- Exempts buildings used solely for the production of agricultural products and commodities derived from animal waste, including fertilizers and biogas, from the building code, provided the building:
 - Is surrounded and adjoined by open space of not less than 60 feet in width.
 - Has a posted reflective placard of at least 24 by 24 inches displaying "Ag. Exempt".

This section became effective July 1, 2026.

Incentivize Development Finance District Funding.

SL 2026-12 (S695)

S.L. 2026-12 (Senate Bill 695) creates a new property tax benefit as an alternative to the builder's inventory exclusion and applies to qualified development held for sale by a builder that is located within an incentive district. Ninety percent of the appraised value of a property classified under this new benefit is excluded from property taxation.

An incentive district is defined as an area (i) designated by a developer, (ii) submitted for approval to the local government, (iii) located in a blighted, deteriorated, or undeveloped area, or an area appropriate for rehabilitation, conservation, or economic development, and (iv) approved by resolution of the local government. The total land area within incentive districts in a local government unit may not exceed five percent of the local government unit's total area. Qualified development is defined as land and any unoccupied improvement by a builder to the land; however, it does not include remodeling, renovating, rehabilitating, or refinishing existing structures or buildings.

A county is prohibited from creating an incentive district that includes land within a municipality unless the municipality agrees, by resolution, to the inclusion. If a municipality is creating the incentive district, the municipality is required to notify the county or counties in which the incentive district is located before approving the district. Unless a notified county, by resolution, disapproves the proposed district within 28 days after the date the notice is mailed, the municipality may proceed to approve the district.

The exclusion ends 10 years from the time the property first received the exclusion or when the property is sold, whichever occurs first. Property receiving the exclusion under this new benefit may not receive the builder's inventory exclusion.

This act becomes effective for taxes imposed for taxable years beginning on or after July 1, 2027.

Clarify Tourism-Related Expenditures.

SL 2026-15 (S484)

S.L. 2026-15 (Senate Bill 484) clarifies that when occupancy tax proceeds are authorized to be used for "tourism-related expenditures," those expenditures do not include services ordinarily provided to or that primarily benefit residents, such as the type of services typically funded through a local government's general fund, unless explicitly provided for by local act. This limitation applies to all counties and cities that levy an occupancy tax and prohibits occupancy tax proceeds from being spent on services such as solid waste collection or disposal, water supply, distribution, or treatment, fire protection, law enforcement, public safety services, emergency services, affordable housing, or education, unless explicitly authorized in the local act.

This legislation was in response to Costanzo v. Currituck County, a North Carolina Supreme Court case issued on May 22, 2026, in which a group of vacation rental property owners, who collect and remit occupancy taxes, challenged the County's use of funds for public safety services arguing that those services are not "tourism-related expenditures." The Court ultimately ruled in favor of the County, in large part because the local act deferred to the judgment of the Board of Commissioners in determining what constitutes a tourism-related expenditure. Moreover, the Court found the Commissioners' reasoning sound and in good faith because seasonal increases in tourists require additional public safety services and because tourists tend to avoid visiting areas that are not perceived to be safe. This legislation effectively overrules the opinion, at least with respect to Currituck County. However, consistent with the exception for explicit

authorization, S.L. 2026-7 modifies Currituck County's local act to explicitly allow it to use a portion of occupancy tax proceeds for certain public safety services.

This act became law June 22, 2026, and applies to the expenditure of occupancy tax proceeds collected on or after that date.

Housing Benefits Eligibility Verification – North Carolina Border Protection Act.

SL 2026-19 (S153), Part III

Part III of S.L. 2026-19 (Senate Bill 153), as amended by Section 5.9.(b6) of S.L. 2026-41 (Senate Bill 257), requires the Department of Commerce, the Housing Finance Agency, and all local housing authorities to do the following:

- Cease providing publicly funded housing benefits to noncitizens residing in the United States without legal permission to the extent permitted by federal law.
- Develop a plan, to the extent permitted by federal law, to update and review eligibility criteria for all publicly funded housing benefits to ensure noncitizens residing the United States without legal permission are ineligible to receive those benefits.
- Report by January 15, 2027, on the steps taken to cease providing benefits and the details of the developed and implemented plan including all federal statutes or regulations prohibiting denial of benefits.

This Part defines "publicly funded housing benefits" to include various programs or assistance administered by or through a contract with the Department of Commerce, the North Carolina Housing Agency, and any local housing authority.

Senate Bill 153 was vetoed by the Governor on June 20, 2025, and that veto was overridden by the General Assembly on June 24, 2026. This Part became effective June 24, 2026.

Waiver of Local Government Immunity – North Carolina Border Protection Act.

SL 2026-19 (S153), Part V

Part V of S.L. 2026-19 (Senate Bill 153) waives governmental immunity from tort liability for local governments that adopt sanctuary ordinances when an unauthorized alien commits a crime against a person or property within its corporate limits, regardless of whether the local government has purchased liability insurance.

This bill was vetoed by the Governor on June 20, 2025, and that veto was overridden by the General Assembly on June 24, 2026. This Part became effective June 24, 2026.

Tax Foreclosure Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part X

Part X of S.L. 2026-31 (Senate Bill 595) makes two changes that impact tax and assessment collection procedures by local governments.

First, it clarifies that, for purposes of federal law, a tax foreclosure sale under G.S. 105-374 is considered a judicial sale. The reason for the clarification has to do with the manner in which a local government must provide notice to the federal government of a pending foreclosure action. There are different methods by which a local government must put the federal government on notice of a pending foreclosure action depending on whether it is a judicial sale or non-judicial sale. The term "judicial sale" is defined as excluding all tax foreclosure sales, which creates confusion as to what type of service of process is appropriate for the tax foreclosures under G.S. 105-374, which are truly judicial sales. Without the clarification, the federal government could make the argument that a tax foreclosure under G.S. 105-374, which is judicial in nature, must otherwise meet the service of process requirements for a non-judicial sale because of this exclusion. This provision became effective July 2, 2026.

Second, it gives local special assessments priority over federal tax liens. Current law states that assessments imposed by counties and by cities are subordinate to federal liens. As subordinate liens, special assessments will be paid from foreclosure sales proceeds after the payment of federal liens. Sometimes the proceeds are insufficient to reach the local government and are then extinguished and cannot be collected. Federal law provides that local government special assessment liens may come ahead of federal liens if state law provides. This provision is effective October 1, 2026.

Increase Compensation for Members of the Board of Trustees of the Piedmont Authority for Regional Transportation – Various Revenue Laws Changes.

SL 2026-31 (S595), Part XV

Part XV of S.L. 2026-31 (Senate Bill 595) increases the payment to members of the Board of Trustees of the Piedmont Authority for Regional Transportation for attending meetings from \$50 per meeting to \$100 per meeting.

