SUMMARIES OF SUBSTANTIVE RATIFIED LEGISLATION

2026 SESSION

LEGISLATIVE ANALYSIS DIVISION
N.C. GENERAL ASSEMBLY

Foreword

This publication provides summaries of substantive legislation in public acts enacted during the 2026 Regular Session, as well as vetoed legislation, through October 12, 2026. Information is organized by topic. For omnibus bills that contain multiple topics, bill sections are summarized individually.

This publication provides all brief summaries in one document, and is organized alphabetically, by subject area. Individual chapters can also be selected and printed as a single document. Choose a subject area here and select the green button at the top of that page for all summaries on that subject. Individual summaries for enacted laws can also be found by subject or through the searchable bill index by number. Individual summaries provide links to the full summary text, final session law, the bill information and history, and any other available summaries created throughout the legislative process.

Please note that information on local acts and substantial explanation of appropriated funds are generally not reflected in these summaries. Information on appropriated funds is prepared by the Fiscal Research Division and can be found at Legislative Budget Documents.

The Legislative Analysis Division is a nonpartisan, central staff agency that serves as professional staff to the members of Senate and House committees and provides legal analysis and research to members of the General Assembly. Summaries are prepared by the nonpartisan legislative staff as a service for legislators and do not constitute an official statement of legislative intent.

2026 Summaries of Substantive Ratified Legislation

Agriculture and Wildlife

See full summary documents for additional detail

Agricultural Water Plan Update. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 1

Section 1 of S.L. 2026-11 (Senate Bill 401) directs Department of Agriculture and Consumer Services (DACS) to update the Strategic Plan for Protecting Agricultural Water Resources in North Carolina (Plan) to include information on water infrastructure needs, water conservation practices, cost share assistance needed for long term water storage capacity and conservation practices, and flooding mitigation practices and incentive programs.

DACS must submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources by January 1, 2027, on the development of the Plan and any legislative changes needed to implement the Plan.

This section became effective June 22, 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 Violation Points System for Swine Farms – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 4

Section 4 of S.L. 2026-11 (Senate Bill 401) repeals G.S. 143-215.6E, originally enacted in 1997, which directed the Environmental Management Commission (EMC) to develop a Violation Points System applicable to permits for animal waste management systems for swine farms. The Violation Points System was never developed.

The EMC has found that a Violation Points System that does not assess penalties based on fact-specific assessment factors set forth in G.S. 143-215.6A and G.S. 143B-282.1(b) would violate those statutes.

This section became effective June 22, 2026.

Swine Farm Siting Act Technical Correction. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 5

Section 5 of S.L. 2026-11 (Senate Bill 401) makes technical changes to Chapter 106 of the General Statutes to conform with a provision enacted in 2023. The technical changes clarify that a person who constructs or operates an animal waste management system must obtain a permit under the Animal Waste Management Systems Part (Part 1A) of Article 21 of Chapter 143 of the General Statutes.

This section became effective June 22, 2026.

Amend Eligibility Criteria for Animal Waste Fertilizer Conversion Cost-Share Eligibility. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 6

Section 6 of S.L. 2026-11 (Senate Bill 401) amends the definition of an "eligible entity" for a statewide cost-share program for deploying processes and technologies developed for conversion of animal waste to fertilizer to include any person converting sludge from an anaerobic lagoon or other liquid animal waste management system treating animal waste from a livestock operation into fertilizer products.

This section became effective June 22, 2026.

Require a Statewide Study on Shellfish Aquaculture Leasing and Current Moratorium on Shellfish Leasing – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 7

Section 7 of S.L. 2026-11 (Senate Bill 401), as amended by Section 3.18 of S.L. 2026-61 (House Bill 268), directs the North Carolina Collaboratory to study shellfish aquaculture regulations to

ensure a balanced approach between economic development, environmental protection, and public access to coastal waters. In conducting the study, the Collaboratory must consult with the North Carolina Division of Marine Fisheries, the Marine Fisheries Commission, and other stakeholders, including shellfish growers, commercial and recreational fishermen, property owners, and coastal area local governments.

An interim report is due to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources by December 1, 2026, and a final report, including any recommendations for legislative or regulatory changes, is due by December 1, 2027.

Section 7 of S.L. 2026-11 section became effective June 22, 2026. Section 3.18 of S.L. 2026-61 became effective August 11, 2026.

Modify Requirements for Composting of Equine/Bovine Mortality – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 8

Section 8 of S.L. 2026-11 (Senate Bill 401) allows disposal systems for composting of equine and bovine mortality to be deemed permitted by Environmental Management Commission rule if they meet all the requirements currently in effect for composting facilities for animal mortality except for the requirement that the facilities be constructed on an impervious, weight-bearing foundation and operated under a roof.

This section became effective June 22, 2026.

Allow Excused School Absences for Equestrian Competitions and Other Agricultural Events. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 9

Section 9 of S.L. 2026-11 (Senate Bill 401), as amended by Section 7.54(a) of S.L. 2026-41 (Senate Bill 257), requires the State Board of Education (SBE) to adopt a rule requiring school officials to authorize at least two excused absences each academic year for participation in equestrian sporting events, livestock shows, or similar agricultural events. School officials must provide students with an opportunity to make up any tests or other academic work missed due to participation in equestrian sporting events, livestock shows, or similar agricultural events.

This section became effective June 22, 2026, and applies beginning with the 2026-2027 school year.

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

SL 2026-11 (S401), Sec. 10

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

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

This section became effective June 22, 2026.

Allow Pesticide Board To Adjust Annual Assessment for Registered Pesticides – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 11

Section 11 of S.L. 2026-11 (Senate Bill 401) allows the Pesticide Board, a receipt-supported board in the Department of Agriculture and Consumer Services, to set the amount of the annual assessment for each brand or grade of pesticide registered by an applicant, up to $125 per assessment, by adopting a rule.

This section became effective June 22, 2026.

Liquid Petroleum Gas Enforcement Authority. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 12

Section 12 of S.L. 2026-11 (Senate Bill 401) supplements the Commissioner of Agriculture's liquified petroleum (LP) inspection authority by giving the Commissioner of Agriculture and the Commissioner's authorized agents the specific authority to:

- Access premises where LP products are stored to conduct an inspection or examine documentation.
- Issue stop-sale, hold, and removal orders for LP gas equipment that violates the statutes or rules governing LP gas.
- Recall for inspection a vehicle used for the delivery of LP gas.

This section became effective June 22, 2026.

Public Weighmaster Modernization – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 13

Section 13 of S.L. 2026-11 (Senate Bill 401) provides that a public weighmaster's license is valid for a year from the day the application is processed, increases the application fee to $25, and eliminates the requirement that an official seal be obtained from the Department of Agriculture and Consumer Services for a fee. This section also prescribes the contents of a public weighmaster's official seal and allows a public weighmaster to use an electronic stamp with two alternatives for how the weighmaster's signature must be captured.

This section became effective June 22, 2026.

Direct Agriculture and Forestry Awareness Study on Low-Hanging Communication Lines. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 14

Section 14 of S.L. 2026-11 (Senate Bill 401) directs the Agriculture and Forestry Awareness Study Commission (Commission) to study communication lines that fall below minimum height requirements and create a public safety hazard. The Commission must seek input from numerous stakeholders, including the Office of Broadband Infrastructure, electric and telecommunications companies, agricultural organizations, and any other stakeholders the Commission deems necessary. The Commission must report its findings, including recommendations or proposed legislation, prior to the start of the 2027 Regular Session of the General Assembly.

This section became effective June 22, 2026.

Reduce Penalty for Certain Shellfish Aquaculture Violations. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 15

Section 15 of S.L. 2026-11 (Senate Bill 401) reduces the penalties for certain acts related to shellfish aquaculture operations, from Class A1 misdemeanors to the following penalties:

- A violation for an improperly marked shellfish lease area, a first offense would be a warning ticket, a second offense within a month would be an infraction, and a third offense within a month of the warning ticket would be a Class 3 misdemeanor.
- A violation for operating under an expired aquaculture operation permit that occurs within one month of the expiration of the permit would be a warning ticket.
- A violation for operating under an expired shellfish lease agreement that occurs within one month of the expiration of the agreement would be a warning ticket.

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

Increase Penalty for a Second or Subsequent Offense for Larceny of Crops and for Robbing or Injuring Aquaculture Operations. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 16

Section 16 of S.L. 2026-11 (Senate Bill 401) increases the penalty for the theft of ungathered crops or the theft or injury of aquaculture resources as follows:

- Adds a fine of $250 for a first offense and $500 for a second or subsequent offense.
- From a Class H felony to a Class G felony for a second or subsequent offense.

A first offense for either crime would still be punishable by a Class H felony, in addition to the new $250 fine.

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

Add Certain Composting Facilities to the Definition of Agriculture. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 17

Section 17 of S.L. 2026-11 (Senate Bill 401) provides that the production, processing, storage, use, and sale of compost for agricultural, residential, or commercial purposes by a permitted Small or Large Type 1, Type 2, or Type 3 composting facility, defined by the Environmental Management Commission rules, is "agriculture" for purposes of the Building Code and county zoning exemptions.

This section of the act became effective June 22, 2026.

Propane Assessment Amendments – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 18

Section 18 of S.L. 2026-11 (Senate Bill 401) increases the amount of the propane assessment by the North Carolina Propane Education & Research Foundation (Foundation) that raises funds for the purposes of promoting the common good, welfare, and advancement of the propane industry, from $.002 to $.003 per gallon and increases the vote share required to approve the assessment from 50% to 75%. This section also allows the Foundation to use the proceeds of the assessment for workforce development.

The portion of the section pertaining to the amount and its approval becomes effective January 1, 2027, and applies to referenda conducted on or after that date. The remainder of the section became effective June 22, 2026.

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

SL 2026-11 (S401), Sec. 19

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

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

This section became effective July 1, 2026.

Modernize Shellfish and Aquaculture Statutes. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 20

Section 20 of S.L. 2026-11 (Senate Bill 401) defines the term "shellfish" and adds shellfish to the list of aquatic species that can be considered part of "aquaculture" for the purposes of the Aquaculture Development Act, which authorizes the Department of Agriculture and Consumer Services to regulate the production and sale of commercially raised freshwater fish and freshwater crustacean species.

This section became effective June 22, 2026.

Eliminate The Shellfish Cultivation Lease Review Committee. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 21

Section 21 of S.L. 2026-11 (Senate Bill 401) repeals the Shellfish Cultivation Lease Review Committee, allowing any person aggrieved by a decision regarding a shellfish cultivation lease to proceed directly to a contested case before the Office of Administrative Hearings.

This section became effective June 22, 2026, and applies to contested cases filed on or after that date. Any cases pending before the Shellfish Cultivation Lease Review Committee on June 22, 2026, can have been refiled as a contested case by filing a petition before the Office of Administrative Hearings by July 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.

Adjust Timing of Refund Request Period for Grade "A" Dairy Assessment. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 23

Section 23 of S.L. 2026-11 (Senate Bill 401) changes the dates during which a refund can be requested from the North Carolina Dairy Producers Association for the assessment on Grade "A" Milk from December 15 – December 31 to January 15 – January 31 of each year. A refund requested between January 15, 2027 and January 31, 2027 would be for the period running from December 1, 2025 to December 31, 2026.

This section became effective June 22, 2026.

Commerce Nonprofits/Reporting Requirements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.2

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

Extend Shellfish Lease Moratorium in the New Hanover County Area – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.20

Section 12.20 of S.L. 2026-41 (Senate Bill 257) extends the moratorium on new shellfish cultivation leases and new water column leases for aquaculture for the New Hanover County area until July 1, 2028.

This section became effective June 30, 2026.

Great Trails Funds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 14.10

Section 14.10 of S.L. 2026-41 (Senate Bill 257) modifies the Great Trails State Program established in 2023 to provide matching grants for eligible trail projects, by requiring that: (i) funded projects be located in the State; and (ii) wherever possible and appropriate, trail amenities and trail structures developed by eligible entities with funds allocated should follow standard designs and specifications for the State Trails Systems as the Department of Natural and Cultural Resources specifies.

This section became effective July 1, 2026.

Abandoned And Derelict Vessels. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 15.1

Section 15.1 of S.L. 2026-41 (Senate Bill 257) directs that funds appropriated under the 2026 Appropriations Act to the Wildlife Resources Commission (WRC) for the removal of abandoned and derelict vessels must be used to contract with the Coastal Federation (Federation) to remove and dispose of abandoned and derelict vessels identified by the WRC. Prior to the removal and disposal of a vessel under this subsection, the WRC must (i) send written notice to the last known owner of the status of the vessel if an owner can be determined and (ii) post a notice on the vessel advising that the vessel is abandoned. If no response to the written notice to the owner or the notice posted on the vessel is received within 30 days indicating intent to recover while taking specific acts to remove the vessel, then the Federation can proceed with removal and disposal of the vessel. The Federation can remove and dispose of abandoned and derelict vessels on private property after receiving written permission from the property owner or an authorized representative of the property owner and following the other procedures set forth in this section. The Federation must prioritize the use of State funds for the removal of abandoned and derelict vessels located on public waters and lands.

The phrase "abandoned and derelict vessel" means an abandoned vessel, as defined in the Boating Safety Act, or a vessel, as defined in the Boating Safety Act, that is left for more than 30 days in one of the following states:

- In a wrecked, junked, or substantially damaged or dismantled condition upon any public waters and lands of the State.
- Docked, grounded, or beached upon the property of another without the consent of the owner of the property.

The section further provides that when a state of emergency has been declared, the WRC can act, authorize, or join in action with the Federation and with other agencies and contractors in the area subject to the declaration to immediately determine and abate any unsafe conditions or obstructions to navigation of abandoned and derelict vessels without following certain procedures.

An abandoned or derelict vessel, together with all cargo, tackle, and equipment, that remains unclaimed or has not been otherwise brought into compliance 30 days after notice is deemed forfeited and can be disposed of at any suitable solid waste facility permitted for such waste.

The WRC, any cooperating law enforcement agency, or any contractor or employee or agent of the WRC acting under authority granted by this section to remove, relocate, cause to be removed or relocated, or dispose of an abandoned or derelict vessel from waters of the State, public land, or private land are not liable in any claim or action seeking damages for any damage to an abandoned or derelict vessel resulting from such relocation, removal, or disposal unless the damage is a result of gross negligence or willful misconduct.

The Federation must report on the use of allocated funds to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on or before October 1, 2027. The report must include a description of the number, type, and approximate location of vessels removed and a summary of funding from other public and private sources obtained by the Federation for the program.

Further, the section:

- Makes a change to the Boating Account within the Wildlife Resources Fund to provide that the Wildlife Resources Commission must use ten percent (10%) of the revenue generated from issuance of each one-year and three-year certificate of number for vessels for the removal of abandoned and derelict vessels in a manner authorized by law.
- Increases various fees, based on vessel length, for certificates of number, as well as the fee for duplicate certificates of number.

The provisions concerning revisions to the boating account and fee increases for certificates of number become effective October 1, 2026, and apply to fees imposed for certificates of number and duplicate certificates issued on or after that date. The remainder of this section became effective July 1, 2026.

Confidentiality of Wildlife Resource Information – 2026 Wildlife Resources Changes.

SL 2026-43 (H747), Sec. 1

Section 1 of S.L. 2026-43 (House Bill 747) authorizes the Executive Director of the Wildlife Resources Commission to exempt records that contain site-specific information regarding the occurrence of certain rare species of plants or animals, or the location of sensitive habitats, from disclosure under the State's Public Records Law upon finding that disclosure would create a risk of harm, theft, or destruction to the species or habitat or the area where it is located. This section does not apply to a record requested by the landowner of the property where the rare species or sensitive habitat are located.

This section became effective July 7, 2026.

Authorize the Division of Motor Vehicles to Issue Lifetime Conservationist and Wildlife Resources License Plates – 2026 Wildlife Resources Changes.

SL 2026-43 (H747), Sec. 2

Section 2 of S.L. 2026-43 (House Bill 747) does the following:

- Authorizes the Division of Motor Vehicles (DMV) to produce a new Lifetime Conservationist special registration plate, to be a standard background plate with the Wildlife Resource Commission's (WRC) "North Carolina Lifetime Conservationist" logo. The special registration plate fee is $30, with $20 going to the Wildlife Resources Fund to be used by WRC.
- Authorizes the DMV to produce the Wildlife Resources special registration plate as a full-color background plate with a picture in the background representing a native wildlife species occurring in North Carolina. The development of the Wildlife Resources special registration plate is not subject to the minimum applications requirement nor the 60-day requirement for submitting final artwork.
- Makes a technical change to reflect that $20 of the current $30 charge for the sale of each Native Brook Trout special registration plate is transferred to the WRC for use to fund public access to and habitat protection of brook trout waters. The Native Brook Trout special registration plate was authorized by the General Assembly in S.L. 2013-376, which established a $30 special registration plate fee.

This section becomes effective October 1, 2026.

Recreational Boating Safety Conforming Program Changes – 2026 Wildlife Resources Changes.

SL 2026-43 (H747), Sec. 3

Section 3 of S.L. 2026-43 (House Bill 747) does the following:

- Reduces the number of days that vessels registered out-of-State can be present in the waters of this State before having to register their vessel in North Carolina from 90 days to 60 days.
- Clarifies that every vessel operated in the waters of this State is required to comply with the federal Inland Navigation Rules, not just numbered or documented vessels.
- Provides that all personal watercrafts equipped by the manufacturer with an engine cut-off switch must keep the switch in use while the vessel is in operation.

This section becomes effective October 1, 2026. Prosecutions for offenses committed before October 1, 2026, are not abated or affected by this act, and the statutes that would be applicable but for this act remain applicable to those prosecutions.

Allow WRC to Issue Elk Permits by Raffle and Auction. – 2026 Wildlife Resources Changes.

SL 2026-43 (H747), Secs. 4-6

Section 4.(a) of S.L. 2026-43 (House Bill 747) directs the Wildlife Resources Commission (WRC) to issue two Elk Permits for the 2027 hunting season: one resident Elk Permit by raffle, and one Elk Permit by auction. Any elk taken must be reported and presented to WRC staff pursuant to the conditions of the permit issued. Permits issued under this act cannot be transferred, resold, or reassigned.

Section 4.(b) directs WRC to conduct the raffle for one resident Elk Permit issued for the 2027 hunting season. Raffle tickets will be sold for $20 per ticket or a maximum of 30 raffle tickets for $500. Purchasers of raffle tickets would be required to either have a valid hunting license or qualify for a license exemption. From the proceeds collected from the raffle, WRC is allowed to retain its actual costs of administering the raffle, up to 25% of the total proceeds collected. WRC must deposit the remaining proceeds in the Wildlife Resources Fund to be used for the conservation and management of elk.

Section 4.(c) directs WRC to select one nonprofit wildlife conservation organization involved in the reintroduction of elk into North Carolina to conduct an auction for one Elk Permit. The nonprofit wildlife conservation organization is allowed to retain no more than 25% of the proceeds of the auction for an Elk Permit. WRC must deposit the remaining proceeds in the Wildlife Resources Fund to be used for the conservation and management of elk.

Section 4.(d) allows WRC, based on its evaluation of its elk management goals, to continue issuing Elk Permits for future hunting seasons by way of raffle and auction in the same manner as provided in this bill for the 2026 hunting season, except that WRC would be allowed to raffle off more than one Elk Permit per year.

The following restrictions apply to future hunting seasons: (i) WRC is not allowed to issue an Elk Permit via auction without also issuing one or more through raffle; and (ii) WRC is required to reserve for North Carolina residents half of all Elk Permits made available via raffle.

Section 4.(e) states the intent of the General Assembly that the receipts generated by these raffles and auctions only supplement, rather than replace, other funds budgeted for elk management.

Section 4.(f) directs WRC to submit a report by March 1, 2028, on the effectiveness of the Elk Permit raffle and auction program to the House Wildlife Resources Committee, the Senate Agriculture, Energy, and Environment Committee, and the Fiscal Research Division. WRC must submit this report every year in which it conducts Elk Permit raffles and auctions.

Section 5 amends the definition of "Game Animals" to include elk.

Section 6 makes a conforming change to require hunters to wear hunter orange when hunting elk.

These sections became effective July 7, 2026.

NC Farmland and Military Protection Act.

SL 2026-54 (H133)

[For a detailed summary of the provisions of this act, please see the MILITARY, VETERANS, AND INDIAN AFFAIRS subject area.]

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

SL 2026-59 (S445), Sec. 25

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

Relief at the Pump.

SL 2026-62 (H3)

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

Alcoholic Beverage Control

See full summary documents for additional detail

Excise Tax Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part IV

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

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

SL 2026-31 (S595), Part XIV

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

Children and Families

See full summary documents for additional detail

Dissemination to Minors of Obscenity and Material Harmful to Minors – Revise Laws on Minors/Human Trafficking.

SL 2026-34 (H83), Sec. 1

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

NC Pre-K Programs/Standards for Four- and Five-Star Rated Facilities. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.1

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

NC Pre-K Report on Reallocation of Unused Slots – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.2

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Subsidized Child Care/Increase Reimbursement Rates, Implement a Rate Floor, and Require Additional Reporting at the 50th Percentile for the Next Market Rate Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.4

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Smart Start Initiatives – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.6

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Smart Start Literacy Initiative/Dolly Parton's Imagination Library – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.7

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Career-Ready Lead Teacher Academy Pilot Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.8

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Child Care Mental and Behavioral Health Services Funding/Smart Start Special Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.9

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Child Care Reforms/Expand Career Pathways for Child Care Center Administrators – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.10

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Local Health Departments/Competitive Grant Process to Improve Maternal and Child Health – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.1

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Report on Recommendations for a Plan to Improve Maternal and Infant Levels of Care in North Carolina – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.2

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Carolina Pregnancy Care Fellowship. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.6

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Alignment of State and Federal Childhood Lead Dust Standards – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.9

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Intensive Family Preservation Services Funding, Performance Enhancements, and Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.2

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Federal Child Support Incentive Payments – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.6

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Report on Certain SNAP and TANF Expenditures – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.8

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Inclusion of Eastern Band of Cherokee Indians in Child Advocacy Centers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.10

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Require Status Report on Foster Care Trauma-Informed Assessment – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.11

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Responsible Fatherhood NC Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.13

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

SNAP Benefit Cost-Sharing – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.14

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Dominique Moody Safety Act – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.15

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Family Child Care Home Direct Support Pilot. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9M.2

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Additional Support for Domestic Violence Center Grants – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 22.1

[For a detailed summary of the provisions of this act, please see the CIVIL LAW AND PROCEDURE subject area.]

