

State Government

See full summary documents for additional detail

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.

North Carolina Pandemic Recovery Office/Extension of Operations – State Fiscal Recovery Funds/North Carolina Pandemic Recovery Office Revisions.

SL 2026-3 (H433), Sec. 4

Section 4 of S.L. 2026-3 (House Bill 433) does the following:

- Extends the North Carolina Pandemic Recovery Office (NCPRO) authority through May 1, 2027, when the United States Treasury closeout of State Fiscal Recovery Funds (SFRF) will be finalized.
- Requires that no later than one week prior to the date it ceases to operate, the NCPRO submit a final report to the Fiscal Research Division and the Joint Legislative Commission on Governmental Operations regarding NCPRO activities and its use of funds. The final report must include the following:
 - For each month since March 1, 2020, the number of staff hired to support the NCPRO duties and responsibilities, including the position numbers, whether the position is permanent or temporary, the start date and end date for each temporary position, the funding source for each position, and the total amount of funds spent on salary and benefits for personnel.
 - For each month since March 1, 2020, an accounting of nonpersonnel expenditures.
 - A description of the NCPRO activities during the 2026 calendar year.
 - A description of the NCPRO activities related to the Fund, including any funding returned to the United States Treasury.

The section became effective on May 12, 2026.

Capital Improvement Threshold Increases – UNC Omnibus & Capital Contracting Law Changes.

SL 2026-9 (H1123), Part V

Part V of S.L. 2026-9 (House Bill 1123) does the following:

- Modifies the definition of a "capital improvement" under the State Budget Act to include any repairs and renovations valued at \$150,000 or more, instead of \$100,000.
- Directs every officer, board, department, or commission charged with the duty of approving plans and specifications or awarding or entering into contracts involving the expenditure of public funds to require that plans and specifications be prepared by a registered architect, a registered engineer, or both, if the contract meets any of the following increased monetary thresholds:
 - \$300,000 or more for the repairs of a public building that does not include major structural changes in framing or foundation support systems, instead of \$300,000.
 - \$150,000 or more for the repairs of a public building affecting life safety systems, instead of \$100,000.
 - \$150,000 or more for the repairs of a public building that include major structural changes in framing or foundations support systems, instead of \$135,000.
 - \$150,000 or more for the construction of, or additions to, public buildings or State-owned utilities, instead of \$135,000.
- Clarifies that a State entity overseeing a project is exempt from requiring a certificate of compliance, if the project meets the following criteria:
 - Has a projected cost of less than \$150,000, instead of \$100,000.
 - Does not alter life safety systems.
 - Does not require a registered architect or engineer.
- Prohibits owners or prime contractors from requiring retainage on public construction contracts with an estimated cost of \$150,000, instead of \$100,000.
- Expands the authority for The University of North Carolina (UNC) and its constituent institutions to award contracts for construction or repair work that requires an estimated expenditure under \$1.5 million instead of \$500,000, without complying with the State law procedure for awarding public contracts.
- Modifies the exemption for capital improvement projects under the jurisdiction of the State Building Commission, UNC, or community colleges from State laws governing procurement of architecture, engineering, and surveying services to include projects with an estimated cost of \$1.5 million instead of \$500,000.
- Removes the following exemptions from the State law describing the requirements for certain State building contracts, which are now generally included above:
 - Contracts for the erection, construction, alteration or repair of a building with a cost of \$300,000 or less.
 - Contracts for the erection, construction, alteration, or repair of a building owned by UNC or its constituent institutions with a cost of \$500,000 or less.

This Part became effective June 19, 2026.

Use of Capital Funds for Public-Private Partnerships – UNC Omnibus & Capital Contracting Law Changes.

SL 2026-9 (H1123), Part VI

Part VI of S.L. 2026-9 (House Bill 1123) prohibits the use of State funds appropriated for a capital improvement project or self-liquidating project at a State agency either in conjunction with or for the benefit of a public-private partnership project without express authorization by an act of the General Assembly. A public-private partnership is defined as a "capital improvement project undertaken for the benefit of a government entity and a private entity that may involve a contract, a financing agreement, or other agreement, and includes construction of a public facility or other improvements, including paving, grading, utilities, infrastructure, reconstruction, or repair, and may include both public and private facilities." This requirement does not apply to the Department of Transportation or University of North Carolina Health Care System.

This Part became effective June 19, 2026.

Feral Swine Working Group. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 2

Section 2 of S.L. 2026-11 (Senate Bill 401) established a Feral Swine Working Group within the Wildlife Resources Commission (Commission) to develop a statewide plan to control feral swine damage on private and public lands. The Working Group must report annually to the Commission, the Senate and House Appropriations Subcommittees on Agriculture and Natural and Economic Resources, and the Fiscal Research Division on the results of the program during the preceding year.

The Commission must implement the plan. The Commission can enter into agreements with relevant federal and state agencies and other organizations to implement the plan.

This section became effective June 22, 2026.

Repeal Farmed Cervid Industry Promotion Act – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 22

Section 22 of S.L. 2026-11 (Senate Bill 401) repealed the Farmed Cervid Industry Promotion Act, which allowed the North Carolina Deer and Elk Farmers Association to impose an assessment of up to \$4.00 per ton of farmed cervid feed for promotion of the interests of the farmed cervid industry.

This section became effective June 22, 2026.

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.

General Statutes Commission Add Member from High Point Law School.

SL 2026-24 (S858)

S.L. 2026-24 (Senate Bill 858) adds a new member to the General Statutes Commission, to be appointed by the dean of the High Point University School of Law. Aside from the initial appointment, the term of the appointee begins September 1 in odd-numbered years and lasts two years.

The act became effective June 29, 2026.

Rounding of Cash Transactions Due to Penny Elimination – Various Revenue Laws Changes.

SL 2026-31 (S595), Part XIV

Part XIV of S.L. 2026-31 (Senate Bill 595) provides retailers, including ABC stores and government entities when acting as retailers, with rounding procedures for cash transactions following the U.S. Treasury's announcement to cease production of the penny. Under this provision, a retailer is not required to round a cash transaction, except for ABC stores as described below, but if the retailer opts to do so, it must follow the methodology outlined in the statute.

For transactions ending in 1, 2, 6, or 7, the final digit must be rounded down to the nearest five cent interval. For transactions ending in 3, 4, 8, or 9, the final digit must be rounded up to the nearest five cent interval. The rounding adjustment does not apply to transactions ending in 0 or 5 or for which payment is made with any non-cash method. The rounding adjustment does not alter the sales price, the amount of tax owed or collected, or any surcharges, assessments, or fees imposed on the sale. Retailers are not authorized to round the amount of sales tax due and are not relieved from the duty to calculate and remit to the Department of Revenue the exact amount of sales tax shown on an invoice or receipt.

For ABC stores specifically:

- Rounding will be required for cash transactions beginning July 1, 2027.
- Any additional revenues due from rounding adjustments are to be included in "gross receipts" but are not to affect the calculation of the required statutory distributions.

Since property taxes are permitted to be paid in cash, the provision provides that for cash transactions, a taxing unit must round down to the nearest five-cent interval and treat the tax as fully paid.

Finally, the Part provides the following protections for retailers that round in accordance with the statutory provision:

- Declares it a reasonable business practice for sales tax purposes.
- Declares it is not an unfair and deceptive trade practice.
- Declares it is not a violation of the Weights and Measures Act of 1975.
- Declares that it cannot serve as the basis for a civil action.

This Part became effective July 2, 2026.

Pay Exceptions/Special Separation Allowance.

SL 2026-33 (H481)

S.L. 2026-33 (House Bill 481) allows State and local law enforcement officers (LEOs) to maintain eligibility for the special separation allowance after a break in continuous service due to any type of retirement. Previously, continued eligibility for the special separation allowance was only permitted due to a break in service for disability retirement.

The act also ends the payment of the special separation allowance when a retired State LEO is reemployed by a State department, agency, or institution that both:

- Requires participation in the Teachers' and State Employees' Retirement System.
- Is either (i) subject to the North Carolina Human Resources Act or (ii) located in the same agency from which the officer retired.

This act became effective July 2, 2026. The provisions that apply to ending payment of the special separation allowance for State LEOs apply to reemployment occurring on or after that date.

Plan to Address Staffing and Bed Shortages in State-Operated Facilities – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 5

Section 5 of S.L. 2026-38 (House Bill 1104) requires the Department of Health and Human Services (DHHS) to develop a plan to address behavioral health staffing and bed shortages in State-operated facilities.

DHHS is also required to submit a report on the plan to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than December 1, 2026.

This section became effective July 6, 2026.

Study of the Feasibility to Change the Operation or Administration of State Psychiatric Hospitals – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 10

Section 10 of S.L. 2026-38 (House Bill 1104) directs the North Carolina Collaboratory to explore the feasibility of improving the provision of services at Broughton Hospital, Central Regional Hospital, and Cherry Hospital. UNC Health and the Department of Health and Human Services are directed to cooperate with the Collaboratory to complete the required research. The Collaboratory must submit to the Joint Legislative Oversight Committee on Health and Human Services a progress report by December 1, 2026, and a final report by March 1, 2027.

This section became effective July 6, 2026.

Public Workforce Modernization Act.

SL 2026-40 (S1041)

S.L. 2026-40 (Senate Bill 1041) does the following:

Part I. State Human Resources System

Part I repeals the current State Human Resources Act (SHRA) statutes (Chapter 126) and reenacts the SHRA as Chapter 126A to reorganize and clarify the SHRA to improve organization and readability. In addition, the act makes the following substantive changes in Part I:

- Classifications of employees:

- Codifies classifications of employee appointment types for permanent employees (career, probationary, and permanent experiential) and non-permanent employees (temporary, time-limited, and non-permanent experiential).
 - Extends the current 12 month probationary period for career appointment by 6 months if a supervisor determines additional assessment is needed.
- Fees: Allows the Office of State Human Resources (OSHR) to charge fees to cover costs for statutorily required services that are receipt supported, administrative costs for JoinNC, and training and consultation services requested by a unit of local government.
- Reports: Consolidates various reports by OSHR into a single annual State of the State Workforce report.
- Compensation:
 - Provides authority for policies on compensation that include salaries, longevity and performance pay, bonuses, and awards to make State employment competitive and attractive, award employee performance, and provide similar rates of pay to similar positions.
 - Codifies session law establishing the minimum salary for full-time employment with the State at \$31,000.
- Hiring:
 - Clarifies the posting process for State positions.
 - Allows use of employee search firms, subject to certain restrictions.
 - Allows flexible hiring approaches to find the most qualified candidates, including using
 - skills-based hiring or experiential learning programs.
 - Authorizes lateral transfers within agencies to fill vacant positions.
 - Clarifies the order of hiring priorities among various statutory hiring preferences.
 - Authorizes the Commission to establish policies to provide for hiring preferences for veterans, National Guard members, and spouses of active-duty troops in place of existing statutory requirements related to experience credit.
- Benefits:
 - Authorizes policies for paid bereavement leave.
 - Authorizes up to 12 weeks of parental leave (was 8 weeks for the birth mother and 4 weeks for the parent who did not give birth).
 - Authorizes up to 13 paid holidays per year to account for the variability in the day of the week upon which New Year's Day falls.
 - Authorizes at least 120 hours of vacation leave per year for full-time employees.
 - Eliminates statutes related to paid leave for certain athletic competition, replacement of law enforcement officers on final sick leave, and sick leave for adverse reactions to vaccination.
 - Streamlines statutes related to voluntary sick leave to remove caps on leave.
 - Provides that vacation and sick leave is transferrable between all branches of State government.
- Just Cause, Disciplinary Actions, and Grievances:
 - Codifies five factors identified by State appellate courts that must be used in determining whether just cause exists for dismissal for unacceptable personal conduct.