This Part became effective July 2, 2026, and applies to meetings attended on or after that date.

Modify the Authority of Certain Local Governments to Require Stormwater Control for Redeveloped Property. – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Sec. 5.5

Section 5.5 of S.L. 2026-32 (House Bill 376):

- Authorizes a local government to offer non-mandatory incentives that waive building, zoning, connection, or other regulations or fees, provide additional tax and financial benefits, or institute other incentives for development or redevelopment that implements additional stormwater control measures beyond those required by statute and rule.
- Makes various formatting and stylistic changes to existing language governing pre-existing impervious surface on a property under development, and adds language that provides:
 - Existing-built upon area cannot be included in the density calculations for additional stormwater control requirements, irrespective of whether the existing built-upon area is to be demolished, relocated, replaced, or remains in place during development activity.
 - For purposes of determining the size of the area for which stormwater control measures are required for a development or redevelopment, built upon area that existed before the development or redevelopment shall be applied on a square foot for square foot basis to reduce the built-upon area for which stormwater control measures are required.
 - Stormwater control requirements cannot be applied retroactively to existing built-upon area, unless otherwise required by federal law.

Each local government that implements a stormwater management program must amend its stormwater ordinance to conform to these changes by July 2, 2027. Any local stormwater ordinance that is inconsistent with these changes is void and unenforceable on and after that date.

This section became effective July 2, 2026, and applies to stormwater rules and stormwater program amendments adopted on or after that date.

Prohibiting Certain Zoning and Development Limitations Related to Off-Street Parking – Parking Lot Reform/Stormwater Control.

SL 2026-39 (H162), Sec. 1

Sec. 1 of S.L. 2026-39 (House Bill 162) prohibits local governments from requiring an off-street parking lot to meet a minimum number of parking spaces per development or structure, regardless of the use or occupancy. This limitation would not, however, apply to local governments located in the coastal area,^{[\[1\]](#)} except with respect to:

- Properties located within the boundaries of a National Register Historic District or a local historic district.
- Properties that are either (i) individually listed in the National Register of Historic Places or (ii) individually designated as a local historic landmark.
- Individual properties on the Study List for the National Register of Historic Places as maintained by the North Carolina State Historic Preservation Office or a national or State historic landmark.

- Properties located within a district on the Study List for the National Register of Historic Places as maintained by the North Carolina State Historic Preservation Office or a national or State historic landmark.

This section becomes effective January 1, 2027.

[\[1\]](#) G.S. 113A-103 defines "coastal area" as "the counties that (in whole or in part) are adjacent to, adjoining, intersected by or bounded by the Atlantic Ocean (extending offshore to the limits of State jurisdiction, as may be identified by rule of the Commission for purposes of this Article... Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Craven, Currituck, Dare, Gates, Hertford, Hyde, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrrell, and Washington."

Modify the Authority of Certain Local Governments to Require Stormwater Control for Redeveloped Property. – Parking Lot Reform/Stormwater Control.

SL 2026-39 (H162), Sec. 2

Section 2 of S.L. 2026-39 (House Bill 162):

- Authorizes a local government to offer non-mandatory incentives that waive building, zoning, connection, or other regulations or fees, provide additional tax and financial benefits, or institute other incentives for development or redevelopment that implements additional stormwater control measures beyond those required by statute and rule.
- Makes various formatting and stylistic changes to existing language governing pre-existing impervious surface on a property under development, and adds language that provides:
 - Existing built-upon area cannot be included in the density calculations for additional stormwater control requirements, irrespective of whether the existing built-upon area is to be demolished, relocated, replaced, or remains in place during development activity.
 - For purposes of determining the size of the area for which stormwater control measures are required for a development or redevelopment, built-upon area that existed before the development or redevelopment shall be applied on a square foot for square foot basis to reduce the built-upon area for which stormwater control measures are required.
 - Stormwater control requirements cannot be applied retroactively to existing built-upon area, unless otherwise required by federal law.

Each local government that implements a stormwater management program must amend its stormwater ordinance to conform to these changes by July 2, 2027 (within 12 months of the effective date of this section). Any local stormwater ordinance that is inconsistent with these changes is void and unenforceable on and after that date.

This section became effective July 6, 2026, and applied to stormwater rules and stormwater program amendments adopted on or after that date; however, this section was subsequently repealed by Section 40 of S.L. 2026-59 (Senate Bill 445), as an identical provision was enacted as Section 5.5 of S.L. 2026-32 (House Bill 376).

Various Board Changes - Local Government Commission – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.10(b)

Section 5.10(b) of S.L. 2026-41 (Senate Bill 257), as amended by Section 1.7(a) of S.L. 2026-61 (House Bill 268), does the following:

- Removes the Secretary of State's membership from the Local Government Commission and replaces the position with a member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
- Transfers two of the Governor's three appointees as follows:
 - One to the General Assembly upon recommendation of the Speaker of the House.
 - One to the State Treasurer, subject to confirmation by the General Assembly by joint resolution.
- Provides that the Governor's appointment is subject to confirmation by the General Assembly by joint resolution.
- Clarifies that the members appointed by the Governor, the General Assembly, and the Treasurer are voting members.

This subsection, as amended, became effective August 11, 2026.

Various Board Changes - Local Government Commission Staggering – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.10(b1)

Section 5.10(b1) of S.L. 2026-41 (Senate Bill 257), as amended by Section 1.7(c) of S.L. 2026-61 (House Bill 268), does the following:

- Directs non-ex officio members of the Local Government Commission to finish their current terms on the Commission.
- Requires that the new member for a current, non-ex officio member's seat be appointed prior to the expiration of the non-ex officio member's current term.
- Requires that if a vacancy occurs before the expiration of a non-ex officio member's current term, the vacancy be filled pursuant to the provision establishing the Commission.
- Directs non-ex officio seats on the Commission be filled as follows:
 - The General Assembly upon the recommendation of the President Pro Tempore of the Senate must make an appointment to fill any vacancy occurring in the seat held by the Secretary of State prior to June 30, 2029, and thereafter.

- The term of the member appointed by the Governor serving as a current or former member of the governing board of a city continues until June 30, 2029. After this date, the appointment to this seat remains with the Governor. The Governor must make an appointment to fill any vacancy occurring in this seat prior to June 30, 2029, and thereafter.
- The term of the member appointed by the Governor serving as an at-large member continues until June 30, 2029. After this date, the General Assembly upon the recommendation of the Speaker of the House of Representatives must make an appointment to fill the seat. If the seat becomes vacant prior to June 30, 2029, the Speaker must make an appointment to fill the seat for any partial term and any terms thereafter.
- The term of the member appointed by the Governor serving as a current or former member of a county board of commissioners continues until June 30, 2029. After this date, the State Treasurer must make an appointment to fill the seat. If the seat becomes vacant prior to June 30, 2029, the State Treasurer must make an appointment to the seat to fill any partial term and any terms thereafter.
- The term of the member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate serving as an at-large member continues until June 30, 2029. After this date, the appointment to this seat remains the President Pro Tempore. The General Assembly upon the recommendation of the President Pro Tempore must make an appointment to fill any vacancy occurring in this seat prior to June 30, 2029, and thereafter.
- The term of the member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives serving as an at-large member continues until June 30, 2029. After this date, the appointment to this seat remains with the Speaker. The General Assembly upon the recommendation of the Speaker must make an appointment to fill any vacancy occurring in this seat prior to June 30, 2029, and thereafter.