Study Insurance Program For Child Care Providers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32.2

[For a detailed summary of the provisions of this act, please see the INSURANCE subject area.]

Make Certain Changes Related to Juvenile Court Records. – 2026 Court Changes.

Ratified (H377), Sec. 15

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Civil Law and Procedure

See full summary documents for additional detail

Worker Safety Act of 2026.

SL 2026-13 (H258)

[For a detailed summary of the provisions of this act, please see the LABOR AND EMPLOYMENT subject area.]

Prohibit Litigation Investment – Prohibit Litigation Invest/Amend Workers' Compensation Benefits.

SL 2026-14 (H315), Part I

Part I of S.L. 2026-14 (House Bill 315) enacts the Prohibit Litigation Investments Act (Act) to make it unlawful for a person to engage in litigation investment in this State or to furnish litigation investment to a party or counsel of record in a civil proceeding in this State.

In addition to any other remedies provided by law for a violation, the Attorney General is authorized to bring an action to enjoin violations of the Act, in which the court could impose a civil penalty of up to $50,000 for each violation.

Any person injured by a violation can bring an action seeking damages. An injured person can elect at judgment between an award of compensatory damages as measured by the trier of fact or an award of treble the amount of the full potential litigation investment contemplated by the investor as statutory damages. As part of any judgment the injured person would also be entitled to an award of court costs and reasonable attorneys' fees.

As used in the Act, the term "litigation investment" means the provision of money for the fees, costs, and expenses related to a pending or potential civil proceeding in exchange for the right to receive repayment or other consideration that is contingent in any respect on the outcome of the proceeding.

The following activities are not a prohibited "litigation investment" under the Act:

- The provision of legal services on a contingency fee basis or the advance of costs and expenses by an attorney or law firm in accordance with the North Carolina Rules of Professional Conduct.
- An insurer's or other entity's contractual obligation to indemnify or defend a party to a civil proceeding.
- A nonprofit organization's provision of money for the fees, costs, or expenses of a civil proceeding commenced by the organization on behalf of itself or its members, or the provision of money to or by a nonprofit legal services organization for pro bono, cost-free representation of a client in a civil proceeding, so long as any repayment amount is limited to the original amount plus reasonable interest.

- A direct loan to a party, law firm, or attorney so long as repayment of the loan is not contingent on the outcome of any civil proceeding.
- The provision of financial support to a party for personal and household expenses during the pendency of a civil proceeding so long as it is not used for the fees, costs, or expenses of the proceeding.
- An immediate family member's provision of financial support to a party for fees, costs, or expenses of a civil proceeding or for personal and household expenses during the pendency of the proceeding, regardless of whether the immediate family member receives a right to any portion of the recovery in the civil proceeding or any other right to repayment that is contingent on the outcome of the proceeding.

This Part became effective June 22, 2026, and applies to civil proceedings commenced on or after that date, and applies to contracts entered into, renewed, or amended on or after that date.

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

SL 2026-19 (S153), Part V

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

Clarify Distinction Between Costs and Expenses Awarded – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.15

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Establish Procedure for Complex Family Financial Case Disposition. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.19

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Additional Support for Domestic Violence Center Grants – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 22.1

Section 22.1 of S.L. 2026-41 (Senate Bill 257) increases the fee assessed against a person filing for absolute divorce from $75.00 to $125.00 and provides that those funds are deposited to the Domestic Violence Center Fund.

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

Confidentiality of Wildlife Resource Information – 2026 Wildlife Resources Changes.

SL 2026-43 (H747), Sec. 1

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Winter Sports Safety and Accidents.

SL 2026-49 (S648)

S.L. 2026-49 (Senate Bill 648) does the following:

- Defines "inherent risks of skiing," "season pass," and "ski pass."
- Adds additional duties and responsibilities for skiers, as follows:
    - Remain onsite when the skier collides with another individual, unless leaving is necessary to obtain medical help, or when remaining at the scene of the collision places the skier or others at significant risk of injury.
    - After a collision, provide name and current address to ski patrol, ski area employee, or to each person involved in the collision.
    - No skiing off or outside of boundaries.
    - Load and unload properly from a tramway and use any passenger restraining devices on tramway in accordance with intended purpose, posted instructions, and verbal instructions from the ski area operator.
    - No skiing on a slope that is closed or during a time outside of slope operational hours.
    - Stay clear of snow-grooming equipment, vehicles, lift towers, signs, and any other equipment on ski slopes and ski trails.
    - Heed all information and warnings and refrain from acting in a way that could cause injury.
    - Yield the right-of-way to the downhill skier when approaching or overtaking another skier.
    - When a skier younger than 14 years old is participating in winter sports activities, a parent or guardian must properly supervise the skier.
- Provides additional locations where ski area operators can post signs giving reasonable notice of slope and trial conditions, including at ticket kiosks or online.
- Allows assumption of the risk of the inherent risks of skiing to be an affirmative defense for ski area operators.
- Creates Class 1 misdemeanors for (i) misuse of ski passes and season passes, (ii) unauthorized access to or use of a ski area, and (iii) hit and run ski collision.
- Creates a civil action to recover damages from a skier who (i) misuses a ski pass or season pass or (ii) accesses or uses a ski area without authorization.

- Provides limited immunity for the employee or agent of a ski area operator related to an individual's detention or arrest for misuse of a ski pass.
- Establishes that waivers of liability executed in conjunction with winter sports are enforceable.
- Exempts bona fide volunteers at a ski area, including qualified youth under 18 years old, from minimum wage, overtime, youth employment, and recordkeeping requirements.

This act becomes effective October 1, 2026, and applies to causes of action arising on or after that date and offenses committed on or after that date.

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

SL 2026-59 (S445), Sec. 25

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

Amend Adoption Law to Facilitate E-Filing – 2026 Court Changes.

Ratified (H377), Sec. 1

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify How a Renter-Defendant Appellant Maintains a Stay of Execution of Judgment – 2026 Court Changes.

Ratified (H377), Sec. 2

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Amend Default Judgment Provision in Divorce Proceedings – 2026 Court Changes.

Ratified (H377), Sec. 5

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify Certain Filings – 2026 Court Changes.

Ratified (H377), Sec. 8

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify Use of Summonses in Caveat Proceeding. – 2026 Court Changes.

Ratified (H377), Sec. 12

[For a detailed summary of the provisions of this act, please see the PROPERTY, TRUSTS, AND ESTATES subject area.]

Modify Laws Related to Frivolous Lawsuits – 2026 Court Changes.

Ratified (H377), Sec. 20

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Amend Procedure for Determining Elective Share. – 2026 Court Changes.

Ratified (H377), Sec. 27.1

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Technical Corrections to Estate Planning Statutes. – 2026 Court Changes.

Ratified (H377), Sec. 27.4

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Commercial Law and Consumer Protection

See full summary documents for additional detail

Credit Union Update – Various Revenue Laws Changes.

SL 2026-31 (S595), Part XI

Part XI of S.L. 2026-31 (Senate Bill 595) expands the powers of the Administrator of Credit Unions (Administrator), expands the powers of credit unions to offer additional financial services, expands the field of membership, expands investment authorities, lowers the number of people needed to organize a new credit union, expands the Administrator's authority for surety bonds, and updates language regarding minor accounts.

Article 14B – Supervision and Regulation:

- Allows the Administrator to assess a civil penalty not to exceed $500.00 for violation of any section of Articles 14A to 15A of Chapter 54.
- Allows the Administrator to increase the penalty for a late report from $75.00 to a range of $75.00 – $750.00 per day.
- Updates record keeping requirements.
- Removes the requirement for the Administrator to establish rules and regulations relating to the selection of attorneys for credit union loan closings.
- Requires administrative hearings to be conducted in accordance with Article 3A of Chapter 150B (Administrative Procedure Act), unless otherwise provided, and provides the procedure for an appeal.
- Expands the Administrator's ability to remove officers, directors, committee members, or employees, makes the removal immediate upon service of the notice of removal, and provides a procedure to appeal for those subject to removal.
- Allows the Administrator to temporarily waive compliance or suspend compliance requirements during a natural disaster or national, regional, State, or local emergency.
- Creates a new cease and desist authority, where the Administrator can issue and serve upon a credit union an order to cease and desist from one or more unsafe or unsound practices or violation if certain conditions are met.
- Gives the Administrator authority to conduct an investigation, with background checks, of any employee, officer, director, or committee member when the Administrator has reason to believe the person is likely to affect the safety or soundness of the credit union, or when considering:
    - Applications for new charters.
    - Changes to those positions in credit unions in a troubled condition.
    - A managing agent or manager in a conserved credit union.
- Makes technical and clarifying changes.

Article 14C – Powers of Credit Union:

- Expands financial services offered, such as safe deposit boxes, custodial services, correspondent services, and electronic transfer of funds.
- Streamlines the procedure to expel any member and provides a right to appeal to the credit union's board.
- Allows parity with federal credit unions upon 45-day written notice to the Administrator, subject to the Administrator's written disapproval, by allowing state-chartered credit unions to engage in any activity or exercise any power that it could if it were federally chartered.
- Makes technical and clarifying changes.

Article 14D – Membership:

- Allows multiple common bonds for membership of a credit union.
- Expands the field of membership by authorizing credit unions organized in North Carolina to extend membership to:

    - Individuals and families, in North Carolina, that earn income at or below the federal poverty threshold in North Carolina, if the account holder is at least 25 years of age.
    - Persons residing in census tracts in North Carolina where the center of population, as defined by the US Census Bureau, is more than nine miles from a bank branch. If the credit union does not already have a branch located in that census tract, one must be established.

Article 14I – Investments:

- Expands allowed investments, including the following:
    - Changes the aggregate amount allowed to be invested from 25% of reserve fund allocations to 12.5% of the credit union's net worth.
    - Small businesses involved in the development or exploitation of fintech products, in an aggregate amount not exceeding 1% of the credit union's net worth.
    - Common trust or mutual funds whose investment portfolios consist of securities otherwise permitted for credit unions.
    - Stock, securities, obligations, or other instruments approved by the Administrator.
- Eliminates mandatory divestment if the status or form of a credit union's investment changes during the life of the investment.
- Allows a credit union to make an otherwise impermissible investment to fund the credit union's employee benefit plan, subject to rules by the Administrator.
- Makes technical and clarifying changes.

Conforming Changes:

- Removes the old appeals process language.
- Inserts references to the new Hearings and Appeals section.
- Makes technical and clarifying changes.

Organization Procedure:

- Lowers the number of residents needed to organize a credit union from 12 to 7.

Duties of Administrator:

- Allows the Administrator to approve a form and adopt rules for blanket surety bond requirements.
- Makes technical and clarifying changes.

Minors:

- Allows the credit union to act on an account held by a minor as if the minor were of full legal age and legal capacity.
- Expands services to minors by allowing a credit union to offer safe deposit box services to a minor and deals with the minor as if the minor had full legal age and legal capacity.
- Makes technical and clarifying changes.

This Part became effective July 1, 2026.

Protection of Disabled and Older Adults from Financial Exploitation and Savings Bank Updates – Various Revenue Laws Changes.

SL 2026-31 (S595), Part XIII

Part XIII of S.L. 2026-31 (Senate Bill 595) does the following with respect to establishing protections from financial exploitation for disabled adults (any person over the age of 18 or a lawfully emancipated minor who is physically or mentally incapacitated) and older adults (any person over the age of 65):

- Prevents a financial institution, and its officers, employees, and agents from being compelled to identify the existence or contents of a suspicious activity report filed pursuant to the requirements of federal law.
- Authorizes a financial institution to delay or refuse a transaction from an account of a disabled or older adult, or an account where the disabled or older adult is a beneficiary or beneficial owner, if certain conditions are met, including that the financial institution believes financial exploitation may have occurred or was attempted based on observation or received information, and authorizes a financial institution to do any of the following if the requirements for delaying or refusing a transaction are met:
    - Delay or refuse one or more transactions.
    - Delay or refuse to permit the withdrawal or disbursement of funds.
    - Prevent a change in ownership of the account.
    - Prevent a transfer of funds to an account owned wholly or partially by another person.

    - Refuse to comply with instructions given by an agent or person acting for or with an agent under the power of attorney or purported to have been signed by an older adult or disabled adult.
    - Prevent the designation or change in the designation of beneficiaries to receive any property, benefit, or contract rights for an older adult or disabled adult at death.
- Provides that the authority to delay a transaction expires upon the earlier of one of the following, though the authority to delay a transaction can be extended by an additional 30 business days based on reasonable belief that the financial exploitation can continue unless prohibited by a court order:
    - 30 business days after the date on which the depository institution acted under the authority in this section.
    - When the depository institution is satisfied in its discretion that the transaction will not result in financial exploitation of the older adult or disabled adult.
    - Upon an order of a court directing the release of funds.
- Creates procedures for review of a delay or refusal of a transaction, recordkeeping obligations, and training requirements for employees of financial institutions.
- Provides that a financial institution acting in good faith and exercising reasonable care is immune from civil, criminal, or administrative liability related to the delay in a disbursement or transaction resulting from suspected financial exploitation of an older adult or disabled adult.
- Provides financial institutions the discretion whether to notify trusted contacts if the financial institution believes financial exploitation may have occurred or is being attempted.

Part XIII of S.L. 2026-31 (Senate Bill 595) makes the following changes with respect to State savings banks:

- Creates a new process for a State savings bank to establish one or more branches in this State or other states through making an application to the Commissioner of Banks, requiring public notice and a period of public comment, and allowing the Commissioner of Banks to evaluate the application based on specific factors and circumstances.
- Creates a new process for a State savings bank to relocate a branch or principal office through making an application to the Commissioner of Banks, requiring public notice and a period of public comment, and establishing circumstances in which the Commissioner must approve the relocation.
- Unifies the rules for confidential information held by the Commissioner of Banks.
- Clarifies the role, authority, and size of a State savings bank's board of directors.
- Repeals G.S. 54C-102, which requires the bylaws and any amendments be certified by the appropriate corporate official and submitted to the Commissioner of Banks for approval before becoming effective.
- Directs the Commissioner of Banks to review Chapter 54C of the General Statutes and form a drafting group to prepare updates, revisions, or recommendations on more fully integrating it into Chapter 53C of the General Statutes, and to prepare a report to be

presented to the Joint Legislative Commission on Governmental Operations by July 2, 2027.

This Part became effective July 2, 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.

Consumer Protections for Entertainment Event Ticket Sales and Resales – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.8

Section 5.8 of S.L. 2026-41 (Senate Bill 257) does the following:

- Establishes additional requirements for listing a ticket for sale or resale including the following:
    - Listings must clearly and conspicuously disclose the location of the seat corresponding to the ticket, including the row and section number, or if there is no assigned seat, the general admission area; and, whether it is an initial sale or resale of a ticket. If the ticket is being resold, then the following information must be clearly and conspicuously disclosed:
        - That the ticket is being resold through a secondary ticket exchange that is not the ticket issuer, if needed, and an active link and website address for the issuer must be provided.
        - If the secondary ticket exchange is also the ticket issuer, that the consumer is participating in the resale process on each page or interface.
- Prohibits a reseller or secondary ticket exchange from:
    - Selling or offering to sell speculative tickets, which is defined as a ticket not in the reseller's possession at the time of the listing, sale, or advertisement.
    - Reselling more than one copy of the same ticket to an entertainment event.
    - Purchasing, selling, or reselling a ticket through a fan club ticket presale or fan club program unless authorized by the fan club.
- Prohibits a ticket issuer, reseller, or secondary ticket exchange from reselling a ticket before it has been made available to the public through the ticket's initial sale, unless authorized by an entertainer, venue, or event organizer.
- Prohibits a reseller, secondary ticket exchange, and operator of a ticketing link website from engaging in any of the following with regard to advertisements, promotional materials, or online content:
    - Using the name, graphic, logo, image, trademark, trade dress, or any other intellectual property of an entertainer, venue, or event organizer without prior authorization.
    - Resembling the branding of or otherwise visually implying a connection to an entertainer, venue, or event organizer, if the resemblance was intentionally designed to create the false appearance of an agent, affiliate, or other relationship with an entertainer, venue, or event organizer when no such relationship exists.
    - Stating or implying an affiliation with or endorsement by an entertainer, venue, or event organizer when no relationship or endorsement exists.
- Prohibits a person from using or creating a bot, defined as any machine, device, computer program, or computer software that can bypass security measures or access control systems on a retail ticket purchasing platform, to do any of the following:
    - Purchase tickets for any single internet ticket sale.

- Use multiple Internet Protocol addresses, purchaser accounts, or email addresses to purchase tickets for a single internet ticket sale in excess of the purchase limit imposed by the ticket issuer or eight tickets, whichever is less.
- Circumvent or disable an electronic queue, waiting period, presale code, or other sales volume limitation system associated with an internet ticket sale.
- Circumvent or disable a security measure, access control system, or any other control or measure used to facilitate authorized entry to an event.

Any violation of these provisions is an unfair trade practice, and additional monetary penalties can be imposed as follows:

- $15,000 per day that a violation has occurred and the greater of $1,000 or 5 times the total ticket price.
- For willful violations, an additional penalty of $10,000 per ticket sold or resold in violation of these provisions.

The Attorney General must ensure that consumers can report violations of these provisions on the Department of Justice website and by telephone. The Attorney General is also required to report on the number and types of enforcement actions taken pursuant to these provisions to the Joint Legislative Oversight Committee on Justice and Public Safety by August 1 of each year. This report must also be available on the Department of Justice website.

This section becomes effective October 1, 2026, and applies to tickets sold or resold on or after that date.

Hotel Safety Act Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5A.17

Section 5A.17 of S.L. 2026-41 (Senate Bill 257) requires innkeepers to provide suitable lodging accommodations for persons who are accepted as guests in an "emergency or disaster declared occupancy."

The section defines "emergency or disaster declared occupancy" as the rental of an accommodation such as an apartment, inn, hotel, motel, recreational vehicle park, campground, or similar lodging to the same guest or occupant who meets all of the following criteria:

- The guest or occupant is renting the accommodation because of one of the following:
  - An emergency declared by the Governor or the General Assembly.
  - A disaster declared by the Governor.
  - A major disaster declared by the President of the United States.
- The guest or occupant is a recipient of Community Development Block Grant-Disaster Recovery assistance and is renting the accommodation during the repair or reconstruction of the guest's or occupant's home through a program administered by the Department of Commerce.

This section became effective July 1, 2026.

Community Development Block Grants – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.1

Section 11.1 of S.L. 2026-41 (Senate Bill 257) allocates the federal block grant funds appropriated for the fiscal year ending June 30, 2027, for State Administration, Neighborhood Revitalization, Economic Development, Infrastructure, and Rural Community Development.

The Department of Commerce must report on the prior year use of these funds by September 1 annually to the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee; and the Fiscal Research Division. The report must include information on categories of funding, application numbers and total dollar requests in each category, and a list of grant recipients by name, county, category, amount awarded, and project description.

This section became effective July 1, 2026.

Commerce Nonprofits/Reporting Requirements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.2

Section 11.2 of S.L. 2026-41 (Senate Bill 257) requires North Carolina Biotechnology Center, High Point Market Authority, and RTI International, for each year that State funds are expended, to provide reports by September 1 of each year, and more frequently if requested, to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources (collectively, the Committees); and to the Fiscal Research Division. These reports must include information regarding prior State fiscal year program activities, objectives, and accomplishments, and prior State fiscal year itemized expenditures and fund sources. The report must also include a list and description of grants awarded if State funds are used to provide matching funds for competitive grants. Each of these three entities must provide a copy of its annual audited financial statement within 30 days of issuance of that statement to the Committees.

This section became effective July 1, 2026.

Film and Entertainment Grant Fund Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.4

Section 11.4 of S.L. 2026-41 (Senate Bill 257) makes the following modifications to the Film and Entertainment Grant Fund (Fund):

- Includes scripted or non-scripted productions consisting of a series of episodes intended for online distribution as a qualifying expense of a production company for which grants from the Fund can be used.
- Modifies the monetary cap and criteria for which grants from the Fund can be used. Monies from the Fund cannot be used to provide a grant in excess of (i) $20 million for a feature-length film or a single season of a non-scripted production consisting of a series of episodes intended for online distribution or (ii) $25 million for a single season of a scripted production consisting of a series of episodes intended for online distribution or a single season of a television series.
- Clarifies that monies from the Fund cannot be used to provide a grant for a production that is a talk show, recorded concert or other live performance event for theatrical or other release.
- Modifies the definition of a "highly compensated individual" to mean an individual who directly or indirectly receives compensation in excess of $4 million for personal services with respect to a single production.
- Modifies the definition of "production" to include a scripted production intended for online distribution.
- Adds "non-scripted production" to the definition of "production." For a "non-scripted production" that is intended for online distribution, the production must be all of the episodes produced for a single calendar year if there are at least 6 episodes with an average running time of at least 20 minutes.
- Modifies the definition of a "production company" to "a person engaged in the business of making original motion pictures or video contact for theatrical, commercial, advertising, or educational purposes."
- Changes the definition of "qualifying expenses" to be the sum of specified amounts that are spent in this State by a production company in connection with a production, subtracting any amount above $4 million paid to a highly compensated individual. The prior cap for payment to a highly paid individual was $1 million.
- Clarifies that, for game shows and productions that document unscripted real-life situations and do not use professional actors, the following are excluded from the definition of "goods and services":
    - The costs for and the value of prizes awarded.
    - The fair market value of any item in the show intentionally or negligently used or destroyed for entertainment purposes immediately prior to its destruction or use.

- Allows for a bonus for "multi-production." The amount of a grant allowed for the following additional productions must be increased by 5% if the following criteria are met by a production company:

- Making two or more qualifying productions which have an aggregated final verified amount of qualified expenses of at least $80 million.
- Making one or more additional productions within 24 months of the last release of grant funds for the qualifying productions.

This section became effective July 1, 2026, and applies to grants made on or after that date.