- Codifies standards to be used in assessing whether just cause exists for dismissal for unsatisfactory and grossly inefficient job performance.
- Requires administrative law judges to use the preponderance of the evidence standard for appeals of final agency decisions from just cause disciplinary actions or dismissals.
- Authorizes agencies to redeploy employees to a different position or set job duties without just cause or the employee's agreement.
- Authorizes 120 days (instead of the current 90 days) for completion of the agency grievance procedure and OSHR review of filed grievances.
- Authorizes the Office of Administrative Hearings to issue gatekeeping orders to prevent abuse of the grievance process.
- Reductions in Force: Allows reductions in force to be used to reorganize positions to better accomplish functions.
- Temporary employees:
 - Renames the Temporary Solutions Program for temporary employees as JoinNC.
 - Authorizes JoinNC to assist with recruiting employees (including permanent employees) for agencies using funds generated by the program.
- Personnel Records:
 - Removes age as a publicly available part of an employee's personnel record.
 - Allows personnel file information to be provided to a grievant during a grievance hearing to the extent necessary to adjudicate the grievance.

Part II. Legislative Human Resources System

Part II establishes an independent human resources program for legislative employees governed by the Legislative Services Commission (LSC). The LSC is responsible for establishing employment policies for legislative employees, including classification, compensation, benefits, leave, and hiring, including the use of E-verify. The LSC can also request OSHR assistance with programs, training, and benefits.

The General Assembly is required to be an equal opportunity employer and to maintain confidentiality of employee personnel records, subject to limited exceptions.

Part III. Judicial Human Resources System

Part III establishes an independent human resources program for judicial employees. The Director of the Administrative Office of the Courts is responsible for use of E-Verify to verify work authorization and establishment of leave policies for judicial employees. The Director can also request OSHR assistance with programs, training, and benefits.

The judicial branch is required to be an equal opportunity employer, provide protections against compelled speech, provide protections for whistleblowers, and maintain confidentiality of employee personnel records, subject to limited exceptions.

Part IV. Conforming Changes

Part IV makes the necessary conforming changes to reflect the repeal of Chapter 126 and the enactment of Chapter 126A.

Part V. Clarifying and Transition Provisions

Part V provides for the transition from governance of the State human resources system under Chapter 126 to governance under Chapter 126A and requires OSHR and the Commission to take certain actions to facilitate the transition.

Section 5.1 provides that the provisions of Chapter 126 as they existed immediately prior to repeal continue to govern the following:

- Contested cases pending before the Commission or the Office of Administrative Hearings, including any pending judicial review of those cases, on the effective date of the act.
- Unresolved grievances, disciplinary actions, or appeals initiated under Chapter 126 prior to the effective date.
- Claims for back pay, reinstatement, or other relief arising from employment actions that occurred prior to the effective date.
- Rights to career State employee status vested under G.S. 126-1.1 prior to the effective date.
- Any cause of action arising under Chapter 126 accrued prior to the effective date.

It further provides:

- The extension of the probationary period authorized in the act and certain provisions related to time-limited appointments only apply to employees hired on or after the effective date.
- Employees designated as a confidential assistant or confidential secretary are automatically redesignated as an employee of a policymaker, and employees designated as an exempt warden are automatically redesignated as an exempt warden.

Section 5.2 provides that the new Chapter 126A applies in conflicts with the existing human resources administrative rules and requires the Commission to review those administrative rules and repeal any unnecessary rules.

Section 5.3 provides that decentralization agreements, delegation agreements, and memoranda of understanding between OSHR and any agency, department, or institution in effect on the effective date of the act remain in effect until modified or terminated by their terms or superseded by future agreements. It also provides that no action or proceeding brought by or against the Commission, OSHR, or the State pending on the effective date of the act is affected by the enactment of the act.

Section 5.4 requires OSHR to assess the State's classification and compensation system, identify opportunities for improvement, and report findings to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House Appropriations Committee, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by

October 1, 2027. After the initial report, OSHR is required to contemplate a pilot program on classification and compensation recommendations. OSHR is additionally required to incorporate trends and recommended findings from the assessment into the annual State of the State Workforce Report. The section further requires executive branch State agencies to annually report certain information pertaining to recruitment and retention challenges to OSHR upon request.

Section 5.5 requires OSHR to submit a revised disciplinary policy containing an improved process for managing State employee performance and conduct to the Commission by December 1, 2026. The Commission is required to adopt a revised Disciplinary Action Policy by April 1, 2027.

The act will become effective October 1, 2026.

Section 11.13 of S.L. 2026-41 (Senate Bill 257) exempted certain employees of the Utilities Commission from provisions of the State Human Resources Act. Subsequently, Section 4.8(a) of S.L. 2026-42 (House Bill 56) repealed those changes.

Section 6.1 of S.L. 2026-42 amends G.S. 126A-15 as enacted by S.L. 2026-40 so that the definition of "Specialized Treasurer's Office employees" also includes designated employees under G.S. 135-6(g1) or G.S. 128-28(h1). The section will become effective October 1, 2026.

Section 8.3 of S.L. 2026-42 amends G.S. 126A-15(8)g as enacted by S.L. 2026-40 to exempt from Chapter 126A, except as to Articles 6 (Equal Employment and Compensation Opportunity; Assisting in Obtaining State Employment) and 7 (The Privacy of State Employee Personnel Records), University of North Carolina legal affairs professionals, health affairs professionals, and institutional development professionals. This section will become effective October 1, 2026.

Redirect Investment Income From Certain Funds To Strengthen General Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.5

Section 5.5 of S.L. 2026-41 (Senate Bill 257) redirects investment income from the following funds to strengthen the General Fund:

- The State Capital and Infrastructure Fund.
- Needs-Based Public School Capital Fund.
- Water Infrastructure Fund.
- Information Technology Fund.
- School Technology Fund.
- Hurricane Helene Disaster Recovery Fund.

This section became effective July 1, 2026.

Modifications to the State Budget Act and Clarifications to the Requirement to Consult with the Joint Legislative Commission on Governmental Operations – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.6

Section 5.6 of S.L. 2026-41 (Senate Bill 257) does the following:

- Requires that the Governor consult with the Joint Legislative Commission on Governmental Operations (Commission) before (i) authorizing expenditures in excess of a budget code and as provided for in statute in response to extraordinary events or unforeseen circumstances if the overexpenditure would exceed an agency's certified budget for that purpose or program by more than 3% percent or (ii) approving capital improvement projects other than those specifically authorized in statute.
- Requires the Governor to report quarterly to the Fiscal Research Division on certain authorized overexpenditures.
- Defines the terms "budget fund purpose statement," "emergency," "prior year earned revenue," and modifies the definition of other terms for the purposes of the State Budget Act.
- Provides that prior year earned revenue received in response to an emergency by a State entity other than the Department of Transportation reverts to the Savings Reserve in the year in which it is received.
- Requires that in odd-numbered years the Governor's recommended base budget (i) include budget fund purpose statements, (ii) employ the North Carolina Financial System Uniform Chart of Accounts adopted by the State Controller, and (iii) provide an accurate projection of expenditures for the State's employer contribution to the Teachers' and State Employees' Retirement System. It further requires the use of the North Carolina Financial System Uniform Chart of Accounts in preparation of an appendix to the Highway Fund certified budget.
- Modifies the procedure by which State agencies apply, accept, budget, and spend grant funds in years with no Current Operations Appropriations Act.
- Prohibits budget adjustments using prior year earned revenue other than those necessary to revert funds as provided for in statute.
- Prohibits State agencies from accepting a gift or donation that would obligate the State to make future expenditures or otherwise result in financial obligation.
- Removes the requirement that the Office of State Budget and Management's (OSBM) searchable website on State spending for grants and contracts be known as NC Openbook.
- Repeals the requirement that OSBM submit an annual report to the Commission and the Joint Legislative Oversight Committee on General Government on progress in implementing the cost-benefit analysis model for use in crafting policy and budget decisions.
- Expands the function of the Settlement Reserve Fund from clearing proceeds from tobacco-related litigation settlement agreement, final orders, and judgements to clearing all proceeds from all litigation settlement agreements, final orders, and judgments and

provides procedure for the accounting of the Settlement Reserve Fund by the State Controller.

The portion of the section pertaining to the Settlement Reserve Fund became effective July 7, 2026, and applies to proceeds payable to the State or any State agency from settlement agreements or court orders entered into after that date. The remainder of the section became effective July 1, 2026.

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.

Various Board Changes - Capital Facilities Finance Agency – 2026 Appropriations Act.

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

Section 5.10(a) of S.L. 2026-41 (Senate Bill 257) requires that the State Treasurer appoint two directors and the Governor appoint one director to the North Carolina Capital Facilities Finance Agency board of directors. One appointee of the State Treasurer serves an initial term for two years and the other State Treasurer appointee serves an initial term for three years. The Governor's appointee serves an initial term of four years.

Section 5.10(a1) of S.L. 2026-41 (Senate Bill 257) provides that the transition of two appointments to the board of directors from the Governor to the State Treasurer apply to the seats appointed by the Governor that next expire or become vacant.

The subsections became effective on July 7, 2027.

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.

Various Board Changes - Supplemental Retirement Board of Trustees – 2026 Appropriations Act.

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

Section 5.10(e) of S.L. 2026-41 (Senate Bill 257) does all of the following:

- Amends the membership of the Supplemental Retirement Board of Trustees (Board) by reducing the Governor's appointments from six members to two members and by adding two appointments by the State Treasurer. This reduces the total membership of the Board from nine to seven. It also allows for holdovers for appointive members whose terms have expired but whose successor has not been appointed. If a seat is vacant or held over for over six months, the State Treasurer may nominate a member for approval by the Board, who serves until the end of the unexpired term or until the vacancy is filled by the applicable appointing authority.

- Provides for automatic removal of members of the Board who (i) miss three consecutive meetings of the Board, unless excused by majority vote of the other members, (ii) fail to cure a conflict of interest within 30 days of identification of the conflict, or (iii) do not agree to abide by the Board's ethics policy.
- Requires appointive members of the Board to take an oath of office.
- Makes other technical and conforming changes.