This subsection, as amended, became effective August 11, 2026.

Various Board Changes - Local Government Commission Temporary/Permanent Rules – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.10(b2)

Section 5.10(b2) of S.L. 2026-41 (Senate Bill 257), as amended by Section 1.7(c) of S.L. 2026-61 (House Bill 268), allows the Local Government Commission to adopt temporary rules, as necessary, to implement the provisions related to Commission membership and requires the Commission to adopt permanent rules to replace any temporary rules. Those temporary rules must remain in effect until permanent rules that replace those rules become effective.

This subsection, as amended, became effective August 11, 2026.

Local Government Employees' Retirement System Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.10(c)

Sections 5.10.(c), (c1), (c2), (c3), and (c4) of S.L. 2026-41 (Senate Bill 257) reconfigure the membership of the Local Government Employees' Retirement System (LGERS) Board of Trustees to include the State Treasurer, two members appointed by the State Treasurer, two members appointed by the Governor, and two members appointed by the General Assembly. The members appointed by the Governor and the State Treasurer are subject to confirmation by the General Assembly by joint resolution.

The position currently held by the Superintendent of Public Instruction and any vacant seat will be terminated on the effective date of these sections. Any member of the LGERS Board of Trustees serving a holdover, expired term on the effective date will continue serving, and the procedure for filling vacancies will apply. Any member of the LGERS Board of Trustees who is serving a current, unexpired term on the effective date will continue to serve until expiration of the term or upon vacancy.

The sections provide for four-year terms of appointive members. Appointive members are eligible for reappointment provided they serve no more than two four-year terms consecutively, and appointive members may only be removed by the appointing authority. Further, appointive members must take an oath, possess expertise in pensions, and must not hold other public office in the State or have any of the following apply:

- The individual has been indicted or charged with, convicted of, pled guilty or nolo contendere to, or forfeited bail concerning a felony or misdemeanor involving fraud, theft, or dishonesty.
- The individual had a judgement entered against the individual in a civil matter involving breach of fiduciary duties.
- The individual has been the subject of an adverse action by the Securities and Exchange Commission that resulted in any penalty.
- The individual, the individual's spouse, or other immediate family member, is or becomes employed by the State Treasurer or by any service provider that assists in the administration of the Retirement System overseen by the Retirement Systems Division.

The LGERS Board of Trustees must meet at least quarterly. Meetings may be called by the State Treasurer or by majority of the Board of Trustees. A minimum of four members must be present to establish a quorum, and a majority vote of the members present is required for any action taken with the vote of the State Treasurer prevailing in the event of a tie. The State Treasurer may appoint a designee. The State Treasurer serves as the chair of the Board of Trustees and must appoint a secretary.

Members who do not receive a salary or any portion of a salary from State funds are eligible to receive up to \$100 per day during session, and all members will be reimbursed for necessary expenses in accordance with statute.

These sections become effective July 1, 2027.

Teachers' and State Employees' Retirement System Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.10(d)

Sections 5.10.(d), (d1), (d2), (d3), (d4), and (d5) of S.L. 2026-41 (Senate Bill 257) reconfigure the membership of the Teachers' and State Employees' Retirement System (TSERS) Board of Trustees to include the State Treasurer, the Director of the Office of State Human Resources as a non-voting member, two members appointed by the State Treasurer, two members appointed by the Governor, and two members appointed by the General Assembly. The members appointed by the Governor and the State Treasurer are subject to confirmation by the General Assembly by joint resolution.

The position currently held by the Superintendent of Public Instruction, the voting ability of the Director of the Office of State Human Resources, and any vacant seat will be terminated on the effective date of these sections. Any member of the TSERS Board of Trustees serving a holdover, expired term on the effective date will continue serving, and the procedure for vacancies will apply. Any member of the TSERS Board of Trustees who is serving a current, unexpired term on the effective date will continue to serve until expiration of the term or upon the member's vacancy.

The sections further provide for four-year terms of appointive members. Appointive members are eligible for reappointment provided they serve no more than two four-year terms consecutively. Appointive members may only be removed by the appointing authority. Further, appointive members must take an oath, possess expertise in pensions, and must not hold other public office in the State or have any of the following apply:

- The individual has been indicted or charged with, convicted of, pled guilty or nolo contendere to, or forfeited bail concerning a felony or misdemeanor involving fraud, theft, or dishonesty.
- The individual had a judgement entered against the individual in a civil matter involving breach of fiduciary duties.
- The individual has been the subject of an adverse action by the Securities and Exchange Commission that resulted in any penalty.
- The individual, the individual's spouse, or other immediate family member, is or becomes employed by the State Treasurer or by any service provider that assists in the administration of the Retirement System overseen by the Retirement Systems Division.

The TSERS Board of Trustees must meet at least quarterly. Meetings may be called by the State Treasurer or by majority of the Board of Trustees. A minimum of four members must be present to establish a quorum, and a majority vote of the members present is required for any action taken with the vote of the State Treasurer prevailing in the event of a tie. The State Treasurer and the Director of the Office of State Human Resources may each appoint a designee. The State Treasurer serves as the chair of the Board of Trustees and must appoint a secretary.

Members who do not receive a salary or any portion of a salary from State funds are eligible to receive up \$100 per day during session, and all members will be reimbursed for necessary expenses in accordance with statute.

These sections become effective July 1, 2027.

Clarify Authority to Own Water Resources as Part of Public Enterprise – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.11

Section 5.11 of S.L. 2026-41 (Senate Bill 257) provides that counties and cities may operate public enterprises for water supply and distribution systems of all types, including dams, reservoirs, water intakes, water treatment facilities, and any infrastructure associated with that service or system. It also makes conforming changes to the definition of "water" in specific property tax statutes for counties and cities.

This section became effective July 1, 2026.

Split District Court District 5 Into 5A and 5B – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.2

Section 16.2 of S.L. 2026-41 (Senate Bill 257) splits District Court District 5 into District Court Districts 5A and 5B.

This section becomes effective January 1, 2027, and subsequent elections for judgeships in District Court Districts 5A and 5B must be held accordingly.