Micro-Budget Production Grant Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.5

Section 11.5 of S.L. 2026-41 (Senate Bill 257), as amended by Section 5.8 of S.L. 2026-61, creates the Micro-Budget Production Grant Fund, which provides funds to encourage smaller productions to develop the filmmaking industry within the State. The Department of Commerce must develop and adopt guidelines to administer the program. The guidelines must comply with all of the following:

- A production must have qualifying expenses from $50,000 to $1,499,000 for the production in North Carolina.
- Grant funds cannot be used to provide in excess of (i) a base amount equal to the lesser of 20% of the qualifying expenses for the production or $100,000 plus (ii) any of the following:
  - A bonus of 5% of the base amount, if at least 75% of the compensation and wages paid for the production were paid to North Carolina residents.
  - A bonus equal to 3% if at least 75% of the filming occurred in a Tier Two and Tier One area, or 5% if at least 75% of the filming occurred in a Tier One Area.
- Funds must be reserved for a production for which at least 75% of filming occurred within the State or with a production company headquartered in this State.
- Funds must not be contingent on existence, proof, or guarantee of a distribution agreement.
- Productions are not limited to feature films, television series, or commercials but can include short films, documentaries, or other similar audiovisual works.
- No grant can be awarded that could cause the State's potential liability in a single calendar year, when considered with other grants awarded during that year, to exceed the amount available in the account.

A production that receives a grant award under the Micro-Budget Production Grant Fund is ineligible to receive a grant award under the traditional Film and Entertainment Grant Fund. (Section 5.8 of S.L. 2026-61).

This section became effective July 1, 2026.

Extend Natural Gas Economic Development Infrastructure Sunset – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.6

Section 11.6 of S.L. 2026-41 (Senate Bill 257) extends the expiration of the provisions authorizing natural gas local distribution companies to recover certain costs for natural gas economic development infrastructure created by S.L. 2016-118. As established by S.L. 2016-118, if a business undertaking a project requiring natural gas complied with certain criteria, the natural gas distribution company providing that natural gas service was eligible to recover reasonable and prudent costs, including planning and development costs, construction costs, a revenue retention factor, depreciation, and property taxes, as determined by the Utilities Commission.

These cost-recovery provisions were set to expire on July 1, 2021. This expiration was extended by S.L. 2020-58 to July 1, 2026. This section extends the expiration to July 1, 2036.

This section became effective July 1, 2026.

Job Maintenance and Capital Development Fund Project – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.8

Section 11.8 of S.L. 2026-41 (Senate Bill 257), as amended by Section 4.4 of S.L. 2026-42 (House Bill 56), expands the type of business that is eligible for a grant under the Job Maintenance and Capital Development Fund (Fund) to include businesses that are pharmaceutical manufacturing employers.

A business is a pharmaceutical manufacturing employer eligible for a grant from the Fund if the business meets the following requirements:

- The business operates a manufacturing site within the same county and river basin as the project that is the subject of the agreement.
- The Department of Commerce (DOC) certifies that the business has invested or intends to invest at least $2 billion of private funds in improvements to real property and additions to tangible personal property at the site of the project that is the subject of the agreement over a period of time spanning 24 months before entering the agreement through the term of the agreement.
- The business employed at least 2,000 full-time employees or equivalent full-time contract employees in the State at the time the application for the grant is made and the business agrees to:
    - Maintain at least 2,000 full-time employees or equivalent full-time contract employees in the State for the full term of the grant.
    - Create and maintain at least 500 new full-time jobs in the county in which the project is located over a period of time spanning 24 months before entering the agreement through the term of the agreement.

- The business ensures that the project will supply at least 60% of the total aggregate water and wastewater needs required by a manufacturing site, phase, facility, or expansion of the business that is located in the same county as the project.
- The agreement with a pharmaceutical manufacturing employer can provide that the grant paid out over the term of the agreement be in amounts lower than equal annual payments and in amounts deviating from the factors considered for other eligible businesses for any individual annual payment with the remaining balance paid in the final year of the agreement term.

This section makes further modifications generally to Fund requirements by allowing DOC to enter into nine agreements for grants from this Fund rather than just eight agreements. The total aggregate cost of all agreements for grants from this Fund cannot exceed $209 million and the total annual cost of an individual agreement for grants under this Fund cannot exceed $11 million except for the variation allowed for an agreement with a business that is a pharmaceutical manufacturing employer.

This section became effective July 1, 2026.

Selectsite Readiness Program Modification – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.9

Section 11.9 of S.L. 2026-41 (Senate Bill 257) modifies the Selectsite Readiness Program administered by the North Carolina Department of Commerce in conjunction with the Economic Development Partnership of North Carolina. Selectsites are parcels of contiguous property consisting of less than 1,000 acres that are viable for industrial development. This section adds a new requirement that funds appropriated for the identification and evaluation of additional selectsites must be used for engaging a national site selection firm through a competitive bid process to produce a report identifying and evaluating additional sites for inclusion into the program for preferred marketing and site development.

This section became effective July 1, 2026, and applies to funds appropriated for the identification and evaluation of additional selectsites on or after that date.

Motorsports Industry Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.10

Section 11.10 of S.L. 2026-41 (Senate Bill 257) requires the Sanford Holshouser Business Development Group (the Group) to update a previous study on the motorsport industry. The updated study must address the potential for North Carolina to secure events for all levels of motorsports racing including professional, sportsman, and club racing, motorsports research and development, motorsports manufacturing, and motorsports testing facilities. The Group, in consultation with the Department of Commerce, must submit a report to the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the

Fiscal Research Division by April 15, 2027. This section also appropriates funds to update the study.

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.

Securities Salesman Dual Registration Fees – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 37.1

Section 37.1 of S.L. 2026-41 (Senate Bill 257) authorizes, in addition to the $125 filing fee of a securities salesman who is seeking to be registered in this state, an additional $125 filing fee for each securities dealer that the securities salesman (or dealer acting on behalf of a salesman) applies to be registered or renewed with, in accordance with the North Carolina Securities Act. This fee is due upon registration. The new additional fee is paid to the State Treasurer to go into the General Fund.

This section became effective July 1, 2026.

Virtual Currency Kiosk Consumer Protection Act.

SL 2026-45 (H920)

S.L. 2026-45 (House Bill 920) creates the Virtual Currency Kiosk Consumer Protection Act, which requires any virtual currency kiosk operator in North Carolina to be licensed under the Money Transmitters Act and be subject to the supervision of the Office of the Commissioner of Banks.

This act creates a regulatory framework for the virtual currency kiosk industry and does the following:

- Creates definitions, including the following:
  - Existing virtual currency customer – A person whose first transaction with a licensee to transmit virtual currency occurred more than 30 days ago.
  - New virtual currency customer – A person that has no previous transactions with a licensee to transmit virtual currency or a person whose first transaction with a licensee to transmit virtual currency occurs within the past 30 days.
  - Virtual currency – Any type of digital unit that is used as a medium of exchange or a form of digitally stored value or that is incorporated into payment system technology.
  - Virtual currency kiosk – Any fully automated electronic machine owned, operated, or used by a virtual currency kiosk operator that enables the owner or operator to facilitate the transfer of fiat currency to a public key that is recorded on the blockchain, as directed by the customer.
- Makes all information or records obtained by the Commissioner of Banks (Commissioner) during an examination, investigation, or report of a virtual currency kiosk operator confidential and subject to confidential treatment under certain conditions.
- Requires a virtual currency kiosk operator to provide the Commissioner with all records reasonably required to ensure compliance with this act.
- Requires virtual currency kiosk operators to make a risk disclosure, prior to entering into an initial transaction for a customer, of all material risks associated with its products, services and activities and with virtual currency generally.
- Requires virtual currency kiosk operators to make a terms and conditions disclosure of all relevant terms and conditions associated with its products, services and activities and virtual currency generally when opening an account and prior to an initial transaction,
- Requires virtual currency kiosk operators to make a warning disclosure, prior to entering into a transaction with a customer, about scams and fraud.
- Requires virtual currency kiosks to display an interactive fraud-screen requirement that restates the warning disclosure and asks the customer whether the warning applies to their situation. If the customer selects that the warning does apply, the kiosk must immediately terminate the transaction. This fraud screening cannot be bypassed by the customer.
- Requires virtual currency kiosk operators to make certain disclosures before each transaction in a clear and conspicuous manner that include all fees and expenses associated with the transaction, the exchange rates, the spread, and any customer liability.

- Prohibits kiosk operators from implementing any QR-code, barcode, or other scan-based login mechanism.
- Provides permitted authentication customer authentication methods at virtual currency kiosks.
- Requires receipts from transactions at a virtual currency kiosk to include specific details, such as the name and contact information for the owner of the virtual currency kiosk or kiosk operator, the customer's name, the unique identifier of the virtual currency kiosk operator, and any tax collected. The receipt must be in physical written form, unless the customer requests to receive it electronically.
- Requires virtual currency kiosk operators to provide, at a minimum, live customer service at all times that the operator's virtual currency kiosks are available for public use via a toll-free number, which must be displayed on the kiosk or its screen.
- Mandates each virtual currency kiosk operator establishes and maintains written anti-fraud policies and compliance policies and procedures.
- Makes the virtual currency kiosk operator designate and employ a qualified, full-time compliance officer and a qualified, full-time consumer protection officer, neither of whom can own more than 20% of the virtual currency kiosk operator business.
- Mandates that virtual currency kiosk operations submit detailed quarterly reports to the Commissioner detailing the location of each virtual currency kiosk located within the State.
- Requires any virtual currency kiosk operator who owns, operates, solicits, markets, advertises, or facilitates virtual currency kiosks in the State to have a money transmitter license under the Money Transmitters Act.
- Sets daily transaction limits:
    - $2,000 for a new virtual currency customer.
    - $5,000 for an existing virtual currency customer.
- Allows full refunds for a customer if the following conditions are met:
    - The customer reported the fraudulent nature of the transaction to the Commissioner within 30 days.
    - The Commissioner determined that the transaction was fraudulent.
    - The person was a new virtual currency customer at the time of the transaction.
- Allows refunds of fees imposed by the operator if the following conditions are met:
    - The customer reported the fraudulent nature of the transaction to the Commissioner within 30 days.
    - The Commissioner determined that the transaction was fraudulent.
    - The person was an existing virtual currency customer at the time of the transaction.
- Allows the cancellation of a transaction, with a full and immediate refund, if cancelled before the transaction is complete. A receipt of the cancelled transaction must be provided.
- Prohibits the aggregate fees and charges to a customer from exceeding 12% of the dollar equivalent of the virtual currency involved in the transaction or series of transactions.
- Requires a virtual kiosk operator to impose a 48-hour hold on all transactions initiated by a customer whose first transaction occurred within the past 7 days. During the hold period, the virtual kiosk operator must do the following:

    - Accept the transaction request and record all required information.
    - Not allow any virtual currency to be transmitted, transferred, or made available to the customer.
    - Display a notice informing the customer that the transaction will not be completed until the expiration of the 48-hour hold.
- Makes any violation of this act an unfair trade practice.
- Allows the Commissioner to impose a civil penalty on a virtual currency kiosk operator that violates that violates the provisions of this act.
- Makes it a Class 1 misdemeanor to facilitate or induce a fraudulent virtual currency kiosk transaction.
- Allows local governments the ability to regulate virtual currency kiosks in their jurisdictions through zoning, land-use controls, development regulations, or other ordinances as long as they do not conflict with the provisions of this act.
- Allows the administrative authority and enforcement provisions of the Money Transmitters Act to apply to virtual currency kiosks.

This act contains a severability clause that provides that if any provision of the act or its application to any person or circumstance is held invalid, then the invalidity does not affect other provisions or applications of the act that can given effect without the invalid provision or application.

Finally, this act directs the Commissioner must adopt procedures for determining when a virtual currency transaction is fraudulent and rules to implement the provisions of this act by January 1, 2027.

The portion of the act that directs the Commissioner to adopt procedures for fraud determination and rules to implement the provisions of this act became effective July 7, 2026. The remainder of this act becomes effective January 1, 2027 and applies to offenses committed on or after that date.

Fee Adjustment and Commission Contractor Clarifications – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 7

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Require Private Entity to Administer Tourist-Oriented Directional Sign Program – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 22

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Winter Sports Safety and Accidents.

SL 2026-49 (S648)

[For a detailed summary of the provisions of this act, please see the CIVIL LAW AND PROCEDURE subject area.]

Modify Limitations on Mergers and Sales of Assets – Modify Nonprofit Corporations Act/Charitable Organizations.

SL 2026-52 (H517), Part I

Part I of S.L. 2026-52 (House Bill 517) authorizes a merger between a charitable or religious corporation and either of the following:

- A limited liability company if (i) the limited liability company has a 501(c)(3) nonprofit corporation as its sole member and (ii) would be eligible for a 501(c)(3) exemption if it were not disregarded for income tax purposes.
- An unincorporated association consisting of two or more members joined by mutual consent for a common, nonprofit purpose (excluding organizations created by a trust and limited liability companies).

This Part becomes effective October 1, 2026, and applies to plans of mergers adopted on or after that date.

Require Annual Reports to the Secretary of State – Modify Nonprofit Corporations Act/Charitable Organizations.

SL 2026-52 (H517), Part II

Part II of S.L. 2026-52 (House Bill 517) requires domestic and foreign nonprofit corporations authorized to conduct affairs in this State to submit paper or electronic annual reports to the Secretary of State. There is a filing fee of $25 for paper reports and $18 for electronic reports. The annual reports must include specified information, such as the state or country under whose law the corporation is incorporated, address of the registered office, and basic information about principal officers. If the Secretary of State does not receive the report within 60 days of the due date, the report would be presumed delinquent and could be grounds for administrative dissolution of the corporation.

Charitable organizations and sponsors are deemed to have met the reporting requirement if certain criteria are met. The Secretary of State is authorized to waive the reinstatement fee of a corporation seeking reinstatement following administrative dissolution due to delinquent filing until January 1, 2029.

This Part becomes effective January 1, 2027, and applies to annual reports due on or after that date.

Authorize Domestication – Modify Nonprofit Corporations Act/Charitable Organizations.

SL 2026-52 (H517), Part III

Part III of S.L. 2026-52 (House Bill 517) creates a new Article Chapter 55A of the North Carolina General Statutes that establishes domestication procedures for the following:

- A foreign nonprofit corporation to become a domestic nonprofit corporation if the domestication is permitted by the law of the jurisdiction of the foreign corporation.
- A domestic nonprofit corporation to become a foreign nonprofit corporation under a plan of domestication if the domestication is permitted by the law of the jurisdiction of the foreign corporation.

A domestic nonprofit corporation can become a foreign nonprofit corporation by approving a plan of domestication that contains all of the required information, including the terms and conditions of the domestication. This Part sets out the following:

- The requirements for eligibility for domestication.
- The requirements for plans of domestication.
- Procedures for approving and adopting a plan of domestication.
- The procedure for amending and abandoning a plan of domestication.
- Effects of being a domesticated nonprofit corporation.

This Part modifies the Secretary of State's fee schedule to add filing fees for Articles of Domestication ($25) and Articles of Abandonment of Domestication ($10) and makes other conforming changes.

Additionally, this Part clarifies that if a protected agreement of a domestic domesticating nonprofit corporation that is in effect immediately before the domestication has become effective both (i) contains a provision applying to a merger of the corporation and (ii) does not refer to a domestication of the corporation, the provision applies to a domestication of the corporation as if the domestication were a merger until the provision is first amended after October 1, 2026.

A protected agreement is any of the following in effect immediately before October 1, 2026:

- A document evidencing indebtedness of a domestic nonprofit corporation and any related agreement.
- An agreement that is binding on a domestic nonprofit corporation.
- The articles of incorporation or bylaws of a domestic nonprofit corporation.
- An agreement that is binding on any of the interest holders or directors of a domestic nonprofit corporation in their capacities as interest holders or directors.

The statutory changes in this Part become effective October 1, 2026, while the remainder of the Part became law on July 7, 2026.

Modify Required Number of Directors – Modify Nonprofit Corporations Act/Charitable Organizations.

SL 2026-52 (H517), Part IV

Part IV of S.L. 2026-52 (House Bill 517) requires the board of directors of a private foundation to be made up of one or more natural persons. Additionally, with the exception of private foundations, this Part expands the minimum number of natural persons required to be on a board of directors for a nonprofit corporation from one to three. A board of directors could still lawfully have fewer than three members due to a vacancy until the vacancies are filled.

This Part becomes effective October 1, 2026, and applies to corporations organized on or after that date.

Modify the Requirement for Establishing Committees of the Board of Directors – Modify Nonprofit Corporations Act/Charitable Organizations.

SL 2026-52 (H517), Part V

Part V of S.L. 2026-52 (House Bill 517) clarifies, for nonprofit organizations, that the majority of directors or the number of directors required by the articles of incorporation or bylaws, whichever is greater, can create a committee and appoint committee members unless otherwise provided by the articles of incorporation or bylaws.

This section becomes effective October 1, 2026, and applies to committees created on or after that date.

Further Authorize and Clarify Conversion – Modify Nonprofit Corporations Act/Charitable Organizations.

SL 2026-52 (H517), Part VI

Part VI of S.L. 2026-52 (House Bill 517) authorizes business entities that are not domestic nonprofit corporations to convert to domestic nonprofit corporations if the following conditions are met:

- The conversion is allowed by the laws of the state or country governing the organization and internal affairs of the converting business entity.
- The converting business entity is in compliance with the State's statutory requirements.

Converting business entities must approve a written plan of conversion that includes specified information, including the name of the converting business entity, its type of business entity, and the state or country whose laws govern its organization and internal affairs. The plan of conversion must be approved in accordance with the laws of the state or country governing the organization and internal affairs of the converting business entity. Articles of conversion must be filed with the North Carolina Secretary of State.

The following apply once the conversion to a domestic nonprofit corporation occurs:

- The converting business entity ceases its prior form of organization and continues in existence as the resulting domestic nonprofit corporation.
- The title to all real estate and other property owned by the converting business entity continues vested in the resulting domestic nonprofit corporation without transfer, reversion, or impairment.
- All rights, privileges, immunities, powers, and purposes of the converting business entity remain vested in the resulting domestic nonprofit corporation.
- All debts, obligations, and other liabilities of the converting business entity continue as debts, obligations, and other liabilities of the resulting domestic nonprofit corporation.
- A proceeding pending by or against the converting business entity can be continued as if the conversion did not occur. The name of the resulting domestic nonprofit corporation can be substituted for the name of the converting business entity in any pending action or proceeding.
- The interests and obligations in the converting business entity are converted to eligible interests or other securities, rights to acquire interests or other securities, obligations, cash, or other property of the resulting domestic corporation in accordance with the plan of conversion.
- All of the following apply to the resulting domestic nonprofit corporation: (i) it is incorporated under and subject to the North Carolina Nonprofit Corporation Act; (ii) it converts from the converting business entity into its new form of organization without interruption; and (iii) it is deemed to have been incorporated on the date that the converting entity was originally incorporated or organized.

Additionally, this Part adds requirements to the plan of conversion that charitable or religious organizations must approve to convert to domestic limited liability companies, including that the plan be approved by the board of directors, voting members, and other parties, if applicable.

This Part becomes effective October 1, 2026, and applies to plans of conversion approved on or after that date.

Align State and Federal Disclosure Requirements for Charitable Organizations – Modify Nonprofit Corporations Act/Charitable Organization.

SL 2026-52 (H517), Part VII

Part VII of S.L. 2026-52 (House Bill 517) provides that a written acknowledgement that includes the information in section 170(f)(8) of the Internal Revenue Code satisfies the disclosure requirements for charitable organizations or sponsors soliciting in North Carolina. This information includes: (i) the amount of cash and a description (but not value) of any property other than cash contributed; (ii) whether the donee organization provided any goods or services in consideration, in whole or in part, for any property; and (iii) a description and good faith estimate of the value of any goods or services referred to in clause (ii) or, if such goods or services consist solely of intangible religious benefits, a statement to that effect.

This Part became effective July 7, 2026.

Modification of Emergency Video Sunsets – Modify Nonprofit Corporations Act/Charitable Organizations.

SL 2026-52 (H517), Part VII-A

Part VII-A of S.L. 2026-52 (House Bill 517) extends the sunset on the statutory authorization for emergency video notarization and emergency video witnessing to make this authorization expire upon the earlier of 12:01 a.m. July 1, 2027, or the date the Secretary of State issues the first license to an electronic notarization platform.

This section became effective July 1, 2026.

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

SL 2026-59 (S445), Sec. 2

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

Clarify Exemption for Stretching Services at Massage and Bodywork Therapy Establishments. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 8

[For a detailed summary of the provisions of this act, please see the OCCUPATIONAL BOARDS AND LICENSING subject area.]

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

[For a detailed summary of the provisions of this act, please see the MILITARY, VETERANS, AND INDIAN AFFAIRS subject area.]

Prohibit Telephone Solicitors from Misrepresenting Call Origins. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 20

Section 20 of S.L. 2026-59 (Senate Bill 445) expands the prohibition on telephone solicitors transmitting misleading information to anyone using caller ID to provide that telephone solicitors cannot use any alteration to the origin of the telephone solicitation that displays on caller ID to

give the perception that the call originated from any other telephone number than that of the telephone solicitor.

Further, this section prohibits telephone carriers from knowingly or intentionally transmitting, selling, or otherwise providing the numbers of telephone subscribers to any entity the telephone carrier knows will violate the restrictions on telephone solicitation, has previously used telephone subscriber information to violate the restrictions on telephone solicitation, or has provided information to another entity that has violated the restrictions on telephone solicitation. A telephone subscriber who receives a telephone solicitation in violation of the expanded prohibition enacted by this section is entitled to bring a civil action to recover $10,000 for each violation.

This section becomes effective December 1, 2026, and applies to phone calls placed on or after that date.

Sports Championship Events Incentive – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 5.3

Section 5.3 of S.L. 2026-61 (House Bill 268) provides that the Piedmont Triad Charitable Foundation (Foundation) will receive $10 million in nonrecurring funds for the 2026-2027 fiscal year as a directed grant from the Department of Commerce (Department) if the Foundation enters into (i) an agreement with the Department that meets certain requirements and (ii) an agreement with PGA TOUR, Inc. (PGA). The Department will receive funds from the Economic Development Project Reserve for the directed grant to the Foundation for securing the required qualifying events.

A "qualifying event" means a PGA Tour Championship Series Event that is held for the highest tier ranking of professional golfers who qualify through PGA qualifications from the previous year, that is held in the City of Greensboro, and that is in addition to any event meeting the same criteria held in the same year in the State.

The Department and the Foundation must enter into a binding agreement, which constitutes a continuing contractual obligation of the State and the Foundation, for hosting at least four annual, consecutive qualifying events. The PGA must also enter into a binding agreement with the Foundation requiring the PGA to hold at least four annual, consecutive qualifying events. All qualifying events must be held after January 1, 2028, and before December 31, 2031.

The agreement between the Department and Foundation must do the following:

- Include the performance criteria, remedies, and other safeguards required by the Department to secure the State's benefit derived from holding the required qualifying events.