This section becomes effective July 1, 2027.

State Building Contracts – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.12

Section 5.12 of S.L. 2026-41 (Senate Bill 257) amends the statute governing the State Building Commission's (Commission) powers and duties over the State's capital facilities development and management program. The Commission has authority to adopt rules establishing procedures and criteria to ensure that certain professionals have the necessary qualifications and experience for a capital improvement project. Subject to some exceptions, the rules must ensure that the Commission, after consulting with the funded agency, is responsible for the final selection of the designer, consultant, or construction manager at risk. This section provides that when the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf in Morganton, or the Governor Morehead School for the Blind are the funded agencies, those agencies are subject to the Commission's rules except those agencies are responsible for the final selection of the designer, consultant, design-builder, or construction manager at risk.

This section became effective July 1, 2026.

Capital Project Future Funding – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.13

Section 5.13 of S.L. 2026-41 (Senate Bill 257) does the following:

- Amends the State Budget Act requirements for capital improvement projects to require that the Director of the Budget require that recommendations in the Recommended State Budget for repairs and renovations of existing facilities, real property acquisition, new construction, or rehabilitation of existing facilities have all of the following information provided by the requesting State agency before inclusion in the Recommended State Budget:
 - An estimate of maintenance and operating costs including (i) the number and type of personnel for the project, covering the first five years of operation, by fiscal year; (ii) the anticipated amounts needed for utilities for the project, covering the first five years of operation, by fiscal year; (iii) any additional operational support expenses, covering the first five years, by fiscal year; and (iv) if no increase in expenditures because the recommended project would replace an existing facility,

then the level of expenditures for the previous five years of operation, by fiscal year.

- A recommended funding source for the operating costs for a project, including amounts from General Fund and non-General Fund sources.
- Requires the Office of State Budget and Management to develop and implement a standard for State agencies to use in estimating operational and maintenance costs for various types of State capital improvement projects by March 1, 2027.

This section became effective on July 1, 2026.

Emergency Sheltering/Storage Space Procurement Flexibility – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5A.18

Section 5A.18 of S.L. 2026-41 (Senate Bill 257) amends the powers of the Division of Emergency Management (Division), of the Department of Public Safety, to authorize the Division to contract for services from vendors specializing in emergency sheltering and storage spaces.

This section became effective July 1, 2026.

Collaboratory Consumer Fireworks Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.24

Section 8.24 of S.L. 2026-41 (Senate Bill 257) requires the North Carolina Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) to do the following:

- Study issues related to the regulation of fireworks in the State, and whether the categories of fireworks permitted for sale, transport, possession, and use within the State should be expanded. The study must address the following: public safety and emergency services, regulatory framework and retail licensing, consumer safety, local government authority, economic and fiscal impact, funding mechanisms for public safety and education, comparison to other states, and any other relevant issues.
- In conducting the study, consult with a broad group of stakeholders, including the Office of the State Fire Marshal and the North Carolina Forest Service; representatives from the North Carolina Association of County Commissioners and the North Carolina League of Municipalities; emergency room physicians, first responders, and representatives from the North Carolina Jaycee Burn Center at the University of North Carolina at Chapel Hill; representatives from the North Carolina Chamber of Commerce, the North Carolina Retail Merchants Association, and the consumer fireworks industry; and any other stakeholders deemed relevant by the Collaboratory.
- Provide its study and any proposed recommendations or draft legislation to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on General Government on or before July 4, 2027.

This section became effective July 1, 2026.

Utilities Commission Retain Private Counsel – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.15

Section 11.15 of S.L. 2026-41 (Senate Bill 257) allows the Utilities Commission to retain private legal counsel to represent or provide litigation services to the Commission in proceedings before federal and State courts and agencies. The approval of the Governor is not required.

This section became effective July 1, 2026.

North Carolina - India Trade Commission – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.16

Section 11.16 of S.L. 2026-41 (Senate Bill 257) establishes the North Carolina-India Trade Commission (Commission). The Commission is administratively located in the North Carolina Department of Commerce but exercises its duties independently of the Secretary of Commerce.

The Commission consists of nine members as follows:

- The President Pro Tempore of the Senate (PPT), or the President Pro Tempore's designee and the Speaker of the House of Representatives (Speaker), or the Speaker's designee.
- Two members of the Senate, one from each political party, to be appointed by the PPT and two members of the House of Representatives, one from each political party, to be appointed by the Speaker.
- An individual who is active in Indian American cultural and civic affairs, with preference for an individual with a history of cooperation in the legislative process, to be appointed by the PPT.
- An individual who is active in Indian American cultural and civic affairs, with preference for an individual with a history of cooperation in the legislative process, to be appointed by the Speaker.
- An individual recognized for the individual's achievements and experience in international business, to be appointed by the Governor.

Members of the Commission serve three-year terms and are eligible for reappointment. The Commission must meet at least twice per year.

The duties of the Commission are as follows:

- Encourage bilateral trade between North Carolina and India, including coordinating and hosting summits and other meetings that encourage commercial relations and encourage mutual investment in North Carolina and India, especially in infrastructure and employment.

- Promote business, educational, and cultural exchanges between North Carolina and India and recommend joint action to North Carolina and India on policy issues of mutual agreement between the State and India.
- Submit an annual report to the General Assembly that includes the following: (i) the number meetings the Commission had during the preceding year, (ii) the minutes from those meetings, and (iii) any recommendations or requests that may assist the Commission's work.
- Consider any other related issues, as determined necessary by the Commission.

The Commission must submit its first annual report to the General Assembly by October 1, 2027.

This section becomes effective October 1, 2026.

North Carolina - Ireland Trade Commission – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.17

Section 11.17 of S.L. 2026-41 (Senate Bill 257) creates the North Carolina – Ireland Trade Commission (Commission), a nine-member independent Commission located in the Department of Commerce, to explore and encourage trade, promote business, educational and cultural exchanges, and recommend joint action on policies of mutual agreement between North Carolina and Ireland. Members serve three-year terms and are eligible for reappointment. Members of the Commission are as follows:

- The President Pro Tempore of the Senate, or his or her designee.
- The Speaker of the House of Representatives, or his or her designee.
- Two members of the Senate, one from each political party, appointed by the President Pro Tempore.
- Two members of the House of Representatives, one from each political party, appointed by the Speaker of the House of Representatives.
- An individual active in Irish-American cultural and civic affairs, appointed by the President Pro Tempore.
- An individual active in public higher education who has an interest in North Carolina-Ireland trade relations, appointed by the Speaker of the House of Representatives.
- An individual recognized for their achievements and experience in international business, appointed by the Governor.

The Commission must submit annual reports to the General Assembly with the first annual report due by October 1, 2027.

This section becomes effective October 1, 2026.

Environmental Management Commission Staffing – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.22

Section 12.22 of S.L. 2026-41 (Senate Bill 257) allows the chair of the Environmental Management Commission (EMC) to use the Temporary Solutions Program to obtain new temporary employees. It also permits EMC to contract with private or public entities for studies or projects that the chair of EMC deems necessary to improve efficiency in adopting rules to protect water and air resources.

This section became effective July 1, 2026.

Exempt Department of Labor from Certain Procurement, Contract, and Public Contract Requirements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 13.2

Section 13.2 of S.L. 2026-41 (Senate Bill 257) provides that the Department of Labor can elect to be exempted from oversight by the Department of Administration under certain laws regarding purchasing, contracts, acquisition and maintenance of real property, and leasing of office space. The election allowed by this section must be made in writing by the Commissioner of Labor and must be sent to the Secretary of Administration. Any acquisition of real property made by the Department of Labor pursuant to this section is subject to approval by the Council of State.

This section became effective July 7, 2026, and applies to purchases made, contracts entered into, or other actions taken by the Department of Labor on or after that date.

Create the Building Codes and Interpretation Bureau – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 13.3

Section 13.3 of S.L. 2026-41 (Senate Bill 257) does the following:

- Establishes the Building Codes and Interpretation Bureau (Bureau) within the Department of Labor (Department) to administer, develop, interpret, provide technical assistance on, and support the consistent application of the North Carolina State Building Code, including enforcement of interpretations of decisions of the Bureau, Building Code Council, or Residential Code Council.
- Requires the Bureau to manage the work of the Building Code Council, Residential Code Council, and Code Interpretations Section.
- Provides that the head of the Bureau is the Director who must be appointed by and serve at the pleasure of the Commissioner of Labor (Commissioner). The Commissioner is authorized to delegate any powers, duties, and responsibilities that the Commissioner determines will best serve the public interest to the Bureau Director.

- Creates in the Department the State Building Code Regulatory Fund (Fund) and requires that in addition to building permit fees levied by local governments, each building permit applicant must pay a State Building Code regulatory fee for costs incurred by the Bureau's operation.
- Requires local governments to collect the State Building Code regulatory fee and remit the funds collected to the Department on a quarterly basis to be credited to the Fund. Local governments are also required with each quarterly remittance to submit to the Department a report stating the number of building permits issued during the quarter.
- Requires the Department to use all funds credited to the Fund to support the Bureau.
- Authorizes the Commissioner to adopt rules in order to enforce and carry out the provisions of the Article creating the Bureau but prohibits the Commissioner from adopting any rule that relates to the responsibilities of the Building Code Council and the Residential Code Council.
- Requires that a party that requests or issues a subpoena for the Bureau Director or employee to testify as an expert witness in any civil or administrative action must reimburse the Bureau for the actual time and expenses incurred by the Bureau in connection with the testimony.
- Authorizes the Bureau to apply to a superior court judge for a writ of preemptory mandamus if a local government fails to apply or implement any interpretation or decision of the Bureau, Building Code Council, or Residential Code Council.
- Requires that whenever the Commissioner has reason to believe that the local inspectors or investigators are not doing their duty in applying the North Carolina State Building Code, the Commissioner refers any information of that conduct to the North Carolina Code Officials Qualification Board for review.
- Authorizes the Bureau to hire the additional personnel as may be necessary to handle the work of the Bureau, within the limits of funds appropriated by the General Assembly or available within the Fund.
- Exempts from Chapter 126A (State Human Resources Act), except as to Articles 6 (Equal Employment and Compensation Opportunity; Assisting in Obtaining State Employment) and 7 (The Privacy of State Employee Personnel Records)], employees of the Building Codes and Interpretations Bureau.

This section becomes effective on January 1, 2027.

Conforming Changes Related to the Building Codes and Interpretations Bureau – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 13.4

Section 13.4 of S.L. 2026-41 (Senate Bill 257) makes various conforming changes related to the establishment of the Building Codes and Interpretations Bureau within the Department of Labor.

This section becomes effective January 1, 2027.