Revise Magistrates in Various Counties – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.3

Section 16.3 of S.L. 2026-41 (Senate Bill 257), as amended by Section 6.1 of S.L. 2026-61 (House Bill 268), revises the number of magistrates in Avery, Burke, Cabarrus, Durham, Franklin, Iredell, New Hanover, Vance, and Wilson Counties.

This section generally became effective July 1, 2026, except that the transfer of one position from Vance County to Franklin County became effective July 13, 2026.

Adjust Number of Assistant District Attorneys in Various Counties – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.4

Section 16.4 of S.L. 2026-41 (Senate Bill 257) increases the number of full-time assistant district attorneys for the following counties: Edgecombe, Nash, Wilson, Cumberland, Robeson, Anson, Richmond, Scotland, Burke, Caldwell, and Catawba. This section also changes the distribution for assistant district attorneys for the following counties: Burke, Caldwell, and Catawba.

The provision that generally increases the number of assistant district attorneys for the above counties became effective July 1, 2026. The provision that changes the distributions for assistant district attorneys in Burke, Caldwell, and Catawba becomes effective January 1, 2027.

Modify Bid Requirements for Water and Sewer Construction Contracts – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 22.6

Section 22.6 of S.L. 2026-41 (Senate Bill 257) provides that no contract that is subject to G.S. 143-129 and is for the construction of water systems or facilities or sewage disposal systems or facilities must be awarded by the State or a political subdivision of the State unless it receives at least two competitive bids from reputable and qualified contractors regularly engaged in the endeavor. If fewer than two competitive bids are received from qualified contractors, the board or governing body must advertise again. However, if fewer than two competitive bids are received after the second advertisement, the board or governing body may award the contract to the lowest responsible bidder even if only one bid is received.

This section became effective July 7, 2026, and applies to contracts awarded on or after that date but before January 1, 2031. These provisions expire on January 1, 2031, but the expiration does not affect the validity of a contract awarded before January 1, 2031.

Reporting Requirement For Grants To County Veterans Offices – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 35.4

Section 35.4 of S.L. 2026-41 (Senate Bill 257) requires the Department of Military and Veterans Affairs, no later than March 1 annually, to report to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division on which counties received funds from the Department for maintenance and operation of a county veterans services program and the dollar amount that each county received from the Department for the program in the previous calendar year.

This section became effective July 1, 2026.

Investment of Local Government Idle Funds Modification – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.2

Section 39.2 of S.L. 2026-41(Senate Bill 257), as amended by Section 7.24 of S.L. 2026-61 (House Bill 268), does the following:

- Modifies local government authority to invest idle funds in a mutual fund for local government investment if a fund qualification factor is met.
- Provides that a fund qualification factor is either a fund that is (i) certified by the Local Government Commission or (ii) registered with the United States Securities and Exchange Commission as a government money market fund that:
 - Invests primarily in United States government securities, cash, or repurchase agreements collateralized by government securities.
 - Seeks to maintain a stable one dollar net asset value per share.
 - Bears one of the two highest ratings of at least one nationally recognized rating service and does not bear a rating below one of the two highest ratings by any nationally recognized rating service which rates the particular fund.
- Modifies the authority of local government and public authorities to invest funds subject to the arbitrage and rebate provisions of the Internal Revenue Act of 1986 in taxable and tax-exempt mutual funds if one of the following is met:
 - If the mutual fund is taxable, the fund is (i) registered with the United States Securities and Exchange Commission as a government money market fund that invest primarily in United States government securities, cash, or repurchase agreements collateralized by government securities and (ii) seeks to maintain a stable one dollar net asset value per share.
 - If the mutual fund is tax exempt, investments of any tax exempt mutual fund are limited to those bearing one of the two highest ratings of at least one national recognized rating service and not bearing a rating below one of the two highest ratings by any nationally recognized rating service which rates the particular fund.

This section became effective on July 1, 2026.

Local Economic Development Expenditure Controls – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.3

Section 39.3 of S.L. 2026-41 (Senate Bill 257) does the following:

- Requires a local government governing board, in adopting the budget ordinance, to only use economic development appropriations for economic development purposes expressly allowed by law.

- Directs the local government finance officer or governing board, as applicable, to notify the State Auditor of all approved disbursements for economic development purposes if the disbursement exceeds \$25,000.
- Makes the State Auditor responsible for receiving reports of economic development disbursements from local governments. The State Auditor must (i) make notification forms available to local governments for the required disclosure of economic development disbursements and (ii) annually send all reports it receives from local governments under this provision to the Local Government Commission and the Joint Legislative Commission on Governmental Operations.

This section became effective July 7, 2026, and applies to local government budgets adopted, and disbursements occurring, on or after that date.

Annexation/Prohibited Area Characteristics – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.4

Section 39.4 of S.L. 2026-41 (Senate Bill 257) prohibits the annexation by a municipality of any planned community that has the following characteristics:

- A minimum of 1,000 contiguous acres.
- The essential characteristics of a municipality, such as (i) a detailed plan of development, (ii) medical facilities, (iii) grocery stores, (iv) family recreational facilities, (v) schools, and (vi) a method of sharing expenses to support and maintain the area.
- Access to services on substantially the same basis as services provided within a municipality including (i) police protection, (ii) fire protection, (iii) solid waste collection, (iv) street maintenance, and (v) water and sewer.

This section became effective July 7, 2026.

Local Land Development Regulatory Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.5

Section 39.5 of S.L. 2026-41 (Senate Bill 257) makes the following changes with respect to the process for challenging local government development regulations:

- Expands the bases on which a person with standing may bring a civil action challenging a local land development regulation to include (i) a claim that the regulation is arbitrary or capricious, and (ii) a claim that a decision implementing a local land development regulation is unconstitutional, on its face or as applied, is in excess of statutory authority, is ultra vires, preempted, arbitrary or capricious, made upon unlawful procedure, made in error of law, or is an abuse of discretion.
- Eliminates the requirement to bring a claim to the applicable board of adjustment before filing a claim in the general court of justice.

- Grants standing to an association, society, or entity whose membership is comprised of an individual with standing to bring an action challenging a local land development regulation. An association that brings a challenge may not seek damages that require individualized proof of injury to one or more individual members.
- Extends the period for bringing suit to contest a local government development regulation from one year after written notice of the final decision is provided to three years after the accrual of the cause of action.
- Requires local administrative staff to issue a written interpretation of a development regulation applicable to stated facts upon written request. Once issued, it is binding on the locality and requester unless altered by a decision-making board or court.
- Allows an applicant for a rezoning application, including conditional rezoning, to choose which version of the land development regulations will apply to the property requested to be rezoned if the land development regulations are amended between the time the rezoning application is submitted and a decision on the rezoning application is made.
- Expands the definition of "development permit" to include legislative approvals, including conditional zoning approvals and rezoning approvals, and stormwater permits.
- Provides recovery of reasonable attorney's fees and costs for a plaintiff who successfully challenges a local government's land development regulation action.