- Require the Foundation to repay a proportionate amount of the directed grant if the Foundation fails to meet and maintain the applicable performance criteria on which the directed grant was based.

If the requirements of the agreement continue to be met, the section states that it is the intent of the General Assembly to appropriate additional funds in future acts of the General Assembly in the amount of $30 million over an additional three fiscal years to continue holding qualifying events.

The Foundation must report to the Department annually on June 1 of each year following the year the agreement is entered into on the qualifying events that have been fulfilled. This report can cease in the year after the year in which the Foundation reports all such qualifying event requirements have been fulfilled.

On September 1 of each year that requirements set forth in the agreement remain unfulfilled, the Department must report to the committees or subcommittees responsible for appropriations for natural and economic resources in both the House of Representatives and the Senate, to the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division. The report must include an executive summary of the performance criteria, remedies, and safeguards required by the Department, a description of the current status of the project, the amount of grant paid under the agreement, and the number and classification of events required and held in this State.

This section became effective July 1, 2026.

Military World Games Funding – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 5.7

Section 5.7 of S.L. 2026-61 (House Bill 268) appropriates $25 million in nonrecurring funds for the 2026-2027 fiscal year from the General Fund to the Department of Commerce (Department) to support the 2027 Military World Games in North Carolina (Games). It also requires the Department to report to the Joint Legislative Commission on Governmental Operations on the use of those funds by October 1 of each year following the fiscal year in which funds are expended or encumbered. Funds appropriated under this section do not revert at the end of the 2026-2027 fiscal year, but if the appropriated funds have not been expended or encumbered by June 30, 2028, they revert to the General Fund.

The allocation and expenditure of $17.5 million is contingent upon the local organizing committee for the Games (i) securing commitments by August 1, 2026, for participation in the Games from at least 50 countries with a minimum of 7,500 total participants and (ii) receiving a Special Event Assessment Rating Level 1 or Level 2 designation from the United States Department of Homeland Security prior to June 25, 2027. The remaining $7.5 million appropriated under this section must be used by the Department to reserve facilities at the University of North Carolina at Charlotte for hosting the Games and must be disbursed from the Department to the University as soon as practicable after this section becomes effective.

This section became effective July 1, 2026.

Constitution and Elections

See full summary documents for additional detail

Lower Taxes for All NC.

SL 2026-4 (S1080)

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

Constitutional Amendment Property Tax Levy Limit.

SL 2026-5 (H1089)

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

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

SL 2026-41 (S257), Sec. 16.2

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

State Board of Elections Administrative Changes.

SL 2026-60 (H834)

S.L. 2026-60 (House Bill 834) does the following with respect to the counting of cast ballots and to curing deficiencies in those cast ballots:

- Provides that when an executed mail-in absentee ballot is delivered in person by the voter's near relative or verifiable legal guardian, that individual must complete an affidavit as to his or her eligibility to return the executed absentee ballot to an election official, and requires the State Board of Elections (State Board) to adopt a form affidavit for use by county boards of elections (county boards) for this purpose, effective January 1, 2027.
- Requires county boards to begin counting ballots cast prior to Election Day by early one-stop voting and traditional mail-in absentee voting at the time set by each county board. Each county board must adopt a resolution setting the time to begin counting between 9:00 A.M. and 5:00 P.M. on Election Day; the resolution must be adopted at least two weeks prior to Election Day.
- Makes it a Class I felony for any person to knowingly reveal the result of any count of ballots prior to the close of the polls on Election Day.
- Requires a county board to notify a voter of a curable deficiency in a cast ballot no later than the close of business on the next business day following the county board's review of the cast ballot. This notification must be sent by mail, and by telephone and email if available.

- Requires cure documentation for curable deficiencies in cast ballots to be returned to a county board no later than noon on the fifth business day after the election (Tuesday after Election Day) in order for the cast ballot to be counted.
- Provides that when a county board has determined within five business days after the election that there are grounds to believe an affidavit completed by a voter for lack of photo ID is false, the county board must determine whether to count the provisional ballot cast by the voter by the date of the county canvass.
- Extends the time for county boards to announce a tally of all traditional mail-in absentee ballots, other than military and overseas ballots and ballots subject to a challenge, and extends the time to count all provisional ballots cast to no later than the close of business on the fifth business day after the election (Tuesday after Election Day).

In addition, S.L. 2026-60 does the following with respect to conducting elections:

- Requires each county board to ensure all of the following at the end of the early one-stop voting period:
    - Early voting equipment must be rendered unable to receive additional votes.
    - The early one-stop vote count cannot be revealed prior to the close of the polls on Election Day.
    - Paper ballots and electronic records of votes cast must be stored securely and separately from each other.
- Provides that if a cast ballot is challenged based upon the death of the voter, and that challenge is sustained because the voter died between the time the ballot was cast and 11:59 P.M. on the day before the election, no portion of the challenged ballot can be counted.
- Provides that the venue for judicial review of any State Board decision would be either the Superior Court of Wake County or the Superior Court of the county in which the person seeking review resides.
- Provides that when a Class C drivers license is temporarily deemed valid for up to two years after the date of expiration for driving privileges, that drivers license must also be deemed valid and unexpired as photo ID when voting. This section of the act expires on December 31, 2027.

Except as otherwise provided, the act became effective on August 11, 2026.

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

SL 2026-61 (H268), Sec. 7.10

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Clarify Jury Commission Appointments – 2026 Court Changes.

Ratified (H377), Sec. 14

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify Appeal Filing Language – 2026 Court Changes.

Ratified (H377), Sec. 19

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Administrative Matters – Election Law Changes.

Ratified (H958), Part I

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Registration of Voters – Election Law Changes.

Ratified (H958), Part II

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Conduct of Elections – Election Law Changes.

Ratified (H958), Part III

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Campaign Finance Revisions – Election Law Changes.

Ratified (H958), Part IV

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Courts, Justice, and Corrections

See full summary documents for additional detail

Prohibit Litigation Investment – Prohibit Litigation Invest/Amend Workers' Compensation Benefits.

SL 2026-14 (H315), Part I

[For a detailed summary of the provisions of this act, please see the CIVIL LAW AND PROCEDURE subject area.]

Cooperation with Federal Immigration Officials – North Carolina Border Protection Act.

SL 2026-19 (S153), Part I

Part I of S.L. 2026-19 (Senate Bill 153), as amended by Sections 5.9(b1) through 5.9(b4) of S.L. 2026-41 (Senate Bill 257), directs the Secretary of the Department of Public Safety (DPS), the Secretary of the Department of Adult Correction (DAC), the Commander of the State Highway Patrol (SHP), and the Director of the State Bureau of Investigation (SBI) to do all the following:

- Enter into Memorandums of Agreement (MOAs) with the Director of U.S. Immigration and Customs Enforcement (ICE) pursuant to Section 287(g) of the Immigration and Nationality Act (8 U.S.C. § 1357(g)) to perform immigration law enforcement functions under the supervision of ICE.
- Develop policies requiring employees of each agency to do all the following:
    - Have employees attempt to determine if any person in the custody of or under the supervision of the agency is a legal resident or citizen of the United States by asking the person questions or examining relevant documents.
    - If an employee cannot determine a person's status by conducting the above inquiry, then the employee is required to make an ICE query.
    - If an employee determines that the person is not a legal resident or citizen of the United States, then the employee is required to provide information requested by ICE.
- Cooperate to the fullest extent allowed by law with ICE.
- Report the MOAs and policies required by this act to the Joint Legislative Oversight Committee on Justice and Public Safety no later than October 1, 2026.

The State Auditor is required to perform an audit to determine that agencies are complying with the above requirements and report those results to the General Assembly no later than December 31, 2026.

This act 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.

Pay Exceptions/Special Separation Allowance.

SL 2026-33 (H481)

[For a detailed summary of the provisions of this act, please see the RETIREMENT subject area.]

Jaleeyah's Law.

SL 2026-37 (H1173)

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

Improve Data Collection and Further Study – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 1

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Pilot Program to Use Telehealth in Jails to Complete Involuntary Commitment First Examination – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 2

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Plan to Utilize Mobile Crisis Units to Complete Involuntary Commitment First Examinations – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 3

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Study Lack of Use of Outpatient Commitment – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 6

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Study Legal Standards for Involuntary Commitment and Incapacity to Proceed – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 7

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Working Group to Address Mental Health and Criminal Justice Systems Operating as a "Revolving Door" – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 8

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Study the Provision of Medical and Behavioral Health Care in Jails – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 9

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

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

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Modify Outpatient Commitment – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 11

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Implement Inpatient Capacity Restoration Program – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 13

Section 13 of S.L. 2026-38 (House Bill 1104) modifies various State laws governing capacity hearings to create and implement an inpatient capacity restoration program. These modifications reflect the State policy that persons found incapable to proceed should be provided with capacity restoration services whenever feasible and appropriate and that such services should be carried out in as efficient and timely a manner as possible in order to meet the needs of justice for victims, for the public, and for those persons who stand accused of crimes.

Generally, capacity restoration services that are directed toward a defendant gaining capacity to stand trial may include any or all of the following:

- Educational instruction regarding the criminal justice system, to include assisting the defendant in understanding his or her role in the proceedings.
- Psychoeducational instruction regarding the nature of a defendant's diagnosed condition and the resources and coping skills necessary to mitigate capacity deficits caused by the condition.
- Other mental health treatment or counseling which is medically reasonable and appropriate.

This section became effective December 1, 2026, and applies to any initial or supplemental capacity hearing conducted on or after that date.

Modify Iryna's Law Effective Date – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 14

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

Competitive Grants to Sheriffs' Offices for Addiction Treatment in Jails – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9G.3

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Collection of Worthless Checks – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.1

Section 16.1 of S.L. 2026-41 (Senate Bill 257) authorizes the Judicial Department to use any balance remaining in the Collection of Worthless Checks Fund at the end of a fiscal year for the purchase or repair of office or information technology equipment during the fiscal year immediately following that fiscal year. Prior to using any such funds, the Judicial Department must report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

This section became effective July 1, 2026.

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

SL 2026-41 (S257), Sec. 16.2

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

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

Revise Magistrates in Various Counties – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.3

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

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

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

SL 2026-41 (S257), Sec. 16.4

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

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

Modify Reversion and Reporting Dates for Certain Human Trafficking Commission Grants – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.6

Section 16.6 of S.L. 2026-41 (Senate Bill 257) modifies the Human Trafficking Commission Competitive Grant Program by providing that the term of each grant is for two fiscal years comprising a State budget biennium and that grant funds and any interest earned on those funds in the possession or control of a grantee that are not expended, made subject to an encumbrance, or disbursed to a subgrantee by August 31 of the fiscal year following the grant term will revert to the State. Additionally, this section provides that grantees must report to the Human Trafficking Commission by August 31 of each year following a year in which a grantee received funds and that the Human Trafficking Commission must report to the General Assembly by October 31 of each year on the grants awarded in the previous year.

This section became effective July 1, 2026, and applies to grants awarded on or after that date.

Report on Human Trafficking Commission Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.8

Section 16.8 of S.L. 2026-41 (Senate Bill 257) requires the Human Trafficking Commission to submit a report to the Joint Legislative Oversight Committee on Justice and Public Safety providing an update on its progress in using funds appropriated in S.L. 2026-41 to develop a comprehensive State assessment of human trafficking data and efforts to combat human trafficking. This report must be submitted by September 1, 2027.

This section became effective July 1, 2026.

Revise Law Governing Electronic Signatures of Court Documents – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.9

Section 16.9 of S.L. 2026-41 (Senate Bill 257) amends the law related to electronic filing in courts (G.S. 7A-49.5) to codify a temporary uncodified provision enacted in Section 24 of S.L. 2025-70. This section allows the chief district court judge and senior resident superior court judge of their respective districts to establish rules to allow for the court's manual signature on orders of the court executed outside of court and on fee application orders.

This section became effective July 7, 2026.

Change Name Of North Carolina Innocence Inquiry Commission – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.10

Section 16.10 of S.L. 2026-41 (Senate Bill 257) changes the name of the "North Carolina Innocence Inquiry Commission" to the "North Carolina Postconviction Review Commission" and makes certain technical and conforming updates.

This section became effective July 1, 2026.

Amend Recipients of Annual Reports on Business Courts – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.11

Section 16.11 of S.L. 2026-41 (Senate Bill 257) removes the requirement that the Director of the Administrative Office of the Courts provide annual reports on business courts to every member of the General Assembly.

This section became effective July 7, 2026, and applies to reports prepared on or after that date.

Statewide Misdemeanant Confinement Program/Revise Reporting Date on Five-Year Projection – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.12

Section 16.12 of S.L. 2026-41 (Senate Bill 257) revises the reporting date that the North Carolina Sentencing and Policy Advisory Commission must report its projections of available bed space in the Statewide Misdemeanant Confinement Program to March 15 of each year.

This section also repeals Section 12(d) of House Bill 308, which included a previous amendment to that date, if that act becomes law.

This section became effective July 7, 2026, and applies to reports submitted on or after that date.

Extend Reporting Requirement for the North Carolina Legal Education Assistance Foundation (NC LEAF) Funds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.13

Section 16.13 of S.L. 2026-41 (Senate Bill 257) amends the reporting requirement that was enacted in Section 16.9 of S.L. 2023-134 related to North Carolina Legal Education Assistance Foundation (NC LEAF) funds to require an annual report until the funds have been exhausted.

This section became effective July 7, 2026, and applies to reports submitted on or after that date.

Clarify Distinction Between Costs and Expenses Awarded – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.15

Section 16.15 of S.L. 2026-41 (Senate Bill 257) modifies G.S. 7A-305 to clarify that fees can be awarded to the prevailing party in a civil action.

This section became effective July 7, 2026, and applies to actions pending or filed on or after that date and applies to judgments entered and docketed before July 7, 2026 for which costs have been docketed.

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

SL 2026-41 (S257), Sec. 16.16

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Permit Local Supplementation for Magistrate Pay – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.17

Section 16.17 of S.L. 2026-41 (Senate Bill 257) allows the Administrative Office of the Courts to contract with the governing body of a city or county for the provision of local funds to supplement the salaries of magistrates.

This section became effective July 7, 2026.

Increase Number of Special Assistant United States District Attorneys – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.18

Section 16.18 of S.L. 2026-41 (Senate Bill 257) increases the permitted number of assistant district attorney positions assigned to specific counties by the North Carolina Conference of District Attorneys for the purpose of serving as special assistant United States attorneys from a maximum of 12 positions to a maximum of 16 positions.

This section became effective July 1, 2026.

Establish Procedure for Complex Family Financial Case Disposition. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.19

Section 16.19 of S.L. 2026-41 (Senate Bill 257), as amended by Sec. 5.1 of S.L. 2026-42 (House Bill 56), establishes a procedure for certain claims related to equitable distribution, alimony, postseparation support, and child support to be designated as a complex family financial case and heard by a Complex Family Financial Court Judge.

By September 1, 2026, the Chief Justice of the North Carolina Supreme Court (Chief Justice) must appoint 3 Complex Family Financial Court Judges who meet minimum requirements and designate 1 of them as the Chief Complex Family Financial Court Judge. In addition to scheduling hearings, the Chief Judge must determine which cases are complex family financial cases and must collaborate with the Administrative Office of the Courts to provide an annual report, beginning August 1, 2027, on the program.

Beginning January 1, 2027, a party can file a notice designating a claim as a complex family financial case and the other party can oppose it. This section provides factors to be considered by the Chief Complex Family Financial Court Judge when determining whether a case is a complex family financial case including the value of real and personal property, the existence of issues related to trusts, businesses, and retirement accounts, and other financial issues that can make a determination of property division or support obligations more complex.

If a claim is designated as a complex family financial claim, there is an additional court cost of $1,100 that is paid in equal shares by the parties.

This section became effective July 1, 2026.

Establish Council of District Attorneys – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.20

Section 16.20 of S.L. 2026-41 (Senate Bill 257) establishes The Council of District Attorneys (Council) as an independent department within the Judicial Branch to coordinate the prosecution efforts of the various district attorneys and assist in the administration of their offices.

The Council consists of the President of the Conference of District Attorneys (Conference), the Vice-president of the Conference, and 7 additional members of the Conference that are elected by the Conference, and the Council shall employ an executive director.

This section transfers appropriations and budget authority from the Administrative Office of the Courts (AOC) to the Council and directs the Executive Committee of the Conference to report by December 1, 2026, on a plan for the orderly transfer of this authority and any other matters needed for implementation of this section.

Provisions of this section related to elements of the transition became effective July 7, 2026. The creation of the Council and the administration of prosecution services under that entity becomes effective July 1, 2027.

Modify General Court of Justice Costs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.21

Section 16.21 of S.L. 2026-41 (Senate Bill 257) increases certain costs assessed for the support of the General Court of Justice in criminal and civil actions.

Section 16.21(a) of S.L. 2026-41 and Section 1(a) of S.L. 2026-37 are substantively identical.

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

Modify Civil Revocation Fee – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.22

Section 16.22 of S.L. 2026-41 (Senate Bill 257) increases the fee from $100 to $200 that certain persons charged with an implied-consent offense must pay before that person's revoked license may be restored. This results in the following distributions:

- $50 per fee (25%) credited to the General Fund.
- $50 per fee (25%) to be used to fund a statewide chemical alcohol testing program administered by the Injury Control Section of the Department of Health and Human Services.
- $100 per fee (50%) remitted to the county for the sole purpose of reimbursing the county.

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

Increase Telecommunications and Data Connectivity Fee – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.23

Section 16.23 of S.L. 2026-41 (Senate Bill 257) increases to $14 the telecommunications and data connectivity fee contained in the court costs for criminal matters (G.S. 7A-304), special proceedings (G.S. 7A-306), and administration of estates (G.S. 7A-307). The fee for civil court costs (G.S. 7A-305) remains $4.

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

Adjust Appointment Authority for Certain Special Superior Court Judge Positions – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.24

Section 16.24 of S.L. 2026-41 (Senate Bill 257), as amended by Section 5.1 of S.L. 2026-42 (House Bill 56), adjusts the appointment authority for certain special superior court judge positions. Specifically, this section provides that effective January 1, 2025, upon the retirement, resignation, removal from office, death, or expiration of the term of two special superior court judgeships filled by appointment of the Governor, each judgeship shall be filled by the General Assembly through enactment of a bill.

This section became effective July 1, 2026.

IOLTA Revisions – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.25

Section 16.25 of S.L. 2026-41 (Senate Bill 257), as amended by Section 6.3 of S.L. 2026-61, does the following:

- Establishes the North Carolina Interest on Lawyers' Trust Accounts (NC IOLTA) Board of Trustees under the North Carolina State Bar to administer funds received by the North Carolina State Bar from banks by reason of interest earned on general trust accounts established by lawyers or interest earned on trust or escrow accounts maintained by settlement agents. The Board consists of nine members: three persons appointed by the Council of the North Carolina State Bar, two persons appointed by the Chief Justice of the Supreme Court of North Carolina, two persons appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, and two persons appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. The Chief Justice will designate one of the Chief Justice's appointees as Chair of the Board, and the Chair of the Board can designate another member as the vice-chair.
- Provides that NC IOLTA grants will not be awarded to any of the following:
    - Any entity that provides representation, assistance, or advocacy in matters governed by federal immigration law.
    - Any entity that provides representation, assistance, or advocacy in matters related to the performance of or in furtherance of surgical gender transition procedures, or the provision of puberty-blocking drugs or cross-sex hormones to a minor.
    - Any entity that engages in any oral, written, or electronically transmitted communication or any advertisement, telegram, letter, article, newsletter, or other printed or written matter or device which contains a direct suggestion to the public to contact public officials in support of or in opposition to pending or proposed legislation, regulations, executive decisions, or any decision by the electorate on a measure submitted to it for a vote.

- Provides that NC IOLTA grants can be made from available funds not used to cover administrative expenses as follows:
    - No more than $15 million per fiscal year of funds received on or after July 1, 2025, to the Office of Indigent Defense Services for the Private Assigned Counsel (PAC) Fund.
    - All unexpended and unencumbered funds received prior to July 1, 2025, for programs designed to improve the administration of justice as may be proposed by the IOLTA Board of Trustees and approved annually by the North Carolina Supreme Court. No more than $2.5 million can be used per fiscal year for these grants.
- Requires the North Carolina State Bar to adopt rules to amend its rules consistent with this section by no later than November 1, 2026, including temporary rules if necessary.
- Provides that all funds received by the North Carolina State Bar from banks by reason of interest earned on general trust accounts established by lawyers or interest earned on trust or escrow accounts maintained by settlement agents will not be encumbered or expended for the purpose of awarding grants or for any purpose other than administrative costs except pursuant to this section.

This section became effective July 1, 2026.

Require the Commission on Indigent Defense Services to Provide Confidential Public Defender Performance Evaluations to Senior Resident Superior Court Judges – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.26

Section 16.26 of S.L. 2026-41 (Senate Bill 257) requires that, prior to the end of a public defender's term pursuant to an appointment, the Commission on Indigent Defense Services (Commission) must submit a performance evaluation for that public defender to the senior resident superior court judge who is the appointing authority of that public defender.

During one or more closed sessions of the Commission, the performance evaluation must be developed and adopted by a majority vote of a quorum of the Commission. Generally, all information pertaining to a performance evaluation is confidential, not a public record, and is not subject to discovery or subpoena in a civil or criminal action.

This section became effective July 7, 2026, and applies to public defender terms ending on or after November 30, 2026.

Duty Station Study and Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.28

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Revisions to Private Assigned Counsel Fees – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.29

Section 16.29 of S.L. 2026-41 (Senate Bill 257) provides that changes in fees for private assigned counsel and rates of compensation for expert witnesses adopted by the Office of Indigent Defense Services (IDS) shall not be implemented without the prior approval of the General Assembly. Additionally, this section authorizes IDS to increase private assigned counsel fees by no more than $30 over the rate as it existed on July 1, 2026.

This section became effective July 7, 2026 and applies to changes in rates or fees implemented on or after that date.

Increase Indigent Defense Fee – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.30

Section 16.30 of S.L. 2026-41 (Senate Bill 257) increases the indigent defense fee to be remitted to the Office of Indigent Defense Services for the Private Assigned Counsel Fund from $5 to $25.

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

Establish Public Defender District 22 to Serve Caswell and Rockingham Counties – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.31

Section 16.31 of S.L. 2026-41 (Senate Bill 257) establishes Public Defender District 22 to serve Caswell and Rockingham Counties.

This section became effective July 1, 2026.