Miscellaneous Transitional Provisions Related to the Building Codes and Interpretations Bureau – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 13.5

Section 13.5 of S.L. 2026-41 (Senate Bill 257) does the following:

- Provides that the North Carolina State Building Code in effect on January 1, 2027, is not affected by the establishment of the Building Codes and Interpretations Bureau.
- Extends the initial term of office for seats on the Building Code Council and Residential Code Council by one year.
- Transfers the Building Code Council, Residential Code Council, and Code Interpretations Section to the Department of Labor. This transfer is not to be construed to transfer the statutory powers of the Building Code Council or the Residential Code Council to the Department of Labor with certain limited exceptions.
- Facilitates the transfer of certain employees and rules as a result of the establishment of the Building Codes and Interpretations Bureau and related organizational transfers.
- Provides that transfers will not impact pending actions, proceedings, or ongoing investigations, or ongoing decisions, interpretations, or orders.
- Provides that the Department of Labor, the Office of State Budget and Management, the State Controller, the State Treasurer, and the Office of the State Fire Marshall may take certain preparatory action necessary to implement this section and other provisions related to the establishment of the Building Codes and Interpretations Bureau.

The portion of the section extending the initial term of office for seats on the Building Code Council and Residential Code Council became effective July 7, 2026. The portions providing for preparatory action became effective July 1, 2026. The remainder of the section becomes effective January 1, 2027.

DNCR Report on New/Expanded Facilities Costs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 14.1

Section 14.1 of S.L. 2026-41 (Senate Bill 257) requires the Department of Natural and Cultural Resources (DNCR) to submit a report by December 15, 2026, to the Fiscal Research Division estimating the operating expenses associated with each newly established, expanded, or updated facility that DNCR anticipates will require additional appropriations for the 2027-2028 fiscal year.

This section became effective July 1, 2026.

Exempt Certain Department of Natural and Cultural Resources Divisions from Temporary Solutions Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 14.2

Section 14.2 of S.L. 2026-41 (Senate Bill 257) exempts the following divisions within the Department of Natural and Cultural Resources from the required use of the Temporary Solutions Program:

- Division of Parks and Recreation.
- Division of North Carolina Aquariums.
- Division of State Historic Sites.
- Division of State History Museums.
- North Carolina Museum of Art.
- North Carolina State Museum of Natural Sciences.
- North Carolina Zoological Park.
- Tryon Palace Commission.
- U.S.S. North Carolina Battleship Commission.

This section became effective July 1, 2026.

North Carolina Arts Council Membership and Appointment Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 14.4

Section 14.4 of S.L. 2026-41 (Senate Bill 257) decreases the membership of the North Carolina Arts Council (Council) from 24 members to nine members to be appointed as follows:

- Three members by the Governor.
- Six members appointed by the General Assembly, three upon recommendation of the Speaker of the House and three upon recommendation of the President Pro Tempore of the Senate.

The terms of the Council members are three years and all members serve at the pleasure of, and may be removed by, the appointing authority. An appointment to fill a vacancy on the Council is for the balance of the unexpired term. The Council selects its chair and other officers of its choosing from among its members for terms designated in the Council's rules.

The section further provides that the terms of current members of the Council expire at the conclusion of the term for which they were appointed. For the eight members whose terms expired June 30, 2026, the Governor appoints one successor and the General Assembly appoints two successors, one upon recommendation of the Speaker of the House and one upon the recommendation of the President Pro Tempore of the Senate. This section provides for the same division of appointments for members whose terms expire June 30, 2027 and June 30, 2028.

This section became effective on June 30, 2026.

NC Arts Council Grants Administration – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 14.5

Section 14.5 of S.L. 2026-41 (Senate Bill 257) prohibits the Department of Natural and Cultural Resources (Department) and any organization distributing funds on behalf of the Department from adopting or applying a policy to distribute public funding through the North Carolina Arts Council or the Grassroots Art Program that is based on the racial, ethnic, or cultural identities of a recipient organization's officers or the members of its governing board.

This section became effective July 1, 2026.

Complete the Trails Grants – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 14.9

Section 14.9 of S.L. 2026-41 (Senate Bill 257) provides that certain funds appropriated to the Department of Natural and Cultural Resources (Department) for the 2026-2027 fiscal year for Complete the Trails Grants must be allocated to the Complete the Trails Fund for planning, construction, promotion, and maintenance of component trails of the North Carolina Trails System. The Department must report annually no later than October 1 on the use of funds allocated by this section.

Funds provided to the Complete the Trails Fund must be used to provide grants to eligible entities for eligible trail projects. Eligible entities include counties, municipalities, regional councils of government, public authorities, and certain nonprofit entities with which the Department has signed a Memorandum of Understanding. Eligible trail projects include (i) planning, design, and related environmental assessment or permitting activities for trails, (ii) land and easement acquisition for trails, (iii) construction of trails and trail structures, (iv) trail amenities, (v) certain maintenance activities, and (iv) matching funds for grants awarded by non-State sources for the purpose of other eligible trail projects.

This section became effective July 1, 2026.

Aquarium and Zoo Repair and Renovation Project Authorization – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 14.11

Section 14.11 of S.L. 2026-41 (Senate Bill 257) allows the Secretary of Natural and Cultural Resources to approve the use of the North Carolina Aquariums Fund and North Carolina Zoo Fund for repair and renovation projects at aquariums-related facilities and at the North Carolina Zoological Park, respectively, for certain projects with a total cost of up to \$750,000, rather than \$500,000.

This section became effective July 1, 2026.

Revise Mileage Reimbursement for Members of the Sentencing Commission – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.16

Section 16.16 of S.L. 2026-41 (Senate Bill 257) provides that all members of the North Carolina Sentencing and Policy Advisory Commission receive travel expenses at the rate that applies to members of the Commission who are employed by the Judicial Branch.

This section becomes effective December 1, 2026.

Duty Station Study and Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.28

Section 16.28 of S.L. 2026-41 (Senate Bill 257) requires the Office of Indigent Services to study any potential cost-savings that may be attained by reducing the footprint of leased office spaces. The Office of Indigent Services must submit a report by March 1, 2027 to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division on its findings that must include (i) the location of duty stations for employees of the Office of the Capital Defender and (ii) the utilization of all leased office spaces by all employees of the Office of Indigent Services with a duty station in the City of Durham.

This section became effective July 1, 2026.

Moratorium on Sale or Disposition of Prison Facilities and Repeal of the Department of Adult Correction's Exemption from the General Law Governing the Application of Net Proceeds from Dispositions – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.11

Section 17.11 of S.L. 2026-41 (Senate Bill 257) does the following:

- Prohibits the Department of Adult Correction (Department) from selling or otherwise disposing of a prison facility until July 1, 2028, excepting prison facilities that have not been in operation since July 1, 2016.
- Repeals the Department's exemption from the general law governing the application of net proceeds from dispositions.

This section became effective July 1, 2026, and the repealed provision above applies to dispositions made on or after that date.

Usage of Funds from Vacant Position Cuts – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.13

Section 17.13 of S.L. 2026-41 (Senate Bill 257) prohibits the Department of Adult Correction (Department) from increasing an employee's salary with savings from eliminating any vacant position if the employee is (i) grade NC26 or higher on the North Carolina standard compensation plan or (ii) grade LG09 or higher on the Legal compensation plan.

This section became effective July 1, 2026, and applies to actions taken by the Department on or after that date.

Require the Department of Adult Correction to Obtain Appraisals of Certain Properties – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.14

Section 17.14 of S.L. 2026-41 (Senate Bill 257) requires the Department of Adult Correction (Department) to obtain an appraisal assessing the value for each of the following properties according to their best and highest use and submit the appraisals to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division no later than January 1, 2027:

- Any property owned by the Department that is located along the French Broad River in the Counties of Buncombe, Henderson, Madison, and Transylvania, including the Craggy Correctional Center and Craggy Laundry.
- Any property owned by the Department that (i) is located on Blue Ridge Road in the City of Raleigh and (ii) was not transferred to the Department of Natural and Cultural Resources for use by the North Carolina Museum of Art.

This section became effective July 1, 2026.

Use of Seized and Forfeited Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 18.1

Section 18.1 of S.L. 2026-41 (Senate Bill 257) does the following:

- Provides that seized and forfeited assets transferred to the Department of Justice (DOJ) during the 2026-2027 fiscal year under federal law must be credited to the DOJ's budget.
- Requires the DOJ to make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:
 - A report upon receipt of any assets.
 - A report that must be made prior to use of the assets on their intended use.

- A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year which must be made no later than September 1 of each year.
- Prohibits DOJ from using seized and forfeited assets transferred under federal law for new personnel positions, new projects, and other specified purposes without prior approval of the General Assembly.
- Clarifies that this section does not prohibit State law enforcement agencies from receiving funds from the United States Department of Justice, the United States Department of the Treasury, and the United States Department of Health and Human Services.

This section became effective July 1, 2026.

No Transfer of Positions to Other State Agencies – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.1

Section 19.1 of S.L. 2026-41 (Senate Bill 257) prohibits the Office of State Budget and Management from transferring any positions, personnel, or funds from any of the following State agencies to any other State agency during a fiscal biennium, unless the transfer is included (i) in the base budget for one or both years of that biennium or (ii) otherwise authorized by legislation enacted during or applicable to that biennium:

- The Department of Public Safety.
- The Department of Adult Correction.
- The State Bureau of Investigation.
- The State Highway Patrol.

This does not apply to the consolidation of information technology positions into the Department of Information Technology pursuant to general law.

The section became effective July 1, 2026, and applies to transfers on or after that date.

Use of Seized and Forfeited Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.3

Section 19.3 of S.L. 2026-41 (Senate Bill 257) does the following:

- Credits seized and forfeited assets transferred to the Alcohol Law Enforcement Division of the Department of Public Safety (ALE) during the 2026-207 fiscal year to the budget of the ALE, resulting in an increase of law enforcement resources for the ALE.
- Requires the ALE to make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:
 - A report upon receipt of any assets.

- A report that is made prior to use of the assets on their intended use and the departmental priorities on which the assets can be expended.
 - No later than September 1 annually, a report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year.
- Prohibits the ALE from using seized and forfeited assets for the following purposes without prior approval of the General Assembly:
 - New personnel positions or projects.
 - Acquisition of real property.
 - Repair of buildings where the repair includes structural change.
 - Construction of or additions to buildings.
- Clarifies that nothing in this section prohibits State law enforcement agencies from receiving funds from the United States Department of Justice, the United States Department of the Treasury, and the United States Department of Health and Human Services.

This section became effective July 1, 2026.

Adjutant General Confirmation – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.8

Section 19.8 of S.L. 2026-41 (Senate Bill 257) provides that the Governor's appointment of the Adjutant General is subject to confirmation by the General Assembly by joint resolution. It provides a procedure by which the Adjutant General's name is to be submitted by the Governor to the General Assembly for confirmation. It further provides a procedure for the Speaker of the House of Representatives and President Pro Tempore of the Senate to submit a name to the General Assembly for confirmation if the Governor does not submit a name by May 1 of the year in which the Adjutant General is to be appointed and creates an additional procedure in the event of a vacancy in the office of the Adjutant General.