This section became effective July 1, 2026.

Labor Organization Agreement Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.7

Section 39.7 of S.L. 2026-41 (Senate Bill 257) makes changes to State labor laws as follows:

Labor Organization Agreements – This section makes it unlawful for any local government, local government agency, or political subdivision of a local government to do either of the following:

- Withhold any license, permit, or zoning approval or provision of financial incentives from a business because a business declines to sign an agreement with a labor organization except as required by State or federal law.
- Condition the issuance of any license, permit, or zoning approval or provision of financial incentives on a requirement that an employer waive its right to communicate with employees regarding matters related to their employment or agree to restrict these communications unless the communications are allowed by State or federal law.

Wage and Hour Act – This section amends the Wage and Hour Act. Under current law and subject to some exceptions, the provisions of the Wage and Hour Act preempt any ordinance, resolution, or policy adopted by a local government or other political subdivision of the State that imposes any requirement on employers pertaining to compensation of employees.

This subsection does all of the following:

- Provides that prohibited regulations may not be applied in any lease, contract, or other arrangement to set levels for wages, benefits, or other terms and conditions of work and makes such contracts between units of local government and businesses unenforceable.
- Makes it unlawful for a unit of local government or one of its political subdivisions to require a business to participate in any council, committee, or task force that has the purpose of setting levels for wages, benefits, or other terms and conditions of work.
- Excludes local governments holding legislative hearings or establishing advisory committees from these provisions.

The part of this section related to labor organization agreements becomes effective October 1, 2026, and applies to acts or omissions on or after that date. The part of this section related to the Wage and Hour Act becomes effective October 1, 2026, and applies to contracts entered into or modified on or after that date. The remainder of this section became effective July 7, 2026.

Cancellation of Strategic Transportation Improvement Program Projects – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.27

Section 43.27 of S.L. 2026-41 (Senate Bill 257) amends the laws that relate to the Strategic Prioritization Funding Plan for Transportation Investments (STI) to authorize the Department of Transportation to recoup preliminary project costs incurred by the Department from local governments when statewide projects are removed from the Strategic Transportation Improvement Program (STIP) by:

- A Metropolitan Planning Organization (MPO) taking unilateral action to remove a statewide project from its Metropolitan Transportation Improvement Program (MTIP), or preventing the project from being delivered or funded in the manner originally programmed in the MTIP, and the Board of Transportation approves the removal or cancellation of the statewide project.
- A Rural Planning Organization (RPO) taking unilateral action to remove a statewide project from its Comprehensive Transportation Plan (CTP), or preventing the project from being delivered or funded in the manner originally programmed in the CTP, and the Board of Transportation approves the removal or cancellation of the statewide project.

This section also specifies that a local government that voted at the May 20, 2026, Charlotte Regional Transportation Planning Organization (CRTPO) board meeting to rescind the October 16, 2024, resolution authorizing a P3 delivery process for the I-77 South project shall not be required to reimburse the Department if, within 90 days of July 7, 2026, that local government votes in favor of reinstating the October 16, 2024, resolution at a CRTPO board meeting held after July 7, 2026.

The provision that relates to the CRTPO became effective July 7, 2026, and the remainder of this section became effective retroactively to January 1, 2026.

Authorize the City of Durham to Set a Municipal Default Speed Limit – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 17.5

Section 17.5 of S.L. 2026-46 (House Bill 1094) authorizes the City of Durham to set a lower default speed limit of not less than 20 mph on municipal streets and to post gateway signs at entry points to the city, or designated areas in the city, rather than posting signs on each street. Currently, there is a general statutory default speed limit of 35 mph on streets inside municipal limits; however, a municipality may set a lower speed limit on streets that are not part of the State highway system only after conducting an engineering and traffic investigation.

The speed limit would be effective when an ordinance is adopted and appropriate signs are erected.

This section became effective July 7, 2026.

Expedited Review of City of Durham State Highway Speed Limit Requests – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 17.6

Section 17.6 of S.L. 2026-46 (House Bill 1094) provides an expedited process for the City of Durham to request adjustments of speed limits on State highway system streets within the city. The Department of Transportation's initial review of a request must be completed within 30 days of receipt. If a request is approved, the Department is required to adopt a concurring ordinance within 60 days and to erect appropriate signs within 60 days thereafter. The speed limit becomes effective when the signs are erected. This section does not authorize a municipality to unilaterally establish or modify speed limits on streets that are part of the State highway system, or require the Department to approve a speed limit that is not reasonable and safe under the conditions found to exist upon the affected highway.

This section became effective July 7, 2026.

Clarify the Definition of Electric Assisted Bicycle and Authorize Local Government Regulation – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 19

Section 19 of S.L. 2026-46 (House Bill 1094) does the following:

- Amends the definition of "electric assisted bicycle" to align with the federal definition, delineating three classes based on when the motor assists the rider and the speed at which the motor ceases to assist.

- Authorizes the operation of electric assisted bicycles on roadways and bicycle lanes Statewide, except as regulated by cities under their general authority to regulate traffic on city streets and by the Department of Natural and Cultural Resources on properties within its jurisdiction.
- Authorizes the operation of electric assisted bicycles on multiuse paths Statewide, except as otherwise regulated by local governments and by the Department of Natural and Cultural Resources on properties within its jurisdiction.
- Requires helmets for operators and passengers under age 18 on Class 3 electric assisted bicycles Statewide.
- Authorizes local governments to regulate the use of electric assisted bicycles every four years within their jurisdictions on multiuse paths and sidewalks.
- Authorizes local governments to require helmets for operators and passengers under age 18 on Class 1 and Class 2 electric assisted bicycles.

This section becomes effective December 1, 2026, and applies to offenses committed on or after that date.

County Special Assessments for Commercial Street Improvements – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 21

Section 21 of S.L. 2026-46 (House Bill 1094) makes changes to the laws related to county financing of street improvements. Currently, counties are authorized to finance improvements to subdivision and residential streets located in the county and outside of a city and then levy special assessments against the benefited property to recoup the costs.

This section would expand that authorization to include the levying of special assessments to finance the cost of improvements to streets other than residential and subdivision streets, under the same conditions and subject to the procedures currently applicable to subdivision and residential streets. The financing method is authorized for (i) all State-maintained secondary streets, (ii) streets that may be added to the State system as a result of improvements if they are subdivision or residential streets, or (iii) industrial access or commercial complex streets located in a census designated place boundary as defined by the United States Census Bureau.

This section became effective July 7, 2026.