Center for Community Transitions/Contract and Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.1

Section 17.1 of S.L. 2026-41 (Senate Bill 257) grants the Department of Adult Correction (DAC) the authority to continue to contract with The Center for Community Transitions, Inc. (The Center), or any successor entity, for the purchase of prison beds for minimum security female inmates.

The Center, or any successor entity, must report by February 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology that is used by the DAC.

The first report required by this section must be submitted no later than February 1, 2027. This section became effective July 1, 2026.

Increase Statewide Misdemeanant Confinement Program Daily Amount/Reimburse Housing Inmates Awaiting Transfer – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.3

Section 17.3 of S.L. 2026-41 (Senate Bill 257) makes the following changes to reimbursement of counties housing inmates:

- Increases the daily reimbursement to counties housing inmates under the Statewide Misdemeanant Confinement Program (SMCP) from the previous $40 up to $50 per inmate.
- Authorizes the Department of Adult Correction to reimburse counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system at a rate of up to $50 per day per prisoner awaiting transfer.

This section became effective July 1, 2026. The increase in reimbursement for SCMP applies to misdemeanants housed on or after that date.

Nurse Staffing At State Prisons Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.4

Section 17.4 of S.L. 2026-41 (Senate Bill 257) makes the following two modifications to the laws related to the Department of Adult Correction (DAC):

- DAC is required to submit a report by February 1, 2027, and annually thereafter, providing the Joint Legislative Oversight Committee on Justice and Public Safety with certain information related to nursing positions within DAC and the use of temporary contract nursing services.
- DAC is allowed in its discretion to convert funds appropriate for contractual nursing services into permanent nursing positions.

This section became effective July 1, 2026.

Interstate Compact Fees to Support Training Programs and Equipment Purchases – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.6

Section 17.6 of S.L. 2026-41 (Senate Bill 257) provides that fees collected for the Interstate Compact Fund during a fiscal biennium can be used by the Department of Adult Correction during that fiscal biennium to provide training programs and equipment purchases for the Division of

Community Supervision and Reentry of the Department of Adult Correction, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program. No later than October 1 of each fiscal year, the Department of Adult Correction must report to the Joint Legislative Oversight Committee on Justice and Public Safety on the amount of funds used and for what purposes the funds were used.

This section became effective July 7, 2026, and applies to fees collected on or after that date.

Use of Seized and Forfeited Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.7

Section 17.7 of S.L. 2026-41 (Senate Bill 257) requires seized and forfeited assets transferred to the Department of Adult Correction (DAC) during the 2026-2027 fiscal year pursuant to applicable federal law to be credited to the budget of the DAC and result in an increase of law enforcement resources for the DAC. The DAC 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 the 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.

The DAC is prohibited from using these assets for certain purposes without the prior approval of the General Assembly.

This section became effective July 1, 2026.

Further Delineate Reimbursement Procedures for Roadway Cleanup Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.8

Section 17.8 of S.L. 2026-41 (Senate Bill 257) amends the authorization for inmates in the Statewide Misdemeanant Confinement Program (SMCP) to be utilized for roadway cleanup, including the removal of debris resulting from major disaster declarations as follows:

- Defines "housing night" as a night spent by an individual inmate in the custody of the sheriff pursuant to SMCP.
- Increases the reimbursement rate to counties for inmates utilized for roadway cleanup from $60 to $70 per inmate per day, if the sheriff meets the modified requirements of this section.
- Modifies the eligibility for increased reimbursement for SMCP inmates performing roadway cleanup based on the following work hour and housing night requirements:

- 50 work hours, if the sheriff did not exceed 100 housing nights in the calendar month 3 months prior to the month in which the work hours occur.
- 150 work hours, if the sheriff totals 101 to 200 housing nights in the calendar month 3 months prior to the calendar month in which the work hours occur.
- 250 work hours, if the sheriff totals 201 to 300 housing nights in the calendar month 3 months prior to the calendar month in which the work hours occur.
- 350 work hours, if the sheriff totals 301 to 400 housing nights in the calendar month 3 months prior to the calendar month in which the work hours occur.
- 450 work hours, if the sheriff totals 401 to 500 housing nights in the calendar month 3 months prior to the calendar month in which the work hours occur.
- 500 work hours, if the sheriff exceeds 500 housing nights in the calendar month 3 months prior to the calendar month in which the work hours occur.

This section becomes effective October 1, 2026, and applies to work hours performed in the next calendar month after this section becomes effective.

Amend Inmate Medical Cost Containment Reporting Requirement – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.9

Section 17.9 of S.L. 2026-41 (Senate Bill 257) changes the inmate medical cost reporting requirement for the Department of Adult Correction in the following two ways:

- The report is also required to be submitted to the Joint Legislative Oversight Committee on Health and Human Services.
- The report is changed from a quarterly report to a semi-annual report.

This section became effective July 7, 2026, and applies to reports submitted on or after that date.

Revise Recipients and Frequency of Statewide Misdemeanant Confinement Program Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.10

Section 17.10 of S.L. 2026-41 (Senate Bill 257) modifies certain reporting requirements related to the Statewide Misdemeanant Confinement Program as follows:

- The North Carolina Sheriffs' Association must submit the report no later than the 15th day of March and September of each year instead of the 15th day of each month.
- The North Carolina Sheriffs' Association must submit the report to the Joint Legislative Oversight Committee on Justice and Public Safety, in addition to the Office of State Budget and Management and the Fiscal Research Division of the General Assembly.

This section became effective July 7, 2026, and applies to reports submitted on or after that date.

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-41 (S257), Sec. 17.13

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-41 (S257), Sec. 17.14

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Use of Seized and Forfeited Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 18.1

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Time-Limited Attorneys for Capital Cases – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 18.3

Section 18.3 of S.L. 2026-41 (Senate Bill 257) requires that, of the funds appropriated in S.L. 2026-41 to the Department of Justice (DOJ) to hire time-limited attorneys, the attorneys hired must focus solely on capital cases.

Any funds described in this section that remain unspent or unencumbered at the end of the 2026-2027 fiscal year must not revert and must remain available until June 30, 2029. Any funds described in this section that remain unspent or unencumbered on June 30, 2029, must revert to the General Fund and remain unspent until appropriated by an act of the General Assembly.

By June 1, 2027, and annually thereafter, the DOJ must report certain information for the year prior to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division.

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Use of Seized and Forfeited Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.3

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Repeal Law Enforcement Traffic Statistics Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.4

Section 19.4 of S.L. 2026-41 (Senate Bill 257) repeals G.S. 143B-903, which required State and county law enforcement officers and many municipal law enforcement officers to report certain data for every traffic stop except for DWI checkpoints and other roadblocks. The Department of Public Safety was required to collect and publish the data annually. This section also makes a conforming change to G.S. 143B-393(a)(9).

This section became effective July 1, 2026.

Critical Infrastructure Theft – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.5

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

Limit Use of Community Programs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.10

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

Modify Appointment Requirements for Juvenile Forensic Evaluators – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.11

Section 19.11 of S.L. 2026-41 (Senate Bill 257) modifies the appointment requirements for juvenile forensic evaluators by requiring that the forensic evaluator is employed by, or under contract with a Local Management Entity/ Managed Care Organization (LME/MCO) and is paid by the LME/MCO with public funds.

This section becomes effective December 1, 2026, and applies to forensic evaluators appointed on or after that date.

Use of Seized and Forfeited Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.1

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Workers' Compensation for Reserve Officers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.3

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Repeal Outdated Report on Gang Prevention Recommendations – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.5

Section 20.5 of S.L. 2026-41 (Senate Bill 257) repeals a statute requiring the State Highway Patrol, in conjunction with the State Bureau of Investigation and the Governor's Crime Commission, to annually report recommendations to the General Assembly concerning the establishment of priorities and needed improvements with respect to gang prevention.

This section became effective July 1, 2026.

Exempt the State Bureau of Investigation from Department of Information Technology Article – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.6

[For a detailed summary of the provisions of this act, please see the INFORMATION TECHNOLOGY subject area.]

Eliminate the Criminal Justice Information Network Governing Board – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.8

Section 20.8 of S.L. 2026-41 (Senate Bill 257) eliminates the Criminal Justice Information Network Governing Board (Board). The balances of appropriations, allocations, or other funds for the Board, any other remaining resources, and certain responsibilities and reporting requirements of the Board are transferred from the Department of Public Safety to the State Bureau of Investigation.

This section became effective July 1, 2026.

School Safety Grants – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.9

Section 20.9 of S.L. 2026-41 (Senate Bill 257) directs the Executive Director of the Center for Safer Schools to establish the School Safety Grants Program (Program) for the 2026-2027 fiscal year. The purpose of the program is to improve safety in public school units by providing grants for (i) services for students in crisis, (ii) school safety training, (iii) safety equipment in schools, and (iv) subsidizing the School Resource Officer Grants Program.

This section sets out the grant application process and criteria and guidelines for the administration and use of the grants. The program provides for grants for (i) students in crisis, (ii) training to increase school safety, and (iii) safety equipment. Additionally, funds may be used to cover applications received for funding for school resource officers if applications exceed the funding appropriated for school resource officer funding.

The Executive Director of the Center for Safer Schools shall report on the program to the General Assembly not later than April 1, 2027.

This section became effective July 1, 2026.

Critical Incident School Mapping Data – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.10

Section 20.10 of S.L. 2026-41 (Senate Bill 257) creates a new requirement that each public school be mapped for the purpose of providing digital mapping information to first responders who respond to emergencies at the schools. The Center for Safer Schools (Center) is required to establish a Critical Incident School Mapping Program (Program). The Center is required to work with governing bodies of public school units to produce accurate mapping data for each public school unit in North Carolina. The State Bureau of Investigation in consultation with the Center is authorized to enter into contracts with vendors to provide the mapping services. There are certain guidelines that require electronic access for first responders by keeping the data in certain accessible formats and otherwise create limitations on the storage and access of the mapping data.

This section became effective July 1, 2026, and the contracting and procurement required by this section must be completed by January 31, 2027.

Adjust User Fee for Division of Criminal Information – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.11

Section 20.11 of S.L. 2026-41 (Senate Bill 257) increases the fees that the State Bureau of Investigation can charge agencies participating in the Division of Criminal Information from $25.00 to $33.00 per desktop device and from $12.00 to $20.00 per mobile device.

This section became effective July 1, 2026, and applies to fees levied on or after that date.

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Use of Seized and Forfeited Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 21.2

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-41 (S257), Sec. 21.3

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Technical Change to VIPER Reporting Requirement – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 21.4

Section 21.4 of S.L. 2026-41 (Senate Bill 257) requires that the State Highway Patrol report on the progress of the Voice Interoperability Plan for Emergency Responders (VIPER) system no later than March 1 and September 1 of each year to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety.

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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.

Waive Tuition for Survivors of Fallen Probation Officers – Support the Department of Adult Correction.

SL 2026-44 (S355), Sec. 1.1

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Modify Technical Requirements for Electronic Monitoring/Satellite-Based Monitoring – Support the Department of Adult Correction.

SL 2026-44 (S355), Sec. 1.2

Section 1.2 of S.L. 2026-44 (Senate Bill 355) modifies technical requirements for electronic monitoring and satellite-based monitoring by amending the definition of electronic monitoring to no longer require that the device has a battery life of at least 48 hours.

This section became effective July 7, 2026, and applies to an electronic monitoring device used on or after that date.

Modification of Post-Release Supervision Requirements – Support the Dept. of Adult Correction.

SL 2026-44 (S355), Sec. 1.3

Section 1.3 of S.L. 2026-44 (Senate Bill 355) modifies the authority of the Post-Release Supervision and Parole Commission to authorize a single member of the Commission to set and

modify terms and conditions of post-release supervision, authorize the issuance of a letter of reprimand, and continue an offender's supervision.

This section became effective July 7, 2026, and applies to actions taken by the Commission on or after that date.

Sexually Violent Predator Determinations – Support the Department of Adult Correction.

SL 2026-44 (S355), Sec. 2.1

Section 2.1 of S.L. 2026-44 (Senate Bill 355) modifies a qualification for one of the two experts in the field of behavior and treatment of sexual offenders who serve on the board of experts that study whether a defendant is a sexually violent predator. This section provides that these experts cannot be employed full-time by the Division of Prisons of the Department of Adult Correction but can be employed part-time by the Division of Prisons of the Department of Adult Correction.

This section becomes effective December 1, 2026, and applies to boards of experts selected on or after that date.

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.

Authorize Substance Abuse Assessments and ADETS by DAC – Support the Dept. of Adult Correction.

SL 2026-44 (S355), Sec. 2.3

Section 2.3 of S.L. 2026-44 (Senate Bill 355) authorizes the Department of Adult Correction (DAC) to conduct substance abuse assessments and provide alcohol and drugs education traffic school (ADETS) to DAC inmates.

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.

Post-Release Supervision Eligibility and Procedure – Support the Dept. of Adult Correction.

SL 2026-44 (S355), Sec. 5.1

Section 5.1 of S.L. 2026-44 (Senate Bill 355) requires the superior court in the county where the conviction occurred, rather than the Post-Release Supervision and Parole Commission, to determine when a sex offender required to submit to satellite-based monitoring as a condition of post-release supervision may be released from that requirement.

This section became effective July 7, 2026, and applies to satellite-based monitoring releases ordered on or after that date.

Exclude DAC Investigations from Certain Information Technology Restrictions – Support the Dept. of Adult Correction.

SL 2026-44 (S355), Sec. 5.2

Section 5.2 of S.L. 2026-44 (Senate Bill 355) adds an exemption from the prohibition against viewing pornography on a network or device of a public agency for public officials and employees

investigating matters involving (i) offenders incarcerated with the Department of Adult Correction (DAC) or (ii) the misuse of devices owned by DAC.

This section became effective July 7, 2026, and applies to investigations occurring before, on, or after that date.

Clarify Probation and Parole Records Access for Cherokee and Catawba Marshals Services – Support the Dept. of Adult Correction.

SL 2026-44 (S355), Sec. 5.3

Section 5.3 of S.L. 2026-44 (Senate Bill 355) makes a technical correction to G.S. 1E-20, Cherokee and Catawba Marshals Services, to accurately reflect that the Department of Adult Correction holds those records.

This section became effective July 7, 2026.

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

SL 2026-59 (S445), Sec. 1

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Prohibit Telephone Solicitors from Misrepresenting Call Origins. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 20

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

Collaboratory Report on Recovery Court Study Results – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 3.19

Section 3.19 of S.L. 2026-61 (House Bill 268) directs the North Carolina Collaboratory to expand its study of judicially managed accountability and recovery courts (JMARCs) from the 2023 Appropriations Act, Section 8.11 of S.L. 2023-134. Phase I of the study includes programmatic aspects of JMARCs. Under Phase II of the study, the Collaboratory will evaluate processes and intended outcomes for each type of JMARC, including adult drug treatment, impaired driving, family treatment, adult mental health, veterans, and juvenile drug treatment. Phase II will include comparisons of outcomes between JMARC participants and appropriate comparison groups, as well as a cost-benefit evaluation of the different types of JMARCs. JMARCs are authorized to share participant information with the Collaboratory and the University of North Carolina at

Wilmington for purposes of this study, but information or data about individual JMARC participants is confidential and not a public record.

The Collaboratory must report on the results of Phase II of the study to various legislative committees no later than March 15, 2028. The report must include at least the following:

- Executive summary of the study and its findings.
- Evaluation of processes and intended outcomes for the different types of JMARCs.
- Deidentified and aggregated results of the comparisons of outcomes between JMARC participants and appropriate comparison groups for the different types of JMARCs.
- A cost-benefit evaluation of the different types of JMARCs.

This section is effective retroactively to October 3, 2023.

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.

Amend Adoption Law to Facilitate E-Filing – 2026 Court Changes.

Ratified (H377), Sec. 1

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify How a Renter-Defendant Appellant Maintains a Stay of Execution of Judgment – 2026 Court Changes.

Ratified (H377), Sec. 2

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Modify Certain Bond Requirements. – 2026 Court Changes.

Ratified (H377), Sec. 3

[For a detailed summary of the provisions of this act, please see the PROPERTY, TRUSTS, AND ESTATES subject area.]

Amend Default Judgment Provision in Divorce Proceedings – 2026 Court Changes.

Ratified (H377), Sec. 5

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Repeal Obsolete Provision – 2026 Court Changes.

Ratified (H377), Sec. 6

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify ASL Interpreter Payments – 2026 Court Changes.

Ratified (H377), Sec. 7

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify Certain Filings – 2026 Court Changes.

Ratified (H377), Sec. 8

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Allow Office of Indigent Defense Services Attorneys Electronic Access to Files – 2026 Court Changes.

Ratified (H377), Sec. 9

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Modify Safekeeping Statute Related to Wills. – 2026 Court Changes.

Ratified (H377), Sec. 10

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Update Safe Babies Court Language to Allow Children Up to Age 5 to Participate. – 2026 Court Changes.

Ratified (H377), Sec. 13

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify Jury Commission Appointments – 2026 Court Changes.

Ratified (H377), Sec. 14

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify the Application of Limitations on Compensation for Services Related to Veterans' Benefits Matters – 2026 Court Changes.

Ratified (H377), Sec. 14.1

[For a detailed summary of the provisions of this act, please see the MILITARY, VETERANS, AND INDIAN AFFAIRS subject area.]

Make Certain Changes Related to Juvenile Court Records. – 2026 Court Changes.

Ratified (H377), Sec. 15

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Change Effective Date for Judicial Access to Expunction Records – 2026 Court Changes.

Ratified (H377), Sec. 17

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H377), Sec. 18

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify Appeal Filing Language – 2026 Court Changes.

Ratified (H377), Sec. 19

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Modify Laws Related to Frivolous Lawsuits – 2026 Court Changes.

Ratified (H377), Sec. 20

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Modify Rotation of Superior Court Judges – 2026 Court Changes.

Ratified (H377), Sec. 21

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H377), Sec. 26

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Amend Procedure for Determining Elective Share. – 2026 Court Changes.

Ratified (H377), Sec. 27.1

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H377), Sec. 28

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Add Trial Court Administrator and Staff to Definition of Court Officer – 2026 Court Changes.

Ratified (H377), Sec. 29

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Criminal Law and Procedure

See full summary documents for additional detail

Reduce Penalty for Certain Shellfish Aquaculture Violations. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 15

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Increase Penalty for a Second or Subsequent Offense for Larceny of Crops and for Robbing or Injuring Aquaculture Operations. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 16

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

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

SL 2026-19 (S153), Part V

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

UNC Constituent Institutions to Comply with Laws Related to Immigration – North Carolina Border Protection Act.

SL 2026-19 (S153), Part VI

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Dissemination to Minors of Obscenity and Material Harmful to Minors – Revise Laws on Minors/Human Trafficking.

SL 2026-34 (H83), Sec. 1

Section 1 of S.L. 2026-34 (House Bill 83) does the following:

- Amends the statute governing dissemination of obscene material to minors under the age of 16 years to provide that disseminating obscenity to a minor of any age is a Class H felony if the offender is at least 4 years older than the minor, and requires the sentencing court to consider whether the person is a danger to the community and whether that person should be required to register as a sex offender.

- Amends the statute governing dissemination of obscene material to minors under the age of 13 years to require the sentencing court to consider whether the person is a danger to the community and whether that person should be required to register as a sex offender.
- Amends the statute governing dissemination of harmful material to minors and exhibiting harmful performances to minors to require the sentencing court to consider whether the person is a danger to the community and whether that person should be required to register as a sex offender.
- Amends the definition of "reportable conviction" to include convictions for violations of G.S. 14-190.7 (Dissemination to minors), 14-190.8 (Dissemination to minors under the age of 13 years), and 14-190.15 (Disseminating harmful material to minors; exhibiting harmful performances to minors) if the sentencing court orders the person to register as a sex offender.
- Provides that offenses committed prior to December 1, 2026, would not be affected by this section.

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

Study on Human Trafficking Reporting – Revise Laws on Minors/Human Trafficking.

SL 2026-34 (H83), Sec. 2

Section 2 of S.L. 2026-34 (House Bill 83) requires the North Carolina Human Trafficking Commission (Commission) to conduct a study on human trafficking needs in the State, including information on the development process for a statewide human trafficking reporting and response system (system). This section states that the Commission is encouraged to begin facilitating stakeholder collaboration on developing a system after completing the required study. This section states that it is the intent of the General Assembly to establish a system that will (i) notify law enforcement and child protection officials of high priority reports, (ii) provide a secure dashboard for authorized personnel to view, triage, and respond to reports, and (iii) support real-time communication between investigators and survivors or reporters with consent.

This section became effective July 2, 2026.

Jaleeyah's Law.

SL 2026-37 (H1173)

S.L. 2026-37 (House Bill 1173) does the following:

- Increases court costs in every criminal case in superior and district court where the defendant is convicted.
- Makes changes to the following definitions:
    - "Criminal gang" is modified to remove the requirement that the commission of criminal or delinquent acts be one of a group's primary activities. Instead,

engaging in criminal gang activity generally qualifies a group as a criminal gang, in addition to meeting other criteria.
    - "Criminal gang activity" is modified to remove the requirement that a qualifying criminal offense be committed to further the purpose of the criminal gang.
    - "Criminal gang leader or organizer" is modified to require that a criminal gang member acting in a position of management meet at least one of the listed criteria.
    - "Criminal gang member" is modified to require that an individual meet three or more of the listed criteria, or at least two of the criteria when one of the criteria is the following:
        - The person admits to being a member of a criminal gang.
        - The person is identified as a criminal gang member by a reliable source, including a parent or a guardian.
        - The person is in possession of or linked to a criminal gang by physical evidence, including ledgers, rosters, or membership documents.
- Increases the punishment for offenses pertaining to soliciting or encouraging participation in criminal gang activity as follows:
    - The offense of soliciting; encouraging participation is amended to increase the punishment from a Class H felony to a Class F felony for soliciting a person 18 years of age or older to participate in criminal gang activity.
    - The offense of soliciting; encouraging participation; minor is amended to increase the punishment from a Class F felony to a Class D felony for soliciting a person under 18 years of age to participate in criminal gang activity.
- Creates the offense of use, carry, or possession of a firearm by a member of a criminal gang in relation to or in furtherance of a serious felony, drug felony, or a crime of violence. A violation of this offense is a Class G felony. If a firearm is brandished during the commission of the offense, then the violation is a Class F felony. If a firearm is discharged during the commission of the offense, then the violation is a Class D felony.
- Creates the offense of sell, deliver, give, or transfer a firearm to a juvenile by a member of a criminal gang if the member has reasonable cause to believe the juvenile intends to carry, possess, discharge, or otherwise use the firearm in the commission of criminal gang activity. A person who commits this offense is guilty of a Class G felony.
- Allows criminal gang activity, membership, association, leadership, and existence to be proven through testimony of a fact, expert, or combined fact and expert witness. The testimony is admissible to show conduct, status, and customs of criminal gangs and criminal gang activity.
- Provides that any criminal proceeding brought under the Criminal Gang Suppression Act is construed to have been committed in any county in which any act was performed as part of criminal gang activity.
- Creates a new rule of evidence that allows evidence of criminal gang activity to be admissible in any proceeding in which a person is accused of conducting, participating in, or conspiring to commit criminal gang activity or in any proceeding under the Criminal Gang Nuisance Abatement Act. This evidence is admissible to prove any element of the alleged offense. In any proceeding in which the prosecution intended to offer this

evidence, the prosecutor must disclose the evidence to the defendant at least 10 days in advance of the trial.
- Increases the sentencing enhancement from one class higher to two classes higher for a person convicted of a felony, other than a Class A, B1, or B2 felony, when the offense was committed as part of criminal gang activity. If a person is also found to be a leader or organizer of a criminal gang, then that person would be sentenced at three classes higher than the principal felony for which the person was convicted.