This section became effective July 7, 2026.

Use of Seized and Forfeited Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.1

Section 20.1 of S.L. 2026-41 (Senate Bill 257) credits seized and forfeited assets transferred to the State Bureau of Investigation (SBI) during the 2026-2027 fiscal year pursuant to federal law to the budget of the SBI for an increase of law enforcement resources for the SBI. However, the use of these assets for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings must first be approved by the General Assembly.

The SBI must make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- A report upon receipt of any assets.
- A report that must be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.
- A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which must be made no later than September 1 of each year.

This section became effective July 1, 2026.

Workers' Compensation for Reserve Officers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.3

Section 20.3 of S.L. 2026-41 (Senate Bill 257) provides that persons serving as reserve law enforcement officers for the State Bureau of Investigation are considered employees of the Bureau for workers' compensation purposes while performing duties assigned or approved by the Director of the Bureau or the Director's designee.

This section became effective July 1, 2026.

Add the State Bureau of Investigation and the State Highway Patrol to the State Vacant Positions Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.4

Section 20.4 of S.L. 2026-41 (Senate Bill 257) requires the State Bureau of Investigation and the State Highway Patrol, no later than February 1 annually, to report to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on all positions within that department that have remained vacant for 12 months or more, including the original position vacancy dates, the dates of any postings or repostings of the positions, and an explanation for the length of the vacancies.

This section became effective July 1, 2026.

Transfer Samarcand Training Academy to the State Bureau of Investigation – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.12

Section 20.12 of S.L. 2026-41 (Senate Bill 257), as amended by Section 6.10 of S.L. 2026-61 (House Bill 268), does the following:

- Transfers all functions, powers, duties, and obligations vested in the Samarcand Training Academy in the Department of Public Safety (DPS) to the State Bureau of Investigation (SBI) by a Type I transfer.
- Transfers the former East Montgomery High School facility that was operated as a training facility within DPS to the SBI.

- Recodifies G.S. 143B-1001 as G.S. 143B-1209 and provides that, except in certain circumstances, North Carolina Basic Law Enforcement Training (BLET) must not be held at the Samarcand Training Academy for certain public safety personnel or agencies who are not conducting BLET at the Samarcand Training Academy as of July 1, 2026.

This section became effective July 7, 2026.

Allow SBI to Assist State Auditor – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.13

Section 20.13 of S.L. 2026-41 (Senate Bill 257) authorizes the State Bureau of Investigation to assist the State Auditor when requested by the State Auditor. This section also changes a reference from the Department of Public Safety to the Department of Adult Correction to conform to statutory changes made in previous legislation.

This section became effective July 1, 2026.

State Capitol Police/Creation of Receipt-Supported Positions – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 21.1

Section 21.1 of S.L. 2026-41 (Senate Bill 257) does the following:

- Authorizes the State Capitol Police (SCP) to contract with State agencies for the creation of receipt-supported positions to provide security services to agency buildings.
- Requires the SCP to report to the Joint Legislative Oversight Committee on Justice and Public Safety no later than September 1 of each fiscal year (i) a list of all positions in the SCP including at least the position type, the agency to which the position is assigned, and the source of the funding for the position and (ii) all terms of the contract for each receipt-supported position.
- Requires the SCP to report within 30 days of the creation of any receipt-supported position to the Fiscal Research Division and the chairs of (i) the House of Representatives Appropriations Committee on Justice and Public Safety and (ii) the Senate Appropriations Committee on Justice and Public Safety. The report must include at least information on the position type, the agency to which the position is assigned, the position salary, the total amount of the contract, and the terms of the contract.

This section became effective July 1, 2026.

Use of Seized and Forfeited Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 21.2

Section 21.2 of S.L. 2026-41 (Senate Bill 257) credits seized and forfeited assets transferred to the State Highway Patrol (SHP) during the 2026-2027 fiscal year pursuant to federal law to the budget of the SHP for an increase of law enforcement resources for the SHP. However, the use of these assets for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings must first be approved by the General Assembly.

The SHP must make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- A report upon receipt of any assets.
- A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.
- A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which must be made no later than September 1 of each year.

This section became effective July 1, 2026.

Modify Governor's Crime Commission to Add Commander of the State Highway Patrol – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 21.3

Section 21.3 of S.L. 2026-41 (Senate Bill 257) adds the Commander of the State Highway Patrol as a nonvoting member of the Governor's Crime Commission.

This section became effective July 7, 2026.

Motor Vehicle Fleet Rate Information – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 22.2

Section 22.2 of S.L. 2026-41 (Senate Bill 257) makes the following changes to the powers and duties of the Department of Administration (Department):

- Requires that when purchasing motor vehicles, the Department must not pay more than \$30,000 per car and not more than \$55,000 per pickup truck, sport utility vehicle, or van unless authorized to do so by the General Assembly. The purchase amounts may be increased every two years by an amount equal to the percentage increase in the automotive component of the Consumer Price Index for All Urban Consumers for the type of vehicle purchased.

- Requires the Department to increase the base monthly lease rate and the monthly per mile rate charged to each State agency for a motor fleet vehicle by an amount equal to the percentage increase in the automotive component of the Consumer Price Index for All Urban Consumer for that type of vehicle.
- No later than February 1 of each year, the Department must include in a report to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General and Information and Technology, and the Fiscal Research Division the following:
 - An inventory of all motor vehicles in the motor vehicle fleet, including vehicle usage, by vehicle class.
 - The current base monthly lease rate by vehicle class and model, and when the next vehicle class rate increase will be effective.
 - The monthly per mile rate for every mile over 1,050 miles per month, and when the next monthly per mile rate will become effective.
 - A telematics summary by vehicle class and model.

This section became effective July 1, 2026.

Inventory of State Land and Buildings – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 22.3

Section 22.3 of S.L. 2026-41 (Senate Bill 257) does the following:

- Requires the Department of Administration (Department), no later than November 15, 2026, to submit a report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division detailing a current and accurate inventory of (i) all land owned or leased by the State or by any State agency and (ii) all buildings owned or leased, in whole or in part, by the State or by any State agency. The report must include the following information:
 - For the land inventory, the location, acreage, description, source of title, and current use of all land (including swamplands or marshlands) as well as the agency to which each tract is currently allocated.
 - For the building inventory, the floor plans of every building and certain detailed information.
- Directs the Department to consult with the North Carolina Trucking Association to create within the report a record of land directly adjacent to the highways and interstates that provide areas for commercial motor vehicles to park.
- Requires the building inventory, if a building is vacant, to list the number of months the vacancy has existed.

The new requirement concerning building vacancies became effective July 1, 2026. The remainder of this section became effective July 7, 2026.

State Agency Land Reallocations/Motor Fleet Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 22.4

Section 22.4 of S.L. 2026-41 (Senate Bill 257) does the following:

- Provides that the Department of Administration (Department) must receive confirmation from the Office of State Budget and Management that no additional appropriation of State funds will be needed before reallocating land with an appraised value of at least \$25,000.
- Prohibits the Department from changing amounts allocated and charged for the operation of the central motor fleet and related facilities without the approval of the General Assembly through the enactment of a general law.

The portion of the section pertaining to reallocation of land became effective July 7, 2026, and applies to reallocations on or after that date. The remainder of the section became effective July 1, 2026.

Eliminate Office for Historically Underutilized Businesses – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 22.5

Section 22.5 of S.L. 2026-41 (Senate Bill 257) abolishes the Office for Historically Underutilized Businesses and any related advisory committees in the Department of Administration and transfers the North Carolina Small Business Enterprise Program to the Office of Purchase & Contract in the Department of Administration. This section eliminates statutory references to required or encouraged use of minority-owned, women-owned, and disabled-owned businesses in State and local contracting, purchasing, and reporting, and substitutes "small business" participation. This section also prohibits governmental entities from establishing or requiring compliance with goals for minority- or women-owned business participation in design-build, design-build bridging, and public-private partnership projects and restricts such requirements unless federally mandated. This section also repeals statutes and local acts establishing or requiring participation goals, reporting, or plans related to minority- or women-owned business enterprise participation, including local acts authorizing such requirements.

This section became effective July 1, 2026.

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 Requirements for Department of Health and Human Services Headquarters Operations Budget – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 22.7

Section 22.7 of S.L. 2026-41 (Senate Bill 257) requires the Department of Administration to provide a detailed financial report of all operating expenditures and parking receipts for the Department of Health and Human Services headquarters campus for the 2025-2027 biennium to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division by March 1, 2027.

This section became effective July 1, 2026.

Include Catawba Indian Nation In North Carolina Commission Of Indian Affairs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 22.9

Section 22.9 of S.L. 2026-41 (Senate Bill 257) adds the Catawba Indian Nation to the North Carolina Commission of Indian Affairs.

This provision became effective June 16, 2026, 10 days after the date the Catawba Indian Nation was granted State recognition as an American Indian tribe by the North Carolina State Commission of Indian Affairs. The remainder of this section became effective July 7, 2026.

State Auditor/Assessment of IT Security Standards and Recommendations – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 24.1

Section 24.1 of S.L. 2026-41 (Senate Bill 257) provides that the State Auditor, after assessing the security practices of information technology systems maintained by covered agencies, may include in its report to the covered agency recommendations concerning the practices assessed.

If the State Auditor includes security practice recommendations, the covered agency must provide a response to the State Auditor including any actions taken or plans made to implement the recommendations or the covered agency's reasons for not implementing or planning to implement the recommendations.

The section further requires that responses must be prepared and maintained in a manner that protects information that is confidential under State or federal law and is not to be construed to authorize or require disclosure.

This section became effective July 1, 2026.

State Auditor/Performance Audit and Facilities Assessment for the Department of Adult Correction – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 24.2

Section 24.2 of S.L. 2026-41 (Senate Bill 257) directs the State Auditor to conduct a performance audit and comprehensive facilities assessment of the Department of Adult Correction, including review of financial operations; capacity; staffing; facility conditions; and options for future maintenance, consolidation, repurposing, and other uses of correctional facilities, with a report due to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division by June 30, 2027.

This section became effective July 1, 2026.

State Auditor Investigation Targeting Medicaid Waste and Abuse – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 24.3

Section 24.3 of S.L. 2026-41 (Senate Bill 257) appropriates funds to the State Auditor for the purpose of investigating waste and abuse in the Medicaid program and to assist with a performance audit related to Medicaid and the NCWorks Career Centers. It requires the State Auditor to report to the Joint Legislative Commission on Governmental Operation and the Fiscal Research Division and provide recommendations on these matters no later than February 28, 2027.

This section became effective July 1, 2026.