Raise Insurance Minimums for Taxicabs Operating at International Airports and Require Designation as Insurance Certificate Holders – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 23

Section 23 of S.L. 2026-46 (House Bill 1094) provides for the following additional statutory insurance requirements for taxis permitted to operate at international airports: (i) liability

insurance in the amount of \$1 million per occurrence, (ii) proof of financial responsibility must be provided to the airport at which the taxi business is permitted, and (iii) the airport must be designated on the policy for purposes of receiving notices concerning the policy.

Taxis are currently licensed and regulated locally in the jurisdictions in which they operate. Currently, taxis file proof of financial responsibility with the local government at limits set by statute. Local authorities may provide for additional requirements.

This section became effective July 1, 2027.

Traffic Impact Analysis Criteria – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 24

Section 24 of S.L. 2026-46 (House Bill 1094) requires the Department of Transportation to amend its criteria for the scope of a traffic impact analyses to include the use of a population growth factor equal to or greater than the average of the highest three of the previous five years in the county in which a development is located.

This section becomes effective October 1, 2026.

Electric Membership Corporation and Municipally Owned Electric Enterprise Utility Relocation Costs. – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 25

Section 25 of S.L. 2026-46 (House Bill 1094) provides a statutory requirement for the Department of Transportation (DOT) to reimburse an electric membership corporation or a municipally owned electric enterprise for the non-betterment costs of utility relocation when DOT requires relocation of equipment located outside of existing DOT right-of-way if the corporation or enterprise demonstrates a compensable property interest, which can include an easement, a property right taken by a condemnor, or any other property interest recognized by law.

This section became effective July 7, 2026.

Adjust Counties/Reappraisal Moratorium.

SL 2026-47 (S474)

S.L. 2026-47 (Senate Bill 474), which modified Section 1 of S.L. 2026-8 (Senate Bill 889), imposes a property tax reappraisal moratorium on counties meeting certain criteria, which will delay by one year the implementation of the general reappraisal conducted for 2026 by those counties.

Section 1 of S.L. 2026-8 required any county that (i) had a population of 15,000 or greater according to the latest federal decennial census and (ii) conducted a general reappraisal for 2026 and adopted a new schedule of values effective January 1, 2026, to postpone that reappraisal and instead implement the reappraisal in 2027. Therefore, S.L. 2026-8 subjected nine counties to the property tax reappraisal moratorium: Anson, Bladen, Buncombe, Davidson, Guilford, Harnett, Onslow, Pender, and Scotland. Chowan, Clay, and Pamlico Counties also conducted 2026 reappraisals, but each fell below the 15,000-population limit.

S.L. 2026-47 modified Section 1 of S.L. 2026-8 to adjust the counties subject to the property tax reappraisal moratorium by requiring any county that conducted a general reappraisal for 2026 to postpone that reappraisal until 2027, unless any of the following exemptions apply:

- General Exemption – The moratorium does not apply to a county meeting any of the following criteria:
 - Has a population of less than 12,000 according to the latest federal decennial census.
 - Clay County is exempt under this metric; however, Chowan and Pamlico Counties no longer qualify for exemption.
 - Is in the third year following its notice of mandatory reappraisal advancement with a population of less than 150,000 according to the latest federal decennial census.
 - Harnett County is exempt under this metric.
 - Has levied a property tax rate, exclusive of any special tax area, in excess of \$0.95 per \$100 of property value at any point over the previous four taxable years.
 - Scotland County is exempt under this metric.
- Revenue-neutral property tax rate exemption – The moratorium does not apply to county that meets all of the following criteria:
 - Is in a Helene affected area, as defined in Section 1.4 of S.L. 2025-2.
 - Is not otherwise exempt under a general exemption, above.
 - For the taxable year beginning July 1, 2026, adopts a property tax rate at or below the rate equal to its revenue-neutral property tax rate rounded up to the next whole cent.
 - Buncombe County could have qualified for exemption under these criteria; however, it is subject to the moratorium because it did not adopt a property tax rate at or below the rounded revenue-neutral rate.

Therefore, after the passage of S.L. 2026-47, nine counties are subject to the property tax reappraisal moratorium: Anson, Bladen, Buncombe, Chowan, Davidson, Guilford, Onslow, Pamlico, and Pender.

S.L. 2026-47 also provides that if its passage affects a county that already passed its 2026-2027 fiscal year budget ordinance, the county must amend its budget ordinance to reflect the updated law. Buncombe County was also provided the option of amending its budget to qualify under the revenue-neutral rate exemption.

This act became effective July 7, 2026.

State and Local Government Finance – 2026 Department of State Treasurer Administrative/Technical/Clarifying Changes.

SL 2026-50 (H1126), Part VI

Part VI of S.L. 2026-50 (House Bill 1126) makes the following changes to statutes relating to the finances of the State and local governments:

- Funds held by the Department of Revenue from the town of Speed's sales tax distribution must be released after the Local Government Commission approves a plan of action to distribute the Town's assets and liabilities.
- Extends the sunset on the town of Spencer Mountain's charter suspension from June 30, 2026, to June 30, 2029.
- Counties and municipalities wishing to appeal notifications of noncompliance with tax withholding must be scheduled to have the appeal heard in front of the Local Government Commission as soon as practicable after July 1.
- Removes the State Treasurer from the North Carolina Global Transpark Authority Board of Directors.

This Part also requires the State and Local Government Finance Division of the Department of State Treasurer to study and report on the need to update, the Local Government Budget and Fiscal Control Act.

This Part also requires actuarial notes before committees of the General Assembly that would substantially affect the cost to or the revenues of any retirement system or benefits program for State employees be produced and prepared by the actuary of the system or program proposed to be modified by the associated bill, rather than the Fiscal Research Division.

This Part became effective July 7, 2026.

Allow Donation of Certain Vehicles – Department of Public Safety/Other Changes.

SL 2026-53 (H206), Sec. 3

Section 3 of S.L. 2026-53 (House Bill 206) authorizes the Division of Emergency Management within the Department of Public Safety to transfer ownership of travel trailers and utility terrain vehicles that were donated to or purchased by the State during disaster operations to any of the following: local governments, nonprofit organizations working in emergency response or disaster relief, or to survivors with a need for long term housing support.

This section became effective July 7, 2026.

Ordinance Exemption for Certain Nonconforming On-Premises Signs. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 2

Current law provides that a local government can require the removal of a lawfully erected on-premises advertising sign pursuant to local development regulations only if the local government compensates the owner for the removal. This law became effective July 9, 2024, but applies to any on-premises signs removed on or after October 1, 2021.

Section 2 of S.L. 2026-59 (Senate Bill 445) exempts from that requirement any lawfully adopted local government ordinances regulating on-premises signs that included:

- an amortization period of 10 or more years during which a nonconforming sign was allowed to remain in place before it was required to be either removed or brought into compliance
- the date of compliance under the amortization period expired on or prior to July 1, 2024.

This section became effective August 11, 2026.