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

Working Group to Address Mental Health and Criminal Justice Systems Operating as a "Revolving Door" – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 8

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Implement Inpatient Capacity Restoration Program – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 13

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Modify Iryna's Law Effective Date – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 14

Section 14 of S.L. 2026-38 (House Bill 1104) moves the effective dates for certain sections of S.L. 2025-93 (Iryna's Law) that are not yet effective from future effective dates of December 1, 2026 and December 1, 2027 to the new effective date of July 1, 2028.

This section became effective July 6, 2026.

No Financial Assistance for UNC Students Convicted of Assaulting Officers or Employees of the State – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.17

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Prohibit Sex Offenders from Seasonal Child Care Camps – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.14

Section 16.14 of S.L. 2026-41 (Senate Bill 257) prohibits certain individuals required to register on the sex offender registry from being at seasonal child care camps when operating as a seasonal child care camp.

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

Electronic Surveillance for Human Trafficking and Money Laundering – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.2

Section 19.2 of S.L. 2026-41 (Senate Bill 257) adds the following to the offenses for which an order for electronic surveillance can be granted:

- Money laundering, when the interception may provide evidence of the commission of the offense or conspiracy to commit the offense.
- Felony human trafficking involving adults, when the interception may provide or has provided evidence of the offense or conspiracy to commit the offense.

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

Critical Infrastructure Theft – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.5

Section 19.5 of S.L. 2026-41 (Senate Bill 257) increases the punishment for willfully and wantonly cutting, mutilating, defacing, or otherwise injuring personal or real property of another, or attempting to do so, in a manner that damages any critical infrastructure to a Class C felony and requires mandatory restitution for that offense.

This section also creates a new offense for unlawfully possessing nonferrous metals used, or intended to be used, in the provision of critical infrastructure, knowing the materials were unlawfully obtained. A first offense is a Class 1 misdemeanor, and a second or subsequent offense is a Class H felony.

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

Limit Use of Community Programs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.10

Sec 19.10 of S.L. 2026-41 (Senate Bill 257) creates limitations on the use of community program contract funds by the Department of Public Safety (the Department.) This section provides that funds appropriated to the Department for community program contracts, that are not required for or used for community program contracts, cannot be used for staffing, operations, or maintenance, and can only be used for the following:

- Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.
- Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.
- Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.
- The Juvenile Crime Prevention Council funds to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).

This section became effective July 1, 2026.

Tribal Sports Wagering Technical Correction – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.6

Section 39.6 of S.L. 2026-41 (Senate Bill 257) modifies the definition of sports wagering in the statute governing Class III gaming on tribal lands to be consistent with the definition of sports wagering in the North Carolina State Lottery Act.

This section became effective July 7, 2026, and applies to wagers placed on or after that date.

License Plate Readers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.26

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Vapor Product and Consumable Product Licensing and Registry Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.6

Part IX of S.L. 2026-31 (Senate Bill 595), Section 44.6 of S.L. 2026-41 (Senate Bill 257), and Section 12.2 of S.L. 2026-61 (House Bill 268) collectively make several changes related to the registration, sale, and taxation of vapor products and consumable products, create new requirements for distributors and retailers of these products, and modify the enforcement of and penalties

applicable to this industry. Specifically, these sections do the following as it relates to vapor products and consumable products:

- Make the following changes with respect to the registry, which is maintained by the Department of Revenue (Department) and requires every manufacturer of vapor products and consumable products to certify that its products are eligible to be sold at retail in this State:
    - Expand the universe of permissible vapor and consumable products that may appear on the registry, effective July 1, 2026. This expansion is accomplished through two main changes. First, the provision repeals the defined term "timely filed premarket tobacco product application," which previously limited permissible products to those for which an order was granted or a Premarket Tobacco Product Application was accepted for filing prior to September 9, 2020. At least four marketing authorizations have been issued since 2025, including the first authorization for flavored vapor products, so this change would allow the sale of products that received marketing authorizations by the Food and Drug Administration (FDA) within the last year. Second, the provision adds language to allow the registration of products that are commercially marketed and not subject to federal enforcement priority under a published FDA enforcement policy as long as the product is the subject of a filed and pending premarket application.
    - Require manufacturers to submit documentation to the Department certifying compliance with any changes to federal requirements for vapor and consumable products within 30 days of the date mandated for compliance with the federal requirements. Failure to submit is grounds for removal from directory. The requirement to submit documentation to the Department became effective July 7, 2026. This provision was further clarified in Section 12.2(b) of S.L. 2026-61, which became effective August 11, 2026. The consequence of removal from the directory for failure to substantiate is effective October 1, 2026.
    - Require the Department to make minor changes to the directory, such as including stock keeping unit numbers (SKUs) for products and publishing updates on the first day of every month. This provision is effective October 1, 2026.
- Make the following changes with respect to civil penalties, criminal offenses, and age verification requirements:
    - Effective October 1, 2026, accelerate civil penalties for violations of registry requirements as follows:
        - For first offenses, a penalty range of $500 to $750, a mandatory reinspection within 30 days, and a 30-day license suspension along with seizure, forfeiture, and destruction of property.
        - For second and subsequent offenses, a penalty range of $1,000 to $1,500 and license revocation.
    - Effective October 1, 2026, it is a Class 2 misdemeanor to sell or distribute consumable products containing nicotine analogues to persons under 18. Effective December 1, 2027, it is a Class 1 misdemeanor to allow entry of a person under the age of 21 in a specialty retailer of vapor products establishment.

- Effective October 1, 2026, internet sales of products containing nicotine analogues require age verification. Effective December 1, 2027, specialty retailers of vapor products are required to verify age for entry into their establishments using a third-party age verification service that electronically scans identification.

- Make the following changes with respect to compliance and enforcement:
  - Shift compliance and enforcement provisions from the Department to a collective of various State and local law enforcement officials, and establish an interagency task force led by the State Bureau of Investigation (SBI), with the other agencies being the Department, the Department of Agriculture, the Secretary of State, the Alcohol Law Enforcement Division of the Department of Public Safety, the Department of Justice, and representatives of local law enforcement agencies. This provision became effective July 7, 2026.
  - Require at least one unannounced compliance check per year and follow-up checks within 30 days of a violation. This provision became effective July 7, 2026.
  - Require the applicable law enforcement entity to report violations to the Department for the purpose of maintaining a database of violations and imposing civil penalties. This provision became effective July 7, 2026.
- Make the following changes as it relates to the taxation, sale, and retailer licensure of these products:
  - Add a definition of "nicotine analogue" to the excise tax statutes, effective October 1, 2026. A nicotine analogue is a chemical compound similar in structure and effect to nicotine but is a distinct substance that is neither naturally occurring nicotine nor synthetic nicotine. The addition of this definition, which also impacts the definitions of "vapor product" and "consumable product," has at least two downstream substantive effects. First, it expands the excise tax base on tobacco products to include consumable products containing a nicotine analogue. Second, it effectively bans the retail sale of vapor and consumable products containing nicotine analogues. To be sold legally, vapor and consumable products must appear on the registry of approved products, which requires FDA approval or pending FDA action. Since the FDA does not regulate nicotine analogues, products containing nicotine analogues cannot appear on the registry and, therefore, may not be legally sold. These changes are also effective October 1, 2026.
  - Create a new category of retail dealer for vapor products classified as a "specialty retailer of vapor products" that must register with the Department and pay a $1,000 per location license tax in addition to other applicable license requirements. These are dealers that primarily sell vapor products based on a certain percentage of their inventory, or floor and shelf space, consisting of vapor products or having the name of the store tied to vapor products. Under prior law, only dealers selling or storing non-tax-paid products or online sellers required to collect sales tax were required to be licensed. The addition of the term "specialty retailer of vapor products" is effective October 1, 2026, but the licensing requirement is not effective until July 1, 2027.

Post-Release Supervision Eligibility and Procedure – Support the Dept. of Adult Correction.

SL 2026-44 (S355), Sec. 5.1

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Victim Compensation Changes – Department of Public Safety/Other Changes.

SL 2026-53 (H206), Sec. 5

Section 5 of S.L. 2026-53 (House Bill 206) modifies various laws related to the payment of expenses as authorized by the North Carolina Crime Victims Compensation Act as follows:

- Increases the compensation amounts related to a dependent's economic loss, household support loss, and work loss.
- Specifies how sums remaining in the crime victims fund to promote the mission of the commission may be used.
- Expands the eligibility to receive an award related to economic loss.

This section became effective July 7, 2026.

Authorize Tribal Police Chiefs to Enter Into Mutual Aid Agreements With Other Law Enforcement Agencies – Department of Public Safety/Other Changes.

SL 2026-53 (H206), Sec. 7

Section 7 of S.L. 2026-53 (House Bill 206) modifies the statute governing cooperation between law enforcement agencies to allow tribal police chiefs to enter into mutual aid agreements with other law enforcement agencies.

This section became effective July 7, 2026.

Increase Civil Penalty for Water Theft. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 18

Section 18 of S.L. 2026-59 (Senate Bill 445) amends a statute that prohibits any person from willfully making any connection with, interfering with, or turning on or off the gas mains, water pipes, services pipes, or wires of another without the person's written permission, to do both of the following:

- Add a definition for "water pipes" to include "fire hydrants, flushing assemblies, blow-offs, sampling stations, and all other appurtenances connected to a water distribution system, whether above or below ground."

- For any person who is found in a civil action to have unlawfully made connection or reconnection with any water pipe, increase the cap on liability to the water supplier to triple the amount of losses and damages or $10,000, whichever is greater, plus attorneys' fees (from triple the amount of losses and damages or $5,000, whichever is greater).

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

Increase Fines for Intentional or Reckless Littering. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 19

Section 19 of S.L. 2026-59 (Senate Bill 445) increases the fines for intentional or reckless littering to the following:

Litter Amount/Purpose	New First Violation Fine	New Subsequent Violation Fine
Less than 10 Pounds	$1,000–$3,000	$3,000–$5,000
10–500 Pounds	$5,000–$10,000	N/A
More than 500 Pounds or for Commercial Purpose	$10,000-$15,000	N/A

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

Prohibit Telephone Solicitors from Misrepresenting Call Origins. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 20

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

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

SL 2026-59 (S445), Sec. 21

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

vendors are required to comply with any restrictions or requirements set by law governing fingerprints and other information collected by the SBI for a criminal record check.

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

Add Approved Firearm Safety and Training Course. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 23

Section 23 of S.L. 2026-59 (Senate Bill 445) adds the North Carolina Concealed Carry Association (NCCCA) and U.S. LawShield to the list of organizations that can certify or sponsor firearms safety and training courses, and adds NCCCA-certified instructors and U.S. LawShield–certified instructors to the list of instructors permitted for firearms safety and training courses offered by law enforcement agencies, colleges, private or public institutions or organizations, or firearms training schools.

This section became effective July 1, 2026, and applies to permit applications submitted on or after that date.

Change Effective Date for Judicial Access to Expunction Records – 2026 Court Changes.

Ratified (H377), Sec. 17

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Add Trial Court Administrator and Staff to Definition of Court Officer – 2026 Court Changes.

Ratified (H377), Sec. 29

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H437), Sec. 1

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H437), Sec. 2

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Disaster Relief

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-3 (H433), Sec. 4

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Agricultural Water Plan Update. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 1

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Temporary Relocation Assistance Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5A.7

Section 5A.7 of S.L. 2026-41 (Senate Bill 257) establishes the Temporary Relocation Assistance Program (Program) within the Department of Commerce's Division of Community Revitalization (DCR). The Program provides for housing assistance funds to any eligible person still working to regain permanent housing after Hurricane Helene. To be eligible, applicants for the Program must already be enrolled in Phase 1 or 2 of the Renew NC Program for home rebuilding, restoration, and construction or otherwise be at 80% of the area's median income. Applicants must also submit a standardized request form, sign a grant agreement, and demonstrate that the applicant has exhausted all other options for housing and has experienced a hardship, like job loss, business failure, severe medical illness or disability, or substantial income reduction.

DCR must require home builders, long-term recovery groups, and vendors involved in the Program to find appropriate housing for enrolled families, and DCR must pay the home builder for approved payments at the time construction costs are paid. Home builders are responsible for cost overages, liability for damages, and may be subject to liquidated damages for failing to meet Program timelines.

Standard Program durations are 81 days for rehabilitation or replacement, and 171 days for reconstruction.

DCR must report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on the Program's implementation no later than September 1, 2026, and every six months thereafter until the Program has terminated.

Section 5A.2(d) of this act appropriated $20 million to NC Emergency Management that may be used by DCR for cashflow needs for the program, and $40 million to the Department of Commerce for use by the Program.

This section became effective July 1, 2026.

Disaster Mitigation/Resiliency Allocation to Repair Damages and Close Out NC Office of Recovery and Resiliency Cashflow Loan Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5A.11

Section 5A.11 of S.L. 2026-41 (Senate Bill 257), as amended by Section 1.2 of S.L. 2026-42 (House Bill 56), does the following:

- Directs the State Controller to transfer $4.5 million to the Office of State Budget and Management for the Town of Fair Bluff for the riverwalk project that was destroyed.
- Requires that any funds remaining in the NC Office of Recovery & Resiliency cashflow loan program revert to the Savings Reserve upon the closure of the program.
- Requires the Office of State Budget and Management to submit a report on the closeout of the cashflow loan program to the Joint Legislative Emergency Management Oversight Committee and Fiscal Research Division within six months of the closure of the program.

This section became effective on July 1, 2026.

Hotel Safety Act Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5A.17

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

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.

Hazard Mitigation Liability – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5A.19

Section 5A.19 of S.L. 2026-41 (Senate Bill 257) expands authority of and provides broad liability protections to any entity providing emergency management services, including to nonprofit entities, that acquire and manage real property for the purposes of hazard risk management, provided that the real property is held consistent with all applicable legal requirements.

This section became retroactively effective January 1, 2025, and applies to causes of action arising on or after that date.

First Responder Modification. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5A.20

Section 5A.20 of S.L. 2026-41 (Senate Bill 257) adds water and wastewater utility professionals to the list of first responders who may be deployed to disaster locations eligible for participation in a vaccination program administered by the Department of Health and Human Services and local health departments.

This section became effective July 1, 2026.

Disaster Reimbursement Reports – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.3

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Private Road and Bridge Program Modification – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 17.5

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Allow Liquefied Petroleum Gas Refills During Emergencies. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 26

Section 26 of S.L. 2026-59 (Senate Bill 445) provides a limited exception to the prohibition of disconnecting, interrupting or filling a liquified petroleum (LP) gas tank or system without supplier's consent, that allows a licensed LP gas dealer other than the owner or supplier of an LP gas tank or system (emergency supplier) to refill a customer's LP gas tank during qualifying emergencies. During a qualifying emergency, the emergency supplier may fill or refill the system's tanks with LP gas provided conditions, like limited supply, good faith efforts to procure delivery and obtain consent from the current supplier, temporary tags, and notification upon fill, are met.

This section also creates a de minimis exception for tanks or containers with a capacity less than 5 gallons, requires a tag, label, or other marking attached to the tank or container to include the name of the tank or container owner, requires a leak test when a new supplier takes over regular service for filling the tank or container, increases civil and criminal penalties for violations, and provides limited liability protections for emergency suppliers acting pursuant to the qualifying emergency refill exception.

This section also provides that the Department of Agriculture and Consumer Services can only issue warnings for the failure of a supplier to either attach the required tag, label, or other marking to the tank or container that includes the owner's name or conduct a leak test. The authority to issue warnings for violations expires December 1, 2027.

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

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

SL 2026-59 (S445), Sec. 42

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Education

See full summary documents for additional detail

North Carolina Blue Ribbon Commission on Public Education – Medicaid & Health and Human Services Adjustments/Other Critical Needs.

SL 2026-1 (H696), Sec. 2.1

Section 2.1 of S.L. 2026-1 (House Bill 696) establishes the North Carolina Blue Ribbon Commission on Public Education (Commission). The Commission has 29 members: 19 voting members, 5 nonvoting members of the Senate, and 5 nonvoting members of the House of Representatives, all jointly appointed by the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Governor. The Commission must study the structure and implementation of public education in the State. It will be administered by the Friday Institute for Educational Innovation at North Carolina State University. The Commission can submit interim reports and a final report on its work. The Commission expires March 1, 2027.

This section appropriates $300,000 in nonrecurring funds to the Board of Governors of the University of North Carolina for the 2025-2026 fiscal year, to be allocated to the Friday Institute for the administration of the Commission. These funds will remain available until June 30, 2027.

This section became effective April 30, 2026.

Conform Eligible Expenses for NC 529 Plan to Federal Law – Medicaid & Health and Human Services Adjustments/Other Critical Needs.

SL 2026-1 (H696), Sec. 2.2

Section 2.2 of S.L. 2026-1 (House Bill 696) permits NC 529 accounts to be used for additional qualifying educational expenses added to the Internal Revenue Code by the federal One Big Beautiful Bill Act in 2025.

This section became effective April 30, 2026.

Expand and Revise Existing Flexibility for the Children of Wartime Veterans Scholarship Funds Program to Include the 2026-2027 and 2027-2028 Academic Years – Medicaid & Health and Human Services Adjustments/Other Critical Needs.

SL 2026-1 (H696), Sec. 2.5

Section 2.5 of S.L. 2026-1 (House Bill 696) and Section 8A.6 of S.L. 2026-41 (Senate Bill 257) extend the flexibility provided for the administration of funds for the Children of Wartime Veterans Scholarship Program (Program) to include the 2026-2027 and 2027-2028 academic years. This flexibility was previously granted to the State Education Assistance Authority (SEAA)

and Secretary of the Department of Military and Veterans Affairs (Secretary) for the 2024-2025 and 2025-2026 academic years.

For the 2026-2027 academic year, all of the following apply to the administration of funds for the Program:

- The Secretary, after consulting with SEAA, must determine whether to prioritize applicants who meet the following criteria:
    - Apply as an undergraduate.
    - Qualify as a resident for tuition purposes.
    - Meet all other program requirements.
- The Secretary, after consultation with SEAA, can determine whether to establish a standardized payment schedule or formula for the efficient and effective administration of available scholarship funds.
- SEAA must place any unexpended and unencumbered appropriated funds in an institutional trust fund.

For the 2027-2028 school year, all the following apply to the administration of funds for the Program:

- SEAA, after consultation with the Secretary, must do the following:
    - Establish a formula and standardized payment schedule for maximum scholarship awards for students that reflects the cost of attendance for eligible students receiving scholarship funds who are enrolled at approved public and private institutions of higher education, including mandatory fees, room, and board, as applicable. If the Secretary determines that funds are insufficient to provide scholarships to all eligible students in accordance with the standardized payment schedule, SEAA can take necessary steps to adjust scholarship amounts, subject to the standardized payment schedule. If SEAA modifies scholarship amounts, the Secretary must notify eligible students of the adjustment.
    - Post the standardized payment schedule on its website.
    - Report the standardized payment schedule to the Joint Legislative Education Oversight Committee (JLEOC), Joint Legislative Oversight Committee on General Government (JLOCGG), and Fiscal Research Division by April 1, 2027.
- The Secretary must open applications for the Program to new applicants no later than April 1, 2027. The priority period for submission of applications must close by May 1, 2027. The Secretary can adjust or close the application period for new applicants depending on the number of new eligible applicants and the availability of funds for the 2027-2028 academic year.
- New applicants must (i) be enrolling as undergraduates and (ii) qualify as residents for tuition purposes to qualify for a scholarship in the 2027-2028 school year.
- SEAA, after consultation with the Secretary, must determine whether the funds available for the Program in the 2027-2028 academic year are sufficient to provide scholarships to all eligible students in accordance with the standardized payment schedule by July 1, 2027.

- The Department of Military and Veterans Affairs must submit a report to JLEOC and JLOCGG by March 15, 2028, on at least all of the following:
    - The number of applications from eligible students.
    - The funds needed to provide full scholarships to all applicants who are eligible students.
    - Projected applications from eligible students for subsequent academic years based on trends in prior years and population growth in the State.
    - Any adjustments made to the scholarship amounts under the standardized payment schedule for the 2027-2028 academic year.
    - Any other measures taken to provide meaningful scholarship awards.
    - Recommendations for legislative changes needed to ensure the efficient and effective administration of scholarships for all eligible students in future academic years, in recognition of the sacrifices made by veterans and their families for the State.
- SEAA must place any unexpended and unencumbered appropriated funds in an institutional trust fund.

These sections became effective June 30, 2025, and apply to awards granted for the 2026-2027 and 2027-2028 academic years.

Educational Choice for Children Act (ECCA).

SL 2026-6 (H87)

S.L. 2026-6 (House Bill 87) and Section 8A.19 of S.L. 2026-41 (Senate Bill 257) authorize the State Education Assistance Authority (SEAA) to certify and submit a list of qualifying scholarship granting organizations to the United States Secretary of the Treasury (Secretary). The act voluntarily elects the State to (i) participate in the federal tax credit program under § 25F of the Internal Revenue Code and (ii) identify scholarship granting organizations located in the State. The federal tax credit program provides tax credits for individual contributions to scholarship granting organizations that provide elementary and secondary education scholarships.

SEAA must submit to the Secretary and publish on its website a list of the scholarship granting organizations located in the State that meet the federal requirements. SEAA can establish rules governing the process and documentation necessary for an organization to be included on the list and enter into agreements with other State agencies to meet these requirements.