Audit of State Veterans Home Trust Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 24.4

Sec 24.4 of S.L. 2026-41 (Senate Bill 257) requires the following:

- The Office of the State Auditor must conduct a financial audit of the North Carolina Veterans Home Trust Fund for the period beginning July 1, 2023, and ending June 30, 2026.
- The Department of Military and Veterans Affairs must provide the State Auditor with access to all records the State Auditor deems necessary to conduct the audit.
- No later than March 1, 2027, the State Auditor must report the results of the audit to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House Appropriations Committee, the Joint legislative Oversight Committee on General Government, and the Fiscal Research Division.

This section became effective on July 1, 2026.

Department of State Auditor Changes. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 24.5

Section 24.5 of S.L. 2026-41 (Senate Bill 257) does the following:

- Of the funds appropriated from the General Fund to the Department of State Auditor, requires the Department to use \$500,000 in recurring funds beginning in the 2026-2027 fiscal year to pay for the cost of auditing the Annual Comprehensive Financial Report.
- Authorizes the Auditor to change existing appropriated positions and benefits responsible for performing financial statement audits to receipt-supported positions and benefits. These appropriated funds do not revert to the General Fund.
- Makes changes to the statute describing the responsibilities of the Auditor as follows:
 - On audits of economy and efficiency and program results, requires the auditee's written response to be included in the final report if received within 15 days from receipt of the draft report.
 - Allows the Auditor to elect exemption from the Department of Administration's oversight on matters of purchasing, contracts, acquisition and maintenance of real property, leasing of office space, and disposition of surplus property.
 - Permits the Auditor to enter into an agreement with the Council of District Attorneys to assign resource prosecutors to matters referred by the Auditor to district attorneys.
 - Allows the Auditor to enter into agreements to obtain subject-matter expertise and assistance in auditing Medicaid providers. Any contingent fees paid to these contractors are calculated as a percentage of any recovery of an identified final overpayment and do not exceed the State share of the amount of the final overpayment that is actually recovered multiplied by the applicable contingency fee rate.
 - Requires the Auditor to notify and coordinate with the Department of Health and Human Services (DHHS) before auditing Medicaid providers for suspected fraud, waste, or abuse to ensure no duplication of efforts are underway by DHHS, prepaid health plans, the NC Department of Justice Medicaid Investigation Division, or federal auditors.

- Requires the Auditor to share the results of any audit of a Medicaid provider completed by the Auditor or its contractors with DHHS.
- Directs the Auditor and any contractors providing expertise and assistance in auditing Medicaid providers to work with DHHS with respect to potential adverse determinations. The Auditor must refer (i) any matter of suspected Medicaid provider fraud to DHHS for review and submission to the NC Department of Justice Medicaid Investigation Division and (ii) any matters of improper government activities to the appropriate law enforcement entities.
- Makes DHHS responsible for returning the federal share of any overpayment to the Centers for Medicare and Medicaid Services, if an audit results in the recovery of an overpayment.
- Prohibits the Auditor from charging or collecting from the Office of the State Controller any costs associated with auditing the Annual Comprehensive Financial Report.
- Amends the statute describing contracted audits by removing the exception to the State Auditor approval requirements for audits called by the Governor.

The non-statutory changes above became effective July 1, 2026, and the statutory changes above become effective October 1, 2026. The remainder of this section became effective July 7, 2026.

Rural Health Care Stabilization Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 25.1.(d)

Section 25.1.(d) of S.L. 2026-41 (Senate Bill 257) requires that funds received as repayment of loans made from the Rural Health Care Stabilization Fund (Fund) revert to the General Fund at the end of each fiscal year. It further requires that the Fund close upon the receipt of the last payment due on a loan made from the Fund.

This subsection became effective July 1, 2026.

Clarify Nonreversion of General Assembly Funds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 29.1

Section 29.1 of S.L. 2026-41 (Senate Bill 257) clarifies that all funds appropriated to the General Assembly do not revert except in the discretion of the Legislative Services Commission.

This section became effective July 7, 2026.

Direct Department of Insurance and the Office of State Fire Marshal to Lease State-Owned Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32.1

Section 32.1 of S.L. 2026-41 (Senate Bill 257), as amended by Section 7.11 of S.L. 2026-61, requires the following:

- The Department of Insurance (DOI) must seek State-owned property to lease office space when its current private lease ends.
- DOI must seek to renew its current lease for a one-year period if it cannot find an adequate State-owned property to lease by September 30, 2028.
- No later than March 1, 2027, DOI must 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 listing all State-owned buildings with adequate capacity to house DOI.
- The Office of the State Fire Marshal (OSFM) must seek State-owned property to lease office space when its current private lease ends.
- OSFM must seek to renew its current lease for a one-year period if it cannot find an adequate State-owned property to lease by October 31, 2026.
- No later than March 1, 2027, OSFM must 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 listing all State-owned buildings with adequate capacity to house OSFM.

This section became effective July 7, 2026.

Reduce Duties of the Publications Division and Modernize Secretary of State Statutes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 37.2

Section 37.2 of S.L. 2026-41 (Senate Bill 257) does the following:

- Eliminates the requirement that each board of county commissioners furnish the Department of Secretary of State copies of the lists of public and abandoned cemeteries.
- Eliminates the requirement that the Secretary of State keep a receipt book in which the Secretary of State maintained a receipt from every person to whom a grant was delivered.
- Provides that certain institutions and government officials, agencies, departments, and other educational institutions may request an electronic copy in lieu of any printed copies of reports, bulletins, maps, or other publications.
- Repeals the requirement that the Secretary of State hold office hours, keep records of oyster grants, keep certain reports, and have printed biannually copies of the North Carolina Manual.

- Requires the Office of the Secretary of State to retain at least one printed copy or an electronic copy of certain records which this section eliminates the requirement to maintain that are in possession of the Office of the Secretary of State prior to the date this section became law.

This section became effective July 1, 2026.

Exempt Department of State Treasurer from Certain Procurement, Contract, And Public Contract Requirements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 38.1

Section 38.1 of S.L. 2026-41 (Senate Bill 257) allows the Department of State Treasurer to elect to be exempted from the Department of Administration's oversight on matters of purchasing, contracts, acquisition and maintenance of real property, and leasing of office space. Any acquisition of real property made by the Department of State Treasurer pursuant to this provision is subject to approval by the Council of State.

This section became effective July 7, 2026, and applies to purchases made, contracts entered into, or other actions taken by the Department of the State Treasurer on or after that date.

State Symbols and Other Official Adoptions – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.1

Section 39.1 of S.L. 2026-41 (Senate Bill 257) does the following:

- Adopts the Moravian cookie as the official cookie of the State.
- Adopts the Moravian star as the official star of the State.

This section became effective July 7, 2026.

Internal Service Fund Rate Limitation – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 40.2

Section 40.2 of S.L. 2026-41 (Senate Bill 257) requires the Department of Information Technology to obtain approval before making any change in rates for the Internal Service Fund from the General Assembly through enactment of a general law. The Internal Service Fund provides information technology services to agencies on a cost-recovery basis, and the rates must be consistent, fully transparent, easily understandable, and must reflect industry standards.

This section became effective July 1, 2026.

Identity Standardization and Statewide Access Management – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 40.5

Section 40.5 of S.L. 2026-41 (Senate Bill 257) creates a new section in Article 15 of Chapter 143B – Department of Information Technology (DIT), requiring DIT to establish and maintain statewide Enterprise ICAM standards applicable to participating agencies. These standards set a framework for identity verification, authentication, authorization, federation, identity assurance, fraud prevention, and access management across participating agencies. DIT must review and evaluate the State's existing contracts within 12 months and issue one or more competitive solicitations for those contracts that do not substantially satisfy the requirements of this section.

This section became effective July 1, 2026.

Council of State/Exempt Positions - Flexibility – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 41.20

Section 41.20 of S.L. 2026-41 (Senate Bill 257) allows the Council of State agencies and the Office of the State Controller to exceed maximum rates by 30%, instead of 10%, when setting the salary of its exempt policymaking and exempt managerial positions.

This section became effective July 1, 2026.

Council of State Supplemental Retirement Allowance – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 41.27

Section 41.27 of S.L. 2026-41 (Senate Bill 257) creates a new Article titled "Council of State Supplemental Retirement Allowance" in Chapter 138 of the General Statutes. This section does the following:

- Creates a Council of State Supplemental Retirement Allowance (allowance) for individuals serving on the Council of State.
- Requires an individual to (i) serve as a member of the Council of State on or after July 1, 2026, (ii) have at least five years of Council of State creditable service, and (iii) have retired under the Retirement System for Teachers and State Employees to be eligible for the allowance. A beneficiary can be eligible to receive the allowance if certain criteria are met.
- Calculates the allowance by multiplying the individual's Retirement System benefit amount for the applicable month by the Supplemental Allowance Factor.
- Requires payment of the allowance to be concurrent with the payment of the individual's Retirement System benefit or the payment of the survivor's alternate benefit to the individual's beneficiary.

This section of the act became effective July 1, 2026, and applies to individuals retiring on or after that date.

Return on Investment Requirements for Capital Funding – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 42.7

Section 42.7 of S.L. 2026-41 (Senate Bill 257) provides that funds disbursed under the State Budget Act and by the North Carolina Community College System for capital improvement projects may only be used for (i) building systems, or (ii) environmental or sustainability systems under Leadership in Energy and Environmental Design, Green Globes, Living Building Challenge, or other similar environmental or sustainability certification or rating by an equivalent or greater, nationally recognized certification or rating system if the construction cost of the building system or environmental or sustainability system is recovered in 10 years or less by reducing project operating costs.

The contracting entity is required to obtain written attestation at the design development phase that the building system or environmental or sustainability systems being employed meet these requirements and provide a report to the Fiscal Research Division once construction plans have been completed confirming that requirements are met. These requirements must be met regardless of whether an environmental or sustainability certification or rating is pursued.

This section became effective July 1, 2026.

State Capitol Long-Term Maintenance Plan Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 42.8

Section 42.8 of S.L. 2026-41 (Senate Bill 257) allows the Legislative Services Office to update and execute a long-term master maintenance plan for the State Capitol Building and the Capitol Square. Development of the plan was authorized in 2021 by S.L. 2021-180. This section expands the plan to include the interior, structural elements, and the grounds, and directs the Legislative Service Office to purchase and place on the grounds of the State Capitol (i) a monument celebrating North Carolina's contributions in the Revolutionary War and (ii) a monument honoring the Reverend William Franklin "Billy" Graham, Jr. This section also requires departments who have custody or jurisdiction over a portion of the Capitol to consult with the Legislative Services Officer.

This section became effective July 1, 2026.

Department of Transportation Capital Project Authorizations – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.8

Section 43.8 of S.L. 2026-41 (Senate Bill 257) authorizes Department of Transportation (Department) capital projects in the 2026-2027 fiscal year based upon projected cash flow needs. It also states the intent of the General Assembly to fund these capital improvement projects on a cash flow basis and plans for future project funding based upon projected availability in the 2027-2028 and 2028-2029 fiscal years. The capital projects are as follows: (i) Manns Harbor Water Infrastructure Overhaul; (ii) Wake County Maintenance Yard; and (iii) Jones County Maintenance Yard.