Further Prohibit Property Restrictions on Flying the American and North Carolina Flags. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 4

Section 4 of S.L. 2026-59 (Senate Bill 445) eliminates limited exceptions under which condominiums and homeowners associations (HOAs) could previously prohibit or regulate the display of an American or North Carolina flag. It also provides that in no circumstance can an HOA prohibit or regulate the display of an American or North Carolina flag that is 4' x 6' or smaller and flown in accordance with the federal Flag Code.

This section became effective August 11, 2026.

Temporary Event Exemption for Electric Work. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 6

Section 6 of S.L. 2026-59 (Senate Bill 445) expands the exemptions to the requirement to be a licensed electrician before performing electrical work to allow the temporary attachment of certain electrical components to existing, permanent receptacles for time-limited, permitted international wholesale trade show events in an exhibition hall, mercantile, or assembly occupancy space, so long as a valid electrical permit is obtained and the work is inspected and approved by the local electrical inspector prior to the show's opening.

This section became effective August 11, 2026, and applies to permitted events occurring on or after that date.

Limit Local Glazing and Transparency Requirements. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 9

Section 9 of S.L. 2026-59 (Senate Bill 445) prohibits local governments from adopting or enforcing a requirement for a commercial or mixed-use building to have glazing, transparency, windows, or other transparent or translucent facade materials in excess of 35% of its ground-floor facade area. For portions of a commercial or mixed-use building used primarily for non-storefront purposes, a local government cannot adopt or enforce a glazing requirement that requires glazing or transparency to exceed 20% of the ground-floor facade area. This section does not apply in certain historic districts or where otherwise required by law.

This section becomes effective October 1, 2026, and any development regulation that is inconsistent with the provisions of this section, on or after that date, is void and unenforceable to the extent of the inconsistency.

Third-party Criminal History Record Check Vendors for Certain Local Government Checks. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 21

Section 21 of S.L. 2026-59 (Senate Bill 445) authorizes local governments to contract with third-party vendors to conduct criminal history record checks required for applicants offered any position that involves working with children. Any contract entered pursuant to this authority ends on or before December 1, 2026, or when the State Bureau of Investigation (SBI) request for proposal to provide the criminal history check is awarded, whichever occurs later. Third-party vendors are required to comply with any restrictions or requirements set by law governing fingerprints and other information collected by the SBI for a criminal record check.

This section of the act became effective August 11, 2026.

No Schools Near Gun Ranges in Brunswick County. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 24

Section 24 of S.L. 2026-59 (Senate Bill 445) prohibits any new school building from being built within one mile, measured in a straight line from property line to property line, of any existing sport shooting range. This section applies only in Brunswick County.

This section became effective August 11, 2026, and applies only to school buildings constructed in Brunswick County on or after that date.

Nuisance Immunity for Rural Recreational and Heritage Events. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 25

Section 25 of S.L. 2026-59 (Senate Bill 445) provides that a facility that regularly hosts or conducts rural recreational and heritage events, which include motorized and off-road vehicle competitions and horse and farm animal events, is not subject to nuisance or taking claims from surrounding property owners within three miles of the facility if the facility was lawfully established and had hosted at least one rural recreational and heritage event within the 24 months preceding the date the surrounding property owner bought the property or constructed a building on the property.

This section became effective August 11, 2026, and applies to actions commenced on or after that date.

Site-Specific Vesting Plan Changes. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 41

Section 41 of S.L. 2026-59 (Senate Bill 445) extends the vesting period for a vested right for a site-specific development from two years to five years, and extends the time that a local government could provide for additional site-specific development plan vesting from five years to eight years. This section also provides that a vested right precludes all subsequent land development regulations that would impair or delay the development or use of the property as set forth in an approved site-specific vesting plan, rather than only zoning actions, except under certain enumerated circumstances.

This section became effective August 11, 2026, and applies to permit applications filed and appeals filed on or after that date.

Residential Right of Use in Commercial Zoning Districts. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 43

Section 43 of S.L. 2026-59 (Senate Bill 445) requires that any local government zoning regulation must allow the siting of residential buildings and structures, including single-family, two-family, and multifamily housing structures, on property being used for redevelopment in all areas zoned for non-agricultural commercial, business, or industrial use. The zoning regulation must allow a maximum height restriction of at least 60 feet. This residential right of use for redevelopment in commercial districts allowance only applies to cities with a population of 80,000 or greater located in counties with a population of 1,000,000 or greater according to the most recent federal decennial census.

This section became effective August 11, 2026.

Allow Construction and Siting of Accessory Dwelling Units. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 44

Section 44 of S.L. 2026-59 (Senate Bill 445) requires cities with a population of 50,000 or greater, not in the coastal area, to allow at least one accessory dwelling unit (ADU) for each single-family detached dwelling in areas zoned for single-family residential use. Under the act, an ADU is defined as an attached or detached residential structure that is used in connection with or that is accessory to a primary single-family detached dwelling located on the same parcel as the primary single-family detached dwelling and that has less total square footage than the primary single-family detached dwelling. The ADU must conform to the North Carolina Residential Code and can be built or sited concurrently with the primary dwelling, or after the primary dwelling has been constructed.

In the permitting of ADUs, local governments are prohibited from:

- Denying use of the primary single-family detached dwelling and the ADU for long term rentals by separate households.
- Requiring placement in a conditional zoning district.
- Establishing minimum parking requirements or other ADU parking restrictions.
- Prohibiting ADU connection to the primary dwelling unit's existing utilities, unless capacity is insufficient to serve both dwellings.
- Charging fees greater than those charged for single-family detached dwellings.
- Setting a maximum ADU size of less than 800 square feet or greater than 1000 square feet.

The local government can still require the ADU to:

- Meet a setback that is the lesser of either 10 feet or the setback required for lots in the same zoning classification.
- Be located to the side or rear of the primary single-family detached dwelling.
- Be smaller than the primary single-family detached dwelling.

The requirement to allow ADUs does not apply to any of the following:

- The validity or enforceability of private covenants or other contractual agreements among property owners related to dwelling type restrictions.
- Properties located in a historic preservation district.
- Properties designated as a National Historic Landmark by the United States Department of Interior.
- An ADU that is not connected to water and sewer, well or septic.

A parcel with an ADU permitted for construction can not be subdivided such that the ADU would no longer be on the same parcel as the single-family detached dwelling.

These provisions become effective January 15, 2027, and apply to applications for accessory dwelling unit permits submitted on or after that date. Local governments must adopt development regulations to implement the section no later than July 1, 2027.