SEAA must comply with all federal regulations regarding the administration of the federal tax credit program set in federal law to ensure that the State can participate in taxable years beginning after December 31, 2026. SEAA must establish any necessary rules by the later of July 1, 2026, or within 120 days of federal regulations being published.

Scholarship granting organizations can provide scholarships for home school expenses to the extent allowed under federal law.

Section 8A.19 of S.L. 2026-41 authorizes SEAA to use up to $1 million for administering the federal tax credit for the 2026-2027 fiscal year. For any funds used to administer the federal tax credit, SEAA must report to the Joint Legislative Education Oversight Committee on all of the following:

- The source or sources of funds SEAA used and the amounts from every source.
- The funds needed to support administration of the federal tax credit in the 2027-2028 fiscal year and thereafter.

House Bill 87 was vetoed by the Governor on August 6, 2025, and that veto was overridden by the General Assembly on June 3, 2026. The election to have the State participate in the federal tax credit program became effective June 3, 2026. Section 8A.19 of S.L. 2026-41 became effective July 1, 2026.

Standardize the Residency Determination Process for Admission to the North Carolina School of Science and Mathematics – UNC Omnibus & Capital Contracting Law Changes.

SL 2026-9 (H1123), Part II

Part II of S.L. 2026-9 (House Bill 1123), as amended by Section 2.6 of S.L. 2026-42 (House Bill 56), requires an applicant to the North Carolina School of Science and Mathematics (NCSSM) to either (i) receive a determination by the Residency Determination Service that the applicant has established a domicile in North Carolina and maintained a domicile in North Carolina for at least 12 months, or (ii) be a child of an active duty member of the Armed Forces who is living in the State incident to active military duty. This change aligns the residency requirements for admission to NCSSM with the residency requirements to qualify as a resident for in-State tuition purposes.

This Part became effective June 19, 2026, and applies beginning with applications for admission to NCSSM for the 2028-2029 school year.

Revise Tuition Grants for NCSSM and UNCSA Graduates – UNC Omnibus & Capital Contracting Law Changes.

SL 2026-9 (H1123), Part III

Part III of S.L. 2026-9 (House Bill 1123) modifies the requirements to qualify for a tuition grant for attendance at a constituent institution of The University of North Carolina for high school graduates of the North Carolina School of Science and Mathematics (NCSSM) or University of North Carolina School of the Arts (UNCSA) by requiring the State Education Assistance Authority to accept other documentation instead of a completed Free Application for Federal Student Aid (FAFSA) form.

This section also clarifies that to be eligible for a tuition grant, a high school graduate of NCSSM or UNCSA must be a resident for tuition purposes at the time of application for the initial grant.

A student who remains continuously enrolled full-time at an undergraduate program at a constituent institution remains eligible for the tuition grant for subsequent academic terms.

This section became effective June 19, 2026, and applies beginning with the award of tuition grants for the 2026-2027 academic year.

UNC Board of Governors Approval/Capital Expenditures – UNC Omnibus & Capital Contracting Law Changes.

SL 2026-9 (H1123), Part IV

Part IV of S.L. 2026-9 (House Bill 1123) makes the Board of Governors of The University of North Carolina responsible for making the final determination on all expenditures and project scope for capital improvement projects at The University of North Carolina and its constituent institutions.

This section became effective June 19, 2026.

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

SL 2026-9 (H1123), Part V

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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.

Allow Excused School Absences for Equestrian Competitions and Other Agricultural Events. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 9

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

UNC Constituent Institutions to Comply with Laws Related to Immigration – North Carolina Border Protection Act.

SL 2026-19 (S153), Part VI

Part VI of S.L. 2026-19 (Senate Bill 153) prohibits constituent institutions of The University of North Carolina from having policies or regulations that limit the enforcement of federal immigration laws to less than the full extent permitted by federal law. Constituent institutions cannot (i) prevent law enforcement officials or agencies from gathering information on an individual's immigration status or (ii) prevent the communication of that information to federal law enforcement agencies.

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.

Eliminating "DEI" in Public Education.

SL 2026-20 (S227)

S.L. 2026-20 (Senate Bill 227), as amended by Section 5.9(c1) of S.L. 2026-41 (Senate Bill 257), prohibits public school units (PSUs) and the State Board of Education (SBE) from taking certain actions related to divisive concepts and discriminatory practices.

Definitions – The following definitions apply to this act:

"Discriminatory practices" are any of the following based on an individual's protected classification under federal law:

- Treating an individual differently solely to advantage or disadvantage that individual as compared to other individuals or groups.
- Excluding an individual from employment, except as allowed under federal law.
- Excluding an individual from participation in an educational program or activity, except as allowed under federal law.

"Divisive concepts" are any of the following:

- One race or sex is inherently superior to another race or sex.

- An individual is inherently racist, sexist, or oppressive solely because of his or her race or sex.
- An individual should be discriminated against or receive adverse treatment solely or partly because of the individual's race or sex.
- Moral character is necessarily determined by an individual's race or sex.
- An individual solely by virtue of his or her race or sex bears responsibility for actions committed in the past by members of the same race or sex.
- An individual solely by virtue of his or her race or sex should feel discomfort, guilt, anguish or other psychological distress.
- A meritocracy is inherently racist or sexist.
- The United States was created by members of a particular race or sex for the purpose of oppressing members of another race or sex.
- Particular character traits, values, moral or ethical codes, privileges, or beliefs should be ascribed to a race or sex or to an individual because of the individual's race or sex.
- The rule of law does not exist but instead is a series of power relationships and struggles among racial or other groups.
- All Americans are not created equal and are not endowed by their Creator with certain unalienable rights, including life, liberty, and the pursuit of happiness.
- Governments should deny to any person within the government's jurisdiction the equal protection of the law.

Prohibitions – PSUs are prohibited from doing any of the following:

- Engaging in or advocating for discriminatory practices.
- Compelling students, teachers, administrators, or other school employees to affirm or profess belief in divisive concepts.
- Providing instruction to students on divisive concepts.
- Engaging in activities related to professional development that include or advocate for divisive concepts or discriminatory practices.
- Maintaining an office or other unit (i) promoting discriminatory practices or divisive concepts or (ii) referred to as or named diversity, equity, and inclusion.
- Employing or assigning an employee whose duties for a public school unit include promoting discriminatory practices or divisive concepts.

The SBE cannot approve, provide, recommend, or require professional development that includes or advocates for divisive concepts or discriminatory practices. The SBE is prohibited from awarding continuing education credit for professional educator license renewal for any professional development that includes or advocates for divisive concepts or discriminatory practices.

Exceptions – The following are not limited by this act:

- Speech protected by the First Amendment of the United States Constitution.
- Materials accessed on an individual basis for research or independent study.
- Policies, procedures, or professional development required by State or federal law.

- Instruction on divisive concepts in accordance with the North Carolina Standard Course of Study when it is made clear that the PSU does not sponsor, approve, or endorse any divisive concepts.

Employee Policies – Local boards of education must adopt policies governing the conduct of employees that prohibit discrimination on an individual's protected classification under federal law, including antisemitism.

Student Code of Conduct – Governing bodies of PSUs must adopt Codes of Student Conduct that prohibit discrimination based on an individual's protected classification under federal law, including antisemitism.

Report – By September 1 of each year, each PSU must certify in writing to the Department of Public Instruction (DPI) that it fully complies with the requirements of this section and include in its certification any actions taken to achieve compliance. DPI must summarize the certifications in a report to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee by January 15 of each year. For the certifications due by September 1, 2026, each PSU is required to include information on the initial implementation of these requirements, including reductions in force and spending, changes to job titles and position descriptions, and how savings achieved from these actions have been directed.

This bill was vetoed by the Governor on July 3, 2025, and that veto was overridden by the General Assembly on June 24, 2026. This act became effective on June 24, 2026.

Eliminating "DEI" in Public Higher Education.

SL 2026-21 (S558)

S.L. 2026-21 (Senate Bill 558), as amended by Section 5.9(d1) of S.L. 2026-41 (Senate Bill 257), addresses discriminatory practices and divisive concepts at public institutions of higher education.

Discriminatory practices are defined as doing any of the following based on an individual's protected classification under federal law:

- Treating an individual differently solely to advantage or disadvantage that individual as compared to other individuals or groups.
- Excluding an individual from employment, except as allowed under federal law.
- Excluding an individual from participation in an educational program or activity, except as allowed under federal law.

Divisive concepts include any of the following concepts:

- One race or sex is inherently superior to another race or sex.
- An individual, solely by virtue of his or her race or sex, is inherently racist, sexist, or oppressive.

- An individual should be discriminated against or receive adverse treatment solely or partly because of his or her race or sex.
- An individual's moral character is necessarily determined by his or her race or sex.
- An individual, solely by virtue of his or her race or sex, bears responsibility for actions committed in the past by other members of the same race or sex.
- Any individual, solely by virtue of his or her race or sex, should feel discomfort, guilt, anguish, or any other form of psychological distress.
- A meritocracy is inherently racist or sexist.
- The United States was created by members of a particular race or sex for the purpose of oppressing members of another race or sex.
- Particular character traits, values, moral or ethical codes, privileges, or beliefs should be ascribed to a race or sex or to an individual because of the individual's race or sex.
- The rule of law does not exist but instead is a series of power relationships and struggles among racial or other groups.
- All Americans are not created equal and are not endowed by their Creator with certain unalienable rights, including life, liberty, and the pursuit of happiness.
- Governments should deny to any person within the government's jurisdiction the equal protection of the law.

Public institutions of higher education are prohibited from doing any of the following:

- Engaging in or advocating for discriminatory practices.
- Compelling students, professors, administrators, or other employees to affirm or profess belief in divisive concepts.
- Endorsing divisive concepts.
- Maintaining an office, division, or other unit (i) promoting discriminatory practices or divisive concepts or (ii) referred to as or named diversity, equity, and inclusion.
- Employing or assigning an employee whose duties include promoting discriminatory practices or divisive concepts.
- Requiring completion of a course related to divisive concepts for purposes of awarding a degree or completing a program, unless approved by the chancellor of the institution and reported to the governing board of the institution.

These prohibitions do not apply to any of the following:

- Speech protected by the First Amendment of the United States Constitution.
- Materials accessed on an individual basis for research or independent study that advocate for divisive concepts or discriminatory practices.
- Policies or procedures required by State or federal law.
- Instruction or discussion on divisive concepts that makes it clear the public institution of higher education does not endorse the divisive concepts.

Public institutions of higher education must certify annually in writing by September 1 to their applicable governing board that they fully comply with the act's requirements. The University of North Carolina Board of Governors and the State Board of Community Colleges must summarize

the relevant certifications and submit a consolidated report by January 15 annually to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee. For the first certifications due September 1, 2026, public institutions of higher education must include information on the initial implementation of the requirements, including reductions in force and spending, changes to job titles and position descriptions, and how savings achieved from these actions have been directed.

The act also prohibits public institutions of higher education from establishing, maintaining, or otherwise implementing a process for reporting or investigating offensive or unwanted speech that is protected by the First Amendment, including satire or speech labeled as microaggression.

This bill was vetoed by the Governor on July 3, 2025, and that veto was overridden by the General Assembly on June 24, 2026. This act became effective on June 24, 2026.

Children's Hospital Antitrust/State Action Immunity. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.7

Section 5.7 of S.L. 2026-41 (Senate Bill 257) adds a definition of "North Carolina Children's Health" (NCC) to the list of definitions under Article 37A of Chapter 116 of the General Statutes, The University of North Carolina Health Care System. The NCC is defined as a pediatric health facility and associated sites that (i) receive State funding and (ii) are developed by the University of North Carolina Health Care System (System) in partnership with Duke University Health System (Duke University).

This section further provides that the Board of Directors (Board) of the System can enter into cooperative agreements with Duke University, any component of The University of North Carolina (UNC), NCC, or any combination thereof, to provide pediatric research, health care, and discovery, including the development and joint operation of NCC, without regard to the effect on market competition. Through these partnerships and for these purposes, the System acts according to State policy by ensuring (i) pediatric health care is made available to all parts of North Carolina and (ii) North Carolina is at the forefront of pediatric research, health care delivery, and innovation.

This section provides that these activities by the System constitute "State action" for purposes of antitrust law and that the General Assembly intends that these agreements are immune from the application of federal and State antitrust law.

This section became effective July 1, 2026.

Propel NC – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.2

Section 6.2 of S.L. 2026-41 (Senate Bill 257) authorizes the State Board of Community Colleges (SBCC) to revise its funding formula for community colleges and allocate funds under the revised formula beginning with the 2026-2027 fiscal year. The revised formula must contain the following:

- A base allocation for each community college.
- An amount in addition to the base allocation based on the number of full-time equivalent students enrolled in (i) curriculum, workforce continuing education, and Basic Skills courses and (ii) courses and programming conducted under the Customized Training Program and the Small Business Center Network. This amount must be weighted based on the workforce sector of each course based on salary data and labor market demand in the sector.

The SBCC must review and revise its workforce sector designations by July 15, 2029, and every three years thereafter.

This section also establishes the Enrollment Increase Reserve to allow the SBCC to fund community colleges in the event that enrollment increases beyond budgeted enrollment levels. The SBCC can allocate funds from the Reserve to a community college when the college's enrollment either (i) increases by more than 5% in curriculum, workforce continuing education, or basic skills courses, or (ii) increases by more than 325 students.

By April 1, 2028, the Community Colleges System Office must report to the Joint Legislative Education Oversight Committee on any revisions to its funding formula for community colleges, including the structure of the revised formula, the process for implementing the revised formula, and any recommended changes to the revised formula.

This section became effective July 1, 2026.

North Carolina Community College System Intellectual and Developmental Disabilities Workforce Training Expansion – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.3

Section 6.3 of S.L. 2026-41 (Senate Bill 257) expands from 15 to 25 the number of community colleges that can participate in the community college training program for individuals with intellectual and developmental disabilities (IDD). The program provides opportunities for micro-credentials or other credentials that lead to increased employment outcomes for individuals with IDD.

Additionally, the Community Colleges System Office (CCSO) must use appropriated funds for the following:

- Two positions for the training program.
- Career and College Promise high school pathways and pre-apprenticeships and work-based learning for individuals with IDD.
- A marketing evaluation, online resources, professional development, and infrastructure support.
- Program expansion.

The CCSO must continue to provide $194,000 per participating community college.

This section became effective July 1, 2026.

Seamless Skills Initiative – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.4

Sections 6.4 and 8.15 of S.L. 2026-41 (Senate Bill 257) establish the Community College Seamless Skills Initiative (Initiative) to create a competency-based education model that seamlessly connects high school and community college.

Participants and Design – Fayetteville Technical Community College (FTCC) and Wilkes Community College (WCC) must partner to implement the Initiative and do the following:

- Establish high-tech pathways that integrate high school and community college curricula for hands-on, project-based learning.
- Develop competency-based pathways that create cross-curricular maps for dual credit, fostering seamless transitions between secondary and postsecondary education.
- Scale and replicate to build a scalable framework for rapid implementation across North Carolina.
- Empower student ownership by enabling students to set long-term learning goals and to manage and own their credentials with a digital wallet.
- Facilitate student work experiences to accelerate learning and transition students into work through "learn & earn" work-based learning in partnership with public agencies and private employers.
- Address workforce needs by developing and sustaining a comprehensive talent pipeline of skilled workers for high-demand technology fields in occupations that depend upon informational technology and operational technology for operational success.
- Develop statewide resources, including a guidebook to facilitate model replication and a new talent development model to accelerate learning using competency-based education.

Digital Wallet – The participants in the Initiative must contract with a third-party entity to create a secure, interoperable digital wallet platform that is subject to specific requirements.

Technical Support – The North Carolina Community Colleges System Office must provide ongoing technical support to community colleges participating in the Initiative. FTCC must enter into a memorandum of understanding with WCC to jointly co-design the Initiative and they must

engage an organization with demonstrated expertise in designing and implementing learner-centered, modular, and competency-based high school programs aligned with emerging and high-tech career pathways. The selected organization must have a history of co-designing stackable credentials with public school units and postsecondary institutions and a proven track record of building digital infrastructure that supports student-paced progression, interdisciplinary instruction, and authentic skill development. The organization must assist in the development of a comprehensive framework for the Initiative, including course design, sequencing, credentialing structure, and related elements necessary to support personalized student progression during the 2026-2027 school year.

Funding – Of the funds appropriated for the Initiative, $2.75 million must be allocated to FTCC and $1 million must be allocated WCC. Funds allocated to FTCC and WCC will not revert and will remain available until the end of the 2029-2030 fiscal year.

Section 8.15 of S.L. 2026-41 requires the Office of Learning Research (OLR) at the North Carolina Collaboratory to study and evaluate the Initiative. OLR must submit a report on the Initiative to the Joint Legislative Education Oversight Committee (JLEOC) by March 15, 2028, and annually thereafter, culminating in a final report on March 15, 2030. All reports to JLEOC must include (i) the total number of students engaging in the Initiative, (ii) the total amount of funds expended to implement, design, and operate the Initiative, and (iii) the effects on student achievement and learning outcomes.

These sections became effective July 1, 2026.

Apprenticeship Studies – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.5

Section 6.5 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.6 of S.L. 2026-61 (House Bill 268), directs ApprenticeshipNC to study and report on the feasibility of designing and implementing State funding incentives for employers and other apprenticeship sponsors to increase the availability of registered apprenticeship programs and improving apprentice enrollment, completion, post-completion education and labor market outcomes. The study must include the following:

- Alternative incentive structures and design considerations to identify avenues to increase apprenticeship starts, completions, positive post-completion outcomes, and to ensure efficient use of State funds.
- Types of incentives that could be offered including grants, wage subsidies, and tax credits.
- Payment structures tied to apprentice hiring, wage progression, credential attainment completion, and post-completion outcomes.
- Eligibility criteria, including occupations and industries.
- Quality and accountability thresholds, such as minimum wage thresholds.
- Review of academic policy literature on apprenticeship incentives in other states.
- All of the following items:
    - A proposed structure or set of options for State apprenticeship incentives.

- Identification of statutory, administrative, or implementation barriers.
- Estimated fiscal impacts and recommended appropriations, including identification of existing or complementary State, federal, and private funding streams that could be leveraged to offset or reduce the need for additional State appropriations.
- Strategies to balance up-front and early implementation costs of apprenticeship program management with an emphasis on increasing apprenticeship completion and post-completion education and labor market outcomes.
- A proposed policy for ongoing evaluation of any incentive adopted, including approaches to program monitoring, data collection, and assessment of impacts on participation and outcomes.

The study must be submitted to the Joint Legislative Education Oversight Committee (JLEOC) by March 15, 2027.

This section also directs ApprenticeshipNC to develop a plan to facilitate one or more expedited pathways for apprenticeship candidates to enter the teaching profession. This plan must be developed in collaboration with the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the Department of Public Instruction, and TeachNC. ApprenticeshipNC can also collaborate with representatives of approved educator preparation programs, local school administrative units, and existing apprenticeship programs. The plan must include at least the following components:

- Options for an accelerated transition pathway to allow high school students to earn college credits leading to a teaching license while participating in structured, paid, or other experiential learning in the classroom.
- Maximize usage and transferability of the following coursework completion opportunities:
  - College transfer pathways provided through the Career and College Promise Program that support entry into a recognized educator preparation program.
  - Community college coursework leading to completion of an associate degree related to teacher preparation.
  - Online or asynchronous coursework provided at a constituent institution of The University of North Carolina leading to a bachelor's degree.
  - Enrollment in an associate degree program or a bachelor's degree program while serving (i) as a full-time employee in a public school unit and (ii) as an apprentice teacher in a registered apprenticeship program.
- Any legislative changes or appropriations needed to implement the plan.

This plan must be developed and submitted to JLEOC by March 15, 2027.

This section became effective July 1, 2026.

High-Cost Workforce Programs Start-Up Funds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.6

Section 6.6 of S.L. 2026-41 (Senate Bill 257) requires the Community Colleges System Office (CCSO) to establish a Fund for High-Cost Workforce Programs (Fund) to assist community colleges in starting new programs in high-demand career fields that require significant start-up funds. Programs offered at community colleges aligned with high-salary and high-demand workforce sectors are eligible for funds from the Fund.

The CCSO must develop an application process for community colleges to apply for awards from the Fund by the beginning of the 2026-2027 academic year, which must include (i) a description of the proposed new program requiring start-up funds, (ii) documentation of industry demand for the program or documentation of local, regional, or statewide employment needs that will be met by the program, (iii) total cash costs to start and maintain the program over two fiscal years, and (iv) a plan for the fiscal sustainability of the new program.

Each college can only apply for one award in a fiscal year and can use the funds received over two fiscal years. A college receiving funds must provide a match with non-State funds, as follows:

- Community colleges with a total of more than 6,500 full-time equivalents must match 15%.
- Community colleges with a total between 2,500 and 6,500 full-time equivalents must match 10%.
- Community colleges with a total of fewer than 2,500 full-time equivalents must match 5%.

The CCSO can adopt policies regarding the administration of the Fund and can use up to $100,000 for the administrative costs for the 2026-2027 fiscal year.

By December 1 after each year funds are provided to a college from the Fund, the CCSO must report to the Joint Legislative Education Oversight Committee on (i) the colleges that received the funds, the amount of funds, and the types of programs started, (ii) the use of funds, including costs associated with student instruction, faculty salaries, instructional supplies, related instructional equipment, and accreditation costs, and (iii) evaluation of the success of the new programs. The first report is due December 1, 2027.

This section became effective July 1, 2026.

No Financial Benefit for Community College Students Convicted of Assaulting Officers or Employees of the State – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.7

Section 6.7 of S.L. 2026-41 (Senate Bill 257) requires the State Board of Community Colleges to adopt a policy prohibiting the Community Colleges System Office and community colleges from

providing a State-funded scholarship or grant to a student who has been convicted of assaulting any of the following while enrolled as a student:

- An officer or employee of the State.
- An officer or employee of a political subdivision of the State.

The prohibition begins with the semester or academic term following the conviction.

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

Workforce Diploma Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.8

Section 6.8 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.5 of S.L. 2026-61 (House Bill 268), requires the Community Colleges System Office (CCSO) to establish a Workforce Diploma Program (Program) for the 2026-2027 fiscal year. The Program will serve students who are 21 years of age or older who are North Carolina residents and have not earned a high school diploma or its equivalent. The CCSO must contract with qualifying third-party entities to provide courses to help students earn a high school diploma. To qualify, the third-party entity must meet the following criteria:

- Have administered at least three statewide adult high school diploma programs outside of the State in the past five years and maintained at least a 50% graduation rate beginning with the second cohort of students.
- Be accredited by an external regional accrediting agency.
- Offer a course catalog that aligns with curriculum requirements for a North Carolina high school diploma.