This section also requires, no later than March 1, 2027, and every year thereafter until project completion, the Department to report on the use of these funds to the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division.

This section became effective July 1, 2026.

North Carolina Railroad Reports – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.18

Section 43.18 of S.L. 2026-41 (Senate Bill 257) amends the laws that regulate annual reporting requirements for railroads, canals, or other public works of internal improvement in which the State owns an interest by adding the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, the Joint Legislative Transportation Oversight Committee, the State Auditor, and the Fiscal Research Division as report recipients.

This section also adds the same report recipients to laws on the annual reporting requirements for State-owned railroad companies. It further specifies that a State-owned railroad company must provide information and data within its possession, or ascertainable from its records, at the request of the State Auditor or Fiscal Research Division and is subject to audit and investigation by the State Auditor.

This section became effective July 1, 2026.

Department of Labor Positions – 2026 Budget Technical Corrections.

SL 2026-42 (H56), Sec. 4.3

Section 4.3 of S.L. 2026-42 (House Bill 56) provides that funds allocated to the Occupational Safety and Health Division (OSH) of the Department of Labor for OSH consultative services positions in the 2026 Appropriations Act, S.L. 2026-41, can be used by the Commissioner of Labor

for the purpose of supporting additional positions to perform work considered by the Commissioner of Labor to be necessary and advisable to carry out the statutory duties conferred on the Department of Labor.

This section became effective July 1, 2026.

Repeal Redundant Vacant Positions Elimination Provision – 2026 Budget Technical Corrections.

SL 2026-42 (H56), Sec. 5.2

Section 5.2 of S.L. 2026-42 (House Bill 56) repeals section 17.12 of S.L. 2026-41 (Senate Bill 257). Section 17.12 of S.L. 2026-41 would have required the Department of Adult Correction (DAC) to eliminate positions from non-healthcare-related divisions of DAC that have been vacant for more than one year from July 1, 2026.

This section became effective July 1, 2026.

Increase Limit on Purchases from Correction Enterprises – Support the Department of Adult Correction.

SL 2026-44 (S355), Sec. 2.2

Section 2.2 of S.L. 2026-44 (Senate Bill 355) increases the amount a government employee or retiree from the State of North Carolina can purchase from The Division of Correction Enterprises of the Department of Adult Correction from \$2,500 to \$4,000 per calendar year.

This section became effective July 7, 2026.

Vested Probation and Parole Officers Maintain Eligibility for Supplemental Retirement When Serving in Certain Roles – Support the Department of Adult Correction.

SL 2026-44 (S355), Sec. 3.1

Section 3.1 of S.L. 2026-44 (Senate Bill 355) expands the definition of a "Probation/Parole Officer" to include "a full-time paid employee of the Department of Adult Correction's Office of Staff Development and Training who is certified as a Probation/Parole Officer and works exclusively in a training role." This expansion allows these individuals to earn credit toward the State law enforcement special separation allowance for this service.

This section became law July 7, 2026, and applies to determinations under the Retirement System for Teachers and State Employees Article of the General Statutes made on or after that date.

Reduce Meeting Requirement of State Reentry Council Collaborative – Support the Department of Adult Correction.

SL 2026-44 (S355), Sec. 4.1

Section 4.1 of S.L. 2026-44 (Senate Bill 355) reduces the required number of meetings of the State Reentry Council Collaborative from quarterly to annually.

This section became effective July 7, 2026.

Ferry Division Performance Audit – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 1

Section 1 of S.L. 2026-46 (House Bill 1094) requires the Office of the State Auditor to conduct a performance audit of the Ferry Division of the Department of Transportation. This audit must include an evaluation of the Division's spending and budget practices, its operations and long-term strategies to maximize revenue and reduce costs, potential route and schedule adjustments, and options to diversify revenue. The State Auditor must submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than January 15, 2027.

This section became effective July 7, 2026.

Division of Motor Vehicles Percentage-Based Funding Model Study – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 2

Section 2 of S.L. 2026-46 (House Bill 1094) directs the Division of Motor Vehicles (DMV) to study the feasibility of transitioning from its current fixed-budget appropriation model of funding to a percentage-of-revenue-based model, including an evaluation of advantages and disadvantages of the current model, feasibility of implementing a percentage-of-revenue-based model, funding models in other states, legal and budgetary constraints, potential fiscal impacts, and potential impacts on customer service, staffing, modernization efforts, and accountability.

The DMV must submit a report of its findings to the Joint Legislative Transportation Oversight Committee, House and Senate Appropriations Committees on Transportation, Fiscal Research Division, and the Office of State Budget and Management no later than January 1, 2027.

This section became effective July 7, 2026.

Repeal Reporting Requirement on Information Technology Modernization Projects Funded in 2014-2015 – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 12

Section 12 of S.L. 2026-46 (House Bill 1094) repeals the quarterly reporting requirement for Division of Motor Vehicles (DMV) information technology modernization projects authorized in 2014. The DMV will continue to submit a comprehensive quarterly report on its modernization efforts required by later legislation.

This section became effective July 7, 2026.

Turnpike Authority Executive Director Title – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 14

Section 14 of S.L. 2026-46 (House Bill 1094) amends the North Carolina Turnpike Authority's Executive Director position title from the Executive Director to the Executive Director and Chief Executive Officer.

This section became effective July 7, 2026.

Prohibit Planting of Invasive Species in Highway Right-of-Way and State Parks – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 27

Section 27 of S.L. 2026-46 (House Bill 1094) expands current laws, which require use of native seeds and plants for planting in highway right-of-way and on lands in State parks, to prohibit the planting of invasive species (as determined by the North Carolina Forest Service) in highway right-of-way and on lands in State parks.

This section becomes effective October 1, 2026.

State Health Plan – 2026 Department of State Treasurer Administrative/Technical/Clarifying Changes.

SL 2026-50 (H1126), Part II

Part II of S.L. 2026-50 (House Bill 1126) does the following:

- Allows maternity benefits for dependents on the State Health Plan.

- Allows the State Treasurer to make the State Health Plan primary insurance in instances when the administrative cost of coordinating benefits with Medicare exceeds the benefit of coordination.
- Exempts funds used for the operation of the State Health Plan from the requirement that all funds deposited with the State Treasurer remain on deposit until final disbursement to the ultimate payee.

The portion of the part pertaining to maternity benefits for dependents on the State Health Plan became effective on August 6, 2026. The remainder of this Part became effective on July 7, 2026.

North Carolina Investment Authority – 2026 Department of State Treasurer Administrative/Technical/Clarifying Changes.

SL 2026-50 (H1126), Part III

Part III of S.L. 2026-50 (House Bill 1126) makes the following conforming changes to the North Carolina Investment Authority (NCIA) throughout the General Statutes:

- Makes the NCIA the custodian of assets that had been in the custody of the State Treasurer.
- Clarifies that prohibitions on investment that had applied to the State Treasurer also apply to the NCIA. The policies previously adopted by the State Treasurer under the statute governing prohibitions on State investment must remain in effect until the applicable policy is adopted by the Board of Directors of the NCIA.
- Clarifies that performance-related bonuses paid to NCIA employees do not count in the compensation calculations for the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System. This provision is effective retroactively to July 1, 2025, and applies to any performance-related bonuses paid to employees of the Investment Authority on or after that date.

The remainder of this Part became effective July 7, 2026.

Unclaimed Property – 2026 Department of State Treasurer Administrative/Technical/Clarifying Changes.

SL 2026-50 (H1126), Part V

Part V of S.L. 2026-50 (House Bill 1126) makes the following changes to laws regarding unclaimed property:

- Authorizes the State Treasurer to pay vendor auditors on a contingency fee basis.
- Expands the definition of "property finder" to include individuals and business entities that primarily seek to locate, deliver, recover, or assist in the recovery of property that is distributable to the owner or presumed abandoned.
- Requires holders of property to file a report in an electronic format provided by the State Treasurer for all property with a value over \$25 and for certain (i) securities or equity

interests, (ii) debts of business associations, and (iii) sums owed by a business association to its shareholders and other interested parties regardless of the value of the property. Such holders of property are further required to respond to a request for further information by the State Treasurer.

- Requires holders of property that is presumed abandoned with a value of \$25 or more to provide written notice to the apparent owner.
- Requires business entities who hold abandoned property claimed by an apparent owner to certify whether property held by a claimant is owned by the claimant if requested by the State Treasurer. The certification is binding on the owner.

The portion of this Part requiring holders of property to provide notice to apparent owners becomes effective December 1, 2026, the remainder of the Part 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.

North Carolina Capital Facilities Finance Agency Changes – 2026 Department of State Treasurer Administrative/Technical/Clarifying Changes.

SL 2026-50 (H1126), Part VII

Part VII of S.L. 2026-50 (House Bill 1126) makes the following changes to the North Carolina Capital Facilities Finance Agency:

- Adds charter and religious schools as participating institutions.
- Provides that the Treasurer serves as the chair of the board of directors.
- Removes the Governor's authority to designate a chair and vice-chair of the board of directors.
- Provides that public hearings for the issuance of bonds must follow requirements in federal law.

This Part became effective July 7, 2026.

Airport Lease Authority – Department of Public Safety/Other Changes.

SL 2026-53 (H206), Sec. 1

Section 1 of S.L. 2026-53 (House Bill 206) grants the North Carolina Department of Public Safety and North Carolina Air National Guard independent signature authority to accept an additional 50-year land use license related to the Stanly County Airport.

This section became effective July 7, 2026.

De Novo Review of Agency Rules. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 1

Section 1 of S.L. 2026-59 (Senate Bill 445) codifies the North Carolina Supreme Court's holding in *Mitchell v. Univ. of N. Carolina Bd. of Governors*, 388 N.C. 341 (2025), that courts interpreting State administrative rules must freely substitute their judgment for that of the agency and employ de novo review. This section also explicitly applies that holding to administrative law judges in the contested case process under the Administrative Procedure Act.

This section became effective August 11, 2026.

Remove Deadline for Educator Preparation Program Rule Adoption. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 3

The State Board of Education (State Board) is required to adopt rules related to educator preparation programs (EPPs), including approval standards, accountability measures, and

sanctions for EPPs not meeting expectations. Additionally, the General Assembly enacted the following implementation timelines:

- Section 7(b) of S.L. 2017-189 required EPP rules to be adopted by February 1, 2018.
- Section 7(f) of S.L. 2017-189 prohibited EPPs from receiving any sanction status prior to the 2021-2022 school year.
- Section 4 of S.L. 2019-149 required further accountability rules to be adopted by October 1, 2019.