Implementation of Code Changes for Wall Insulation and Energy Rating Index Compliance Alternative. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Secs. 45-46

Section 45 of S.L. 2026-59 (Senate Bill 445) requires the Building Code Council and Residential Code Council (Councils) to amend their rules concerning building thermal envelopes to provide that installing air-impermeable spray foam insulation as cavity insulation, which meets R-13 in climate zones 3 and 4, and R-15 insulation in climate zone 5, without installation of additional continuous insulation, is deemed to satisfy the R-value requirements for the wood frame wall in the appropriate climate zone, provided that the building envelope obtains an ACH50 blower door test result of less than or equal to 3.0.

Section 46 of S.L. 2026-59 (Senate Bill 445) specifies that the 2022 ANSI/RESNET/ICC Standard 301-2022 "Standard for the Calculation and Labeling of the Energy Performance Index of Dwelling and Sleeping Units." is the standard for calculating the Energy Rating Index, and eliminates other alternatives for determining energy efficiency in residential buildings.

These sections became effective August 11, 2026, and expire when the Councils adopt permanent rules implementing these changes.

At-Risk Building Changes. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 48

Section 48 of S.L. 2026-59 (Senate Bill 445) expands the at-risk building foundation permit, which allows an applicant for certain commercial and multifamily developments to begin construction of the foundation before a building permit has been issued and to proceed with any associated trade permit (i.e. plumbing, electrical) necessary to support the authorized foundation construction. The applicant bears all risks of liability for proceeding with the at-risk and associated trade permits.

This section became effective August 11, 2026.

Promote Fee Transparency and Predictability for Development Permit Applicants. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 49

Section 49 of S.L. 2026-59 (Senate Bill 445) requires local governments to prominently display their development fee schedules on their official websites and annually report their fee schedules

to the Local Government Commission, who must compile a statewide report of local government fee schedules.

This section also requires each local government to provide an applicant for a development approval the current fee schedule and an estimate of all fees that can reasonably be assessed for the applicant's project within 10 business days after the applicant submits a completed application. When a development approval is issued, the local government must provide the applicant with a binding, final fee statement of exact fees due, which cannot exceed the previously provided estimate. An applicant can bring a civil action in superior court to compel compliance with the requirements of this section.

This section became effective August 11, 2026.

Residential Code Council Temporary Rulemaking Authority. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 50

Section 50 of S.L. 2026-59 (Senate Bill 445) authorizes the Residential Code Council to adopt temporary rules amending the 2018 and 2024 North Carolina Residential Code after the Residential Code Council is fully constituted.

This section became effective August 11, 2026, and expires two years after the date the Residential Code Council is fully constituted.

Expand Alternate Inspection Method for Components or Elements to Include Home Power Installations. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 51

Section 51 of S.L. 2026-59 (Senate Bill 445) requires local governments to accept home power installations designed, inspected, and certified by licensed architects or engineers. This section also extends that authority to include wiring of home power installations, conducted in accordance with statutory requirements. This section defines a "home power installation" as an electric generating or energy storage system, standby system, or associated equipment, connected at 600 volts or less, intended to provide electrical power to a building or structure subject to the North Carolina Residential Code that requires a building permit or other approval.

The Residential Code Council must develop a home power installation work certification no later than July 1, 2027, and may adopt or amend rules, with effective dates of July 1, 2027, to implement the provisions enacted by this section.

This section becomes effective July 1, 2027, except that the sections directing the Residential Code Council to develop the certification and adopt rules became effective August 11, 2026.

Clarify Jury Commission Appointments – 2026 Court Changes.

Ratified (H377), Sec. 14

Section 14 of House Bill 377 would have modified the county jury commission statutes to (i) clarify that if an appointing authority does not make an appointment to the jury commission by September 1, the incumbent on the jury commission would serve for an additional two-year term, (ii) require jury commissions to prepare the master list of prospective jurors no later November 15, and (iii) require the Commissioner of Motor vehicles to provide the list of licensed drivers to each county jury commission no later than September 1.

House Bill 377 was ratified by the General Assembly on August 6, 2026, but was vetoed by the Governor on August 17th, 2026, and is not current law. If the General Assembly overrides the veto, Section 14 of House Bill 377 would become effective when it becomes law.

Drug-Free Homeless Service Zones – Drug-Free Zones/Unauthorized Public Camping.

Ratified (H437), Sec. 1

Section 1 of House Bill 437 would have created a Class E felony for anyone who manufactures, sells, or delivers a controlled substance in a drug-free homeless service zone if the person knows or reasonably should know it is a drug-free homeless service zone and a Class H felony for any operator of a facility-based service that intentionally allows a person to manufacture, sell, or deliver a controlled substance in a drug-free homeless service zone.

House Bill 437 was ratified on July 1, 2026, but was vetoed by the Governor and is not current law. If the General Assembly overrides the veto, Section 1 of House Bill 437 would become effective on December 1, 2026, and apply to offenses committed on or after that date.

Unauthorized Public Camping – Drug-Free Zones/Unauthorized Public Camping.

Ratified (H437), Sec. 2

Section 2 of House Bill 437 would have done the following:

- Defined "public camping or sleeping."
- Prohibited a local government from authorizing or otherwise allowing any person to regularly engage in public camping or sleeping on any public property.
- Permitted, by majority vote of the local government's governing board, the designation of property owned by the local government to be used for a continuous period of no longer than one year for the purposes of public camping or sleeping. The local government would have been required to establish and maintain minimum standards and procedures for the purposes of:

- Ensuring the safety and security of the designated property and the people lodging or residing on the property.
 - Maintaining sanitation.
 - Coordinating with the appropriate department, agency, or entity to provide access to behavioral health services, which must include substance abuse and mental health treatment resources.
 - Prohibiting illegal substance use and alcohol use.
- Provided that the local government's designation of property for camping or sleeping would not have become effective until certified by the Department of Labor (Department). To obtain certification, the local government would have been required to submit a request to the Commissioner of Labor documenting proof of certain conditions.
 - Required the Department to certify the designated property within 45 days after the receipt of complete submission from the local government. If the Department took no action, the designated property would have been deemed certified on the 45th day.
 - Required that the local government publish the required minimum standards and procedures on the local government's website within 30 days after certification of the designated property.
 - Provided that the Department could inspect any designated property at any time and had to provide notice to the local government recommending closure of the designated property if the requirements for public camping and sleeping on designated property were no longer satisfied. A local government would have been required to publish any notice recommending closure on the local government's website not later than five business days after receipt of the notice.
 - Provided that any resident or business owner of the local government, or the Attorney General, could bring a civil action against the local government to enjoin a violation of the requirements for public camping or sleeping on designated property.
 - Required that an application for an injunction be accompanied by an affidavit attesting to certain information.
 - Provided that the prohibition on public camping or sleeping without designation of property for that purpose would not apply during a period in which the Governor or a local government has declared a state of emergency.
 - Required the Department, by June 30, 2027, to adopt rules necessary to implement these provisions.

House Bill 437 was ratified by the General Assembly on July 1, 2026, and vetoed by the Governor on July 8, 2026.