Section 3 of S.L. 2026-59 (Senate Bill 445) removes the deadlines by which the State Board should have adopted rules related to EPPs. Additionally, it requires the State Board, in consultation with other stakeholders, to report to the Joint Legislative Education Oversight Committee by October 15, 2026, on recommendations for an EPP accountability model.

This section became effective August 11, 2026.

Conform Definition of "Manufactured Home" with Federal Definition. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 5

Section 5 of S.L. 2026-59 (Senate Bill 445) updates the definition of "manufactured home" throughout the statutes to conform to the federal definition of "manufactured home" found in 42 U.S.C. § 5402(6), and incorporates future amendments to the federal law into the State definition.

42 U.S.C. § 5402(6) currently defines a "manufactured home" as "a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein...."

Section 301(a) of [H.R. 6644](#), the federal 21st Century ROAD to Housing Act, which became law on July 11, 2026, amends the definition in 42 U.S.C. § 5402(6) by deleting the phrase "on a permanent chassis" and inserting "with or without a permanent chassis" and requires states to certify within a year of enactment that their laws treat manufactured homes without a chassis the same as one built on a chassis, and subject a manufactured home without a permanent chassis to the same State laws and regulations as a manufactured home built on a permanent chassis with respect to financing, title, insurance, manufacture, sale, taxes, transportation, and installation.

This section becomes effective October 1, 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.

Exempt Certain Individuals from Barber and Cosmetic Arts Licensing. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 7

Section 7 of S.L. 2026-59 (Senate Bill 445) exempts from licensure as a barber or cosmetologist individuals employed outside of barbershops and cosmetic art shops whose duties are limited only to shampooing or blow drying of hair, provided they follow applicable statutes and rules concerning sanitation.

This section became effective August 11, 2026.

Extend Annual Reporting Requirements for Business Entities Owned by Deployed Members of The Armed Forces. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Secs. 12-17

Sections 12 through 14 of S.L. 2026-59 (Senate Bill 445) amend the Business Corporation Act, Limited Liability Company Act (LLC), and Registered Limited Liability Partnerships (LLP) Chapters of the General Statutes by a waiving business entity's filing fees for annual reports and extending the deadline to report, so long as the business is (i) more than 50% owned by deployed members, defined under the provision as those removed from their county of residence under an official order of deployment, and (ii) prior to deployment, the business entity files an affidavit of deployment with the Secretary of State. If deployment is extended beyond the end date in the affidavit of deployment, the business entity must file an affidavit of extended deployment with the Secretary of State.

The annual reports of those business entities are deemed timely if submitted to the Secretary of State 90 business days after the end of the deployment period for LLPs and corporations or by April 15 of the year immediately following the end of the deployment period for LLCs. If the

deployment is extended, the due date is 180 days after the end date of the extended deployment for all entities.

Section 15 exempts from disclosure under the public records laws any information contained in an affidavit of deployment or affidavit of extended deployment filed with the Secretary of State.

Section 16 directs the Secretary of State to make available any forms needed for the affidavit of deployment or affidavit of extended deployment and to take any other action necessary to allow business entities to begin filing pursuant to this act on October 1, 2026.

These sections become effective October 1, 2026.

Guaranteed Energy Savings Contracts – Reform and Recodification. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Secs. 30-33

Section 30 of S.L. 2026-59 (Senate Bill 445) creates a new Part 3 in Article 3B of Chapter 143 entitled "Guaranteed Energy Savings Contracts" and recodifies existing law from Part 2 of that Article, "Energy Saving Measures for Governmental Units." This section also requires a governmental unit to issue requests for qualifications (RFQ) before entering a guaranteed energy savings contract, set minimum requirements for that RFQ, establish criteria for selecting a qualified provider, and follow other procedures concerning the review and selection of a qualified provider, including mandatory review by the State Energy Office.

Sections 31 and 32 of S.L. 2026-59 (Senate Bill 445) makes conforming changes.

Section 33 of S.L. 2026-59 (Senate Bill 445) requires the Department of Environmental Quality to adopt temporary rules and permanent rules to implement these changes.

Sections 30 through 33 became effective August 11, 2026.

Move Arbor Week from March to November. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 37

Section 37 of S.L. 2026-59 (Senate Bill 445) moves Arbor Week from the week in March containing March 15 to the week in November containing November 15.

This section became effective August 11, 2026.

Toll Discontinuance Period for Vested Rights During Emergency Declarations. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 42

A vested right to complete a project granted by the issuance of a development permit expires for an uncompleted development project if the development work is intentionally and voluntarily discontinued for 24 months. The discontinuance period is tolled during (i) the pendency of any board of adjustment proceeding or civil action in a State or federal trial or appellate court regarding the validity of a development permit, the use of the property, or the existence of the statutory vesting period, and (ii) the pendency of any litigation involving the development project or property that is the subject of the vesting.

Section 42 of S.L. 2026-59 (Senate Bill 445) also tolls the discontinuance period for the duration of an emergency declaration for which the defined emergency includes some or all of the property under development.

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.

Economic Development Partnership of North Carolina Board Appointment Authority – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 1.8

Section 1.8 of S.L. 2026-61 (House Bill 268) provides that the State Treasurer and Commissioner of Labor must select their appointed members to the Economic Development Partnership of North Carolina board so that at least one of each of their respective choices comes from a development tier one or tier two area.

This section became effective on July 1, 2026.

North Carolina High School Redesign Commission – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 3.12

Section 3.12 of S.L. 2026-61 (House Bill 268) establishes the North Carolina High School Redesign Commission (Redesign Commission) to study and recommend changes to policies and systems governing high school and higher education to better prepare the State's students for success as they transition to higher education or the workforce. The Redesign Commission will have 15 members appointed by different entities to terms lasting until the Commission terminates. The Redesign Commission will be located administratively in the Department of Public Instruction (DPI) but be independent of DPI.

The Redesign Commission must study promising practices in North Carolina and nationally, including the following:

- Flexible requirements for high school diplomas that are relevant to skills needed for the workforce.
- Access to work-based learning experiences and opportunities to earn industry-recognized credentials in high school.
- Personalized pathways to satisfy core graduation requirements.
- Competency-based alternatives to time-bound courses, including modular credit-bearing alternatives to semester or yearlong courses and strategies for extended learning via community connected experiences.
- Uses of artificial intelligence to expand opportunities for career exploration and work-based learning experiences.
- Alternative funding models.
- Career exploration opportunities for middle school students and students in the first two years of high school.
- In partnership with the Office of Learning Research at the North Carolina Collaboratory, the evaluation of programs and initiatives that are redesigning high school in the State.

The Redesign Commission must submit a report to the Joint Legislative Education Oversight Committee by April 30, 2027, and annually thereafter, with recommendations and a summary of any evaluations of high school redesign efforts and competency-based programs implemented during that school year. The Redesign Commission terminates on June 30, 2031, or upon the filing of its final annual report, whichever occurs first.

This section became effective July 1, 2026.

Increase Number of Exempt Positions Under the State Human Resources Act at the State Bureau of Investigation – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 6.9

Section 6.9 of S.L. 2026-61 (House Bill 268) increases the number of State Bureau of Investigation positions exempted from the State Human Resources Act from 10 to 15.

This section became effective July 1, 2026.

Exempt State Bureau of Investigation from Certain Procurement, Contract, and Public Contract Requirements – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 6.11

Section 6.11 of S.L. 2026-61 (House Bill 268) exempts the State Bureau of Investigation (SBI) from certain procurement, contract, and public contract requirements on matters of purchasing, contract, acquisition, and maintenance of real property and leasing of office space. However, any acquisition of real property made by the SBI pursuant to this section is subject to approval by the Council of State.

This section became effective July 1, 2026.

Senatorial Advice and Consent – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 7.10

Section 7.10 of S.L. 2026-61 (House Bill 268) does the following:

- Provides that any unconfirmed Governor's Cabinet appointment made in a legislative biennium expires upon the earlier of the end of that biennium or the General Assembly's adjournment sine die.
- Prohibits reappointment of an unconfirmed individual during the Governor's term of office and requires the unconfirmed individual to vacate the position.

This section became effective August 11, 2026, and applies beginning with appointments made during the 2025-2026 legislative biennium.

Allow North Carolina Investment Authority to Retain the Services of Recruitment Firms – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 7.23

Section 7.23 of S.L. 2026-61 (House Bill 268) authorizes the North Carolina Investment Authority to independently retain the services of recruitment firms.

This section became effective August 11, 2026.

Clarify ASL Interpreter Payments – 2026 Court Changes.

Ratified (H377), Sec. 7

Section 7 of House Bill 377 would have modified the statute that governs the payment of translators for deaf individuals to provide that when the relevant proceeding is in the General Courts of Justice, the fee is set by the director of the Administrative Office of the Courts.

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 7 of House Bill 377 would become effective October 1, 2026.

Change "Executive Secretary" to "Executive Director" in Conference Statute – 2026 Court Changes.

Ratified (H377), Sec. 18

Section 18 of House Bill 377 would have changed the title of "executive secretary" to "executive director" in the laws governing the Conference of Clerks of Superior Court.

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 18 of House Bill 377 would become effective when it becomes law.

Modify Rotation of Superior Court Judges – 2026 Court Changes.

Ratified (H377), Sec. 21

Section 21 of House Bill 377 would have modified the statute governing the rotation and assignment of superior court judges to create a new assignment rule for the Chief Justice of the Supreme Court.

In assigning superior court judges for a district consisting of at least one county with a population over 1,000,000 people, the Chief Justice would have been required to include superior court judges from (i) other districts in that same judicial division and (ii) districts from any judicial division adjacent to the division with the district consisting of at least one county with a population over 1,000,000.

House Bill 377 was ratified by the General Assembly on August 6, 2026, but vetoed by the Governor on August 17, 2026, and is not current law. If the General Assembly overrides the veto, Section 21 of House Bill 377 would become effective January 1, 2027, and apply to rotations on or after that date.

Administrative Office of the Courts and Office of Indigent Defense Services Reports and Recommendations – 2026 Court Changes.

Ratified (H377), Sec. 26

Section 26 of House Bill 377 would have required that the Administrative Office of the Courts and Office of Indigent Defense Services submit certain reports.

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 26 of House Bill 377 would become effective when it becomes law.

Allow Suspension of Trial Court Judges Pending Investigation – 2026 Court Changes.

Ratified (H377), Sec. 28

Section 28 of House Bill 377 would have modified laws regarding the Judicial Standards Commission to allow suspension of trial judges pending investigations into misconduct. A new definition of a "trial judge" would have been created and would include "any judge who is serving in the Superior Court Division or District Court Division of the General Court of Justice of North Carolina, including any retired justice or judge who is recalled for service as an emergency judge of the Superior Court Division or District Court Division of the General Court of Justice." A new procedure would then have been created that would allow a trial judge to be suspended if during the pendency of an investigation the Judicial Standards Commission found that immediate and irreparable injury, loss, or damage would result by the trial judge remaining in office.

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 28 of House Bill 377 would become effective when it becomes law.