Program Requirements – The Program must (i) provide competency-based courses to help students earn a high school diploma, (ii) assist students in obtaining employment, including resumé development and mock interviews, and (iii) provide at least the following:

- Proactive communication regarding pace and progress.
- Course and credit plans aligned with graduation requirements and career goals.
- Mentoring services.
- Milestone tracking.
- Academic skill intake assessments and transcript evaluations.
- Catalog of courses necessary to meet graduation requirements.
- Remediation opportunities in literacy and numeracy.
- Employability skills certifications.
- Preparation for workforce credentials.
- Career advising services.
- Access to online tutoring services at any time.

Allocation of Funds – Funds must be provided to each third-party entity on a per-participant basis, as follows:

- $275 for completion of each half credit.
- $275 for completion of an employability skills certification equivalent to one credit.
- $275 for attainment of an industry-recognized credential that requires up to 50 hours of training.
- $550 for attainment of an industry-recognized credential that requires 51-100 hours of training.
- $825 for attainment of an industry-recognized credential that requires more than 100 hours of training.
- $1,100 for attainment of a high school diploma.

Follow-Up – The CCSO must attempt to collect data on employment outcomes for students who participated in the Program. The CCSO must submit any data collected to the Joint Legislative Education Oversight Committee (JLEOC) by July 15 of the year in which it was collected.

Report – The State Board of Community Colleges, in consultation with each third-party entity, must submit a report by August 15, 2028, to the JLEOC and the Fiscal Research Division on the impact of the Program. The report must include the following information:

- The number of participants.
- The number of credits earned by participants.
- The number of employability skills certifications issued to participants.
- The number and type of workforce credentials earned by participants.
- The number of participants who received a high school diploma.
- The average funding provided per participant who received a high school diploma.
- The percentage of participants who received a high school diploma.

Administration – The CCSO must use $100,000 of funds appropriated for the Program to hire one full-time equivalent position to administer the Program.

This section became effective July 1, 2026.

Digital Credential Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.9

Section 6.9 of S.L. 2026-41 (Senate Bill 257) establishes the Digital Credential Program for the 2026-2027 fiscal year to evaluate the effectiveness of digital credential services for use by community college students. The Community Colleges System Office must contract with a vendor to provide digital credentialing services to all community colleges in the State. The vendor must provide a Credential Management System that meets the following criteria:

- Provides the capability to issue, manage, and verify digital credentials across multiple widely adopted open standards, including World Wide Web Consortium Verifiable Credentials, OpenBadges, and AnonCreds, within a single platform.
- Supports secure, persistent communication channels that enable authenticated, peer-to-peer interactions between parties.
- Meets or exceeds National Institute of Standards and Technology Identity Assurance Level 3 standards for identity proofing to ensure high confidence identity verification.
- Is designed as a decentralized deployment operating as a network appliance within the State's controlled cloud environment rather than as a multi-tenant Software as a Service offering to ensure data sovereignty, reduce long term operational costs, and eliminate dependency on third party hosted infrastructure.
- Includes a noncustodial mobile digital wallet that allows individuals to maintain sole control of their credentials.
- Includes configurable, standards-based workflows that extend agency processes directly to credential holders.
- Incorporates advanced capabilities for workforce matching, including artificial intelligence driven analysis that aligns verified credentials with employment opportunities.
- Includes trust and verification systems anchored using blockchain based mechanisms solely for publishing tamper resistant public keys and service endpoints, without storing any personally identifiable information or credential data-on-chain.

This section became effective July 1, 2026.

North Carolina Student Lifeline Information for Community College Students – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.10

Section 6.10 of S.L. 2026-41 (Senate Bill 257) requires the State Board of Community Colleges to adopt a policy requiring all community colleges to provide students with the phone numbers for the Suicide and Crisis Lifeline and the NC Peer Warmline. Each community college must provide the information in the following places:

- Newly issued student identifications.
- The college's website.
- The home screen of any electronic device issued to students.
- Each school agenda or calendar, digital or printed.
- On a document during any suicide awareness activity.
- On a document when the student registers for attendance.

This section became effective July 7, 2026, and applies beginning with the 2026-2027 academic year.

Reduction of Performance Funding Except Basic Skills – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 6.11

Section 6.11 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.4 of S.L. 2026-61 (House Bill 268), removes various performance measures on which the State Board of Community Colleges (SBCC) must evaluate community colleges. The SBCC must allocate performance-based funds to community colleges that have successful institutional performance on the progress of basic skills students.

Section 6.11 of S.L. 2026-41 became effective July 1, 2026, and Section 3.4 of S.L. 2026-61 became effective August 11, 2026.

Repeal TeachNC Initiative – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.1

Section 7.1 of S.L. 2026-41 (Senate Bill 257) repeals the requirements that the Department of Public Instruction (i) adopt the TeachNC recruitment initiative as a comprehensive web platform for future teachers and (ii) produce an annual report on the implementation of the initiative.

This section becomes effective July 1, 2027.

Clarify Learning.com Funding. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.2

Section 7.2 of S.L. 2026-41 (Senate Bill 257) removes the requirement that local boards of education of local school administrative units (LEAs) located within counties determined to be the most economically distressed by the Department of Commerce have to collaborate with the State Board of Education, the Department of Public Instruction (DPI), the Friday Institute, and The University of North Carolina educator preparation programs on assessment of efforts to provide student digital literacy instruction in kindergarten through eighth grade in those LEAs. The remaining entities must continue to assess these efforts in all LEAs. In addition, the section clarifies that DPI is prohibited from taking any action to impede public school units from accessing Learning.com.

This section became effective July 1, 2026..

Streamline Limited English Proficient Allotment – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.3

Section 7.3 of S.L. 2026-41 (Senate Bill 257) codifies the Limited English Proficient allotment and requires that the State Board of Education allocate any funds made available for this purpose on the basis of the average number of students with limited English proficiency over the past three

years in each local school administrative unit, charter school, regional school, and laboratory school. Local school administrative units must use the funds to pay for classroom teachers, teacher assistants, tutors, instructional materials, transportation costs, and professional development for teachers for students with limited English proficiency. Counties that have local school administrative units receiving these funds must use the funds to supplement and not supplant local current expense funds.

This section became effective July 1, 2026.

Repeal Textbook Commission – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.4

Section 7.4 of S.L. 2026-41 (Senate Bill 257), as amended by Section 2.3 of S.L. 2026-42 (House Bill 56), repeals the Textbook Commission and authorizes local boards of education to select and procure instructional materials, including textbooks, in accordance with rules adopted by the State Board of Education. The Department of Public Instruction, in coordination with the Office of State Budget and Management, must dissolve the State Textbook Fund once all funds are expended. In its place, this section creates the Instructional Materials funding allotment within the State Public School Fund for the purchase and maintenance of instructional materials and supplementary materials. Funds allocated for the Instructional Materials funding allotment in fiscal years 2026-2027, 2027-2028, and 2028-2029 do not revert at the end of the fiscal year and will remain available until expended.

Additionally, this section requires local boards of education (local boards) to establish community media advisory committees to investigate challenges to instructional materials and supplementary materials on the basis that the materials are one or more of the following:

- Obscene.
- Inappropriate to the age, maturity, or grade level of the students.
- Except for library books, not aligned with the standard course of study.

These committees must include at least the following:

- Three principals, including a principal from a high school, a middle school, and an elementary school.
- Three teachers, including a teacher from a high school, a middle school, and an elementary school.
- A parent of a student in high school or middle school and a parent of a student in elementary school.
- Three school library media coordinators, including one from a high school, a middle school, and an elementary school.

Challenges can be brought by a parent of a student enrolled in a school governed by the local board, a teacher employed by the local board, or a resident of the area of assignment for the local board. The community media advisory committee must hold a hearing within two weeks of

a challenge. Within two weeks of the hearing, the committee must make a recommendation to the local board on whether the challenge has merit. At the next meeting of the local board following the committee's recommendation, the local board must determine whether the challenge has merit. The final decision on whether a challenge has merit is up to the local board and is not appealable.

Section 7.4 of S.L. 2026-41 became effective July 1, 2026, and applies beginning with the 2026-2027 school year. Section 2.3 of S.L. 2026-42 became effective July 7, 2026.

Freeze Low-Wealth Allotment Funds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.5

Section 7.5 of S.L. 2026-41 (Senate Bill 257) makes the following modifications to the low-wealth counties supplemental funding allotment:

- For a county that was ineligible for low-wealth supplemental funding in the prior year, the State Board of Education (SBE) must allocate the full amount of funding calculated by the Department of Public Instruction (DPI).
- For a county that received low-wealth supplemental funding in the prior year but is no longer eligible, the SBE must allocate funding equal to 70% of the low-wealth supplemental funds the county received in the prior school year.
- For a county that was ineligible for low-wealth supplemental funding for the prior year and continues to be ineligible, the SBE is prohibited from allocating low-wealth supplemental funds to the county.
- For an eligible county that qualifies for an increase or decrease in low-wealth supplemental funding, DPI is prohibited from increasing or decreasing the amount of funding provided to a qualifying county by greater than 30%.

Beginning with the 2027-2028 school year, DPI must calculate and allocate supplemental funding for low-wealth counties in accordance with this section using an amount of funds not to exceed the amount of funds appropriated for that purpose by the General Assembly for the 2026-2027 fiscal year. This limitation does not apply to additional funds appropriated by the General Assembly for salary and benefit increases.

This section became effective July 7, 2026, and applies to allocations of low-wealth supplemental funds beginning with the 2027-2028 school year.

Adjustment to Principal Licensure Requirements. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.6

Section 7.6 of S.L. 2026-41 (Senate Bill 257) provides the State Board of Education (SBE) with flexibility to adopt the requirements for administrator licenses by creating a new principal license distinct from the administrator license. The requirements for the principal license are defined in statute, but the requirements for the administrator license are left up to the SBE.

The requirements for the principal license are identical to the previous requirements for administrator licenses, including that the individual must meet all of the following criteria:

- Hold a bachelor's degree.
- Have successfully completed an approved principal preparation program.
- Have at least four years of experience as a licensed professional educator.
- Have submitted a portfolio to the State Board of Education (SBE) for approval that meets criteria adopted by the SBE.

Additionally, this section makes various conforming changes to account for the new principal license.

This section became effective July 7, 2026, and applies to applicants for licensure on or after that date.

Various Education Report Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.7

Section 7.7 of S.L. 2026-41 (Senate Bill 257) makes the following changes to reports submitted to the Joint Legislative Education Oversight Committee (JLEOC):

- Requires the Superintendent of Public Instruction, rather than the State Board of Education (SBE), to submit various reports to JLEOC. By March 15 of each year, the Superintendent must submit reports on low-performing schools, school improvement plans found to improve student performance, personnel actions taken in low-performing schools, and recommendations for additional legislation to improve student performance and increase local flexibility.
- Repeals the biennial report on the implementation of the requirement to provide the Founding Principles of the United States of America and North Carolina: Civic Literacy course.
- Repeals an annual report from the North Carolina Hospitality Education Foundation on how it uses funds to provide nationally certified programs in hospitality.
- Repeals an annual report on the Financial Literacy Elective Course Pilot Program.
- Moves the due date of the annual report on computer science participation from November 15 to March 15.
- Repeals an annual report on the difference in the number of school mental health support personnel funded exclusively from the instructional support allotment in each local school administrative unit each year.
- Renames the State of the Teaching Profession report to the Teacher Attrition and Mobility Report and changes the due date from December 15 to February 15 annually.
- Requires the SBE to make the annual report cards for educator preparation programs available on its website by February 15, rather than December 15, of each year. The Department of Public Instruction, instead of the SBE, must annually submit the report to the JLEOC.

- Changes the due dates of the school nutrition services report from May 15 and November 15 of each year to February 15 of each year.
- Changes the due date of the charter school transportation grant program report from March 15 to August 15 of each year funds are awarded.
- Changes the due date of the report on the educational effectiveness of charter schools and the effect of charter schools on local school administrative units from June 15 to August 15 of each year.
- Requires the SBE to submit to JLEOC a copy of the annual report on compliance with the federal Individuals with Disabilities Education Act submitted to the U.S. Department of Education by no later than October 15 of each year.

This section became effective July 1, 2026.

Elementary and Middle School Literacy Improvement – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.8

Section 7.8 of S.L. 2026-41 (Senate Bill 257) requires local school administrative units (LEAs) to assess students in kindergarten through fifth grade with valid, reliable, formative, and diagnostic reading assessments provided by the State Board of Education (SBE). Previously, only students in kindergarten through third grade were required to complete these assessments.

Similar to students in kindergarten through third grade, students in fourth and fifth grade who demonstrate difficulty with reading development based on the results of the assessments must receive an Individual Reading Plan. LEAs must provide notice to parents or guardians of students in fourth or fifth grade who are demonstrating difficulty with reading development or are not reading on grade level.

Additionally, the Department of Public Instruction (DPI) must contract with Lexia Learning Systems, LLC, to provide Lexia Aspire Professional Learning to middle school teachers during the 2026-2027 school year. DPI must prioritize participation by teachers whose students would receive the most benefit from the training, including English Language Arts and Exceptional Children teachers. Any remaining funds can be used to provide additional Lexia Aspire Professional Learning to teachers or other educational personnel at the State or local level. The SBE must develop literacy standards for grades six through eight to align with Lexia Aspire Professional Learning.

This section became effective July 1, 2026.

Automatic Enrollment in Advanced English Language Arts Courses – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.9

Section 7.9 of S.L. 2026-41 (Senate Bill 257) requires, when practicable, local boards of education to offer advanced learning opportunities in English Language Arts in grades three through five and advanced courses in English Language Arts in grades six and higher.

If local boards provide advanced learning opportunities in grades three through five, then the local boards must provide the advanced learning opportunity in the next school year to students who score at the highest level on an end-of-grade (EOG) test. If advanced courses are offered in grades six and higher, then local boards must enroll students who score at the highest level on an EOG or end-of-course (EOC) test in an advanced course the next school year.

A school cannot remove a qualifying student from an advanced learning opportunity or course unless the qualifying student's parent or guardian provides written consent for the removal.

The Department of Public Instruction must annually report to the Joint Legislative Education Oversight Committee on the number, demographics, and socioeconomic status of students who were eligible for advanced courses, including information on the eligible students who were placed or not placed in the advanced courses.

This section became effective July 7, 2026, and applies beginning with the 2027-2028 school year.

Highly Effective Limited License Teachers. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.10

Section 7.10 of S.L. 2026-41 (Senate Bill 257) eliminates:

- The testing requirements for admission to an educator preparation program.
- The requirement that a teacher must attempt to pass certain licensure examinations during the first year of licensure.

This section also allows a teacher with a limited license who has available growth data under the Education Value-Added Assessment System to convert the license to a continuing professional license if the teacher has a positive average growth score for two of the three most recent years.

Finally, the State Board of Education (SBE) must grant a continuing professional license to a teacher licensed or otherwise authorized to teach in a jurisdiction outside of the State if the teacher meets one of the following requirements:

- If the teacher is licensed in another state and meets both of the following criteria:
    - Has at least three years of teaching experience.
    - Is in good standing with the other state.

- If the teacher previously worked as a teacher in a foreign country and meets one of the following requirements:
    - Is licensed in a foreign country and is in good standing with that jurisdiction.
    - If license and good standing cannot be verified, then the teacher must have either (i) at least three years of teaching experience or (ii) been authorized to teach in a foreign country in the previous five years.

Local school administrative units can convert positions to dollar equivalents for visiting international faculty that are awarded continuing professional licenses if they meet these requirements. The SBE must adopt rules to recognize teachers licensed outside of the State.

The granting of continuing professional licenses to teachers licensed outside of the State became effective July 7, 2026, and applies to applications for continuing professional licenses on or after that date. The remainder of this section became effective July 1, 2026.

Competency-Based High School/Healthcare and High-Tech Pathways Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.11

Section 7.11 of S.L. 2026-41 (Senate Bill 257) establishes the Competency-Based High School and Healthcare and High-Tech Pathways Program (Program) for the 2026-2027, 2027-2028, and 2028-2029 school years in Mooresville Graded School District in partnership with Mitchell Community College. The Program will create pathways that use competency-based education to result in an associate degree or industry-recognized credential with an emphasis on healthcare preparation. An organization with demonstrated expertise in designing and implementing these types of programs will assist with developing the Program framework during the 2026-2027 school year. Students will be able to participate in the Program by no later than the 2028-2029 school year.

In implementing the Program, Mooresville Graded School District and Mitchell Community College can use the following flexibilities:

- Offering Credit by Demonstrated Mastery assessments and CTE Proof of Learning assessments outside of the State testing windows.
- Enrolling students in community college courses prior to 11th grade without meeting the requirements for 9th or 10th grade enrollment.
- Allowing participating students access to all community college courses, regardless of pathway selection.
- Replacing any high school graduation credit requirement with community college courses or locally developed credit by mastery course consistent with the student's pathway, except those in the core subjects of English, Mathematics, Science, and Social Studies.
- Operating any high school in the district under a restart model which grants charter-like flexibility, allowing for calendar flexibility.

Mooresville Graded School District must select a vendor with demonstrated experience to develop standards-aligned proficiency scales for all content areas in grades 9-12 to ensure that educators have the necessary tools to use competency-based education. The vendor will provide professional development and coaching in the use of competency-based education and the proficiency scales.

This section appropriates $4 million in nonrecurring funds to Mooresville Graded School District to contract with an organization to design the framework, to contract with a vendor to provide proficiency scales and professional development, and to hire an additional staff person to oversee the Program. The funds will remain available until the end of the 2028-2029 school year.

Section 8.15 of S.L. 2026-41 (Senate Bill 257) requires the Office of Learning Research at the North Carolina Collaboratory to study and evaluate the Program and report to the Joint Legislative Education Oversight Committee by March 15 in 2028, 2029, and 2030, on the total number of students engaging with the Program, the amount of funds expended to implement, design, and operate the Program, and the Program's effects on student achievement and learning outcomes.

These sections became effective July 1, 2026.

Lighthouse Math Project – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.12

Sections 6.13, 7.12, and 8.15 of S.L. 2026-41 (Senate Bill 257) establish the Lighthouse Math Project (Project) for Wake Technical Community College (Wake Tech) and the Wake County Public School System (WCPSS) during the 2026-2027 through 2029-2030 school years. The purpose of the Project is to increase the percentage of high school students who are (i) eligible to complete college-level mathematics upon graduation from high school and (ii) able to complete college-level math either through dual enrollment while in high school or within the first year of college enrollment.

High school students at East Wake High School and Knightdale High School can participate in the Project at the Wake Tech East campus of Wake Tech. WCPSS must partner with SparkNC to align the Project participants' ongoing efforts at the Wake Tech East campus with the design and implementation of the Project.

WCPSS, in collaboration with Wake Tech, must contract with Khan Academy, Inc. (Khan), for the use of the artificial intelligence tutoring program, Khanmigo. Students at participating high schools must have access to Khanmigo from the time of enrollment in high school through attendance at Wake Tech East. Wake Tech must collaborate with Khan to do all of the following:

- Develop and deliver at least one Khanmigo-centered gateway college math course to be offered to high school students at participating high schools and graduates of participating high schools who attend Wake Tech East.

- Develop a Khanmigo-centered developmental math course sequence that will be provided by Wake Tech faculty to students from participating high schools in one of the following formats:
    - As part of a Career and College Promise Career Ready Pathway.
    - As supplement to a Career and College Promise Pathway.
    - As a summer bridge program available to students prior to or subsequent to their junior and senior years of high school.
    - As a community college course during the first semester of enrollment at Wake Tech.

As part of the Project, Khan must develop a self-paced, competency-based modular math course with appropriate student diagnostics and student assessments based on the college readiness math competencies provided as part of the Project.

The Department of Public Instruction must use $500,000 in nonrecurring funds for the 2026-2027 fiscal year to contract with Khan for the purposes of the Project. These funds do not revert and will remain available until the end of the 2027-2028 fiscal year.

The Community Colleges System Office must use up to $1 million in nonrecurring funds for the 2026-2027 fiscal year to establish time-limited positions at Wake Tech to work in participating high schools and assist with the implementation of the courses offered by the Project. These funds do not revert and will remain available until the end of the 2029-2030 fiscal year.

The Office of Learning Research at the North Carolina Collaboratory must study and evaluate the Project and report to the Joint Legislative Education Oversight Committee by March 15, 2028, and annually thereafter until March 15, 2030. The reports must include all of the following:

- The total number of students engaging with this program.
- The total amount of funds expended to implement, design, and operate the program.
- Effects on student achievement and learning outcomes.

These sections became effective July 1, 2026.

Competency-Based Education and High School Redesign Strategic Network – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.13

Sections 7.13 and 8.15 of S.L. 2026-41 (Senate Bill 257) direct Mooresville Graded School District, Mitchell Community College, Wake Technical Community College, Wake County Public School System, Fayetteville Technical Community College, Wilkes Community College, and SparkNC to collaborate to create the Competency-Based Education and High School Redesign Strategic Network (Strategic Network). The president of SparkNC, or the president's designee, is the chair of the Strategic Network. The chair must coordinate the operations of the Strategic Network and provide administrative and technical support for the Strategic Network.

The Strategic Network will provide a forum for each entity to share what it has learned and developed regarding competency-based education and high school redesign with the goal to advance a competency-based approach to education across the State.

The Office of Learning Research (OLR) at the North Carolina Collaboratory must study and evaluate the Strategic Network. OLR must submit a report on the Strategic Network to the Joint Legislative Education Oversight Committee (JLEOC) by March 15, 2028, and annually thereafter, culminating in a final report by March 15, 2030. All reports to JLEOC must include (i) the total number of students engaging with the Strategic Network, (ii) the total amount of funds expended to implement, design, and operate the Strategic Network, and (iii) the effects of the Strategic Network on student achievement and learning outcomes.

These sections became effective July 1, 2026.

North Carolina Competency-Based Education Innovation Grant Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.14

Section 7.14 of S.L. 2026-41 (Senate Bill 257) creates the North Carolina Competency-Based Education Innovation Grant and Network Program (Program) to provide funding and support to schools and school systems to assist in the transition to competency-based education models that focus on the mastery of learning rather than instructional time.

The objectives of the Program are as follows:

- Redesign Learning Pathways – Support schools and school systems in developing personalized competency-based education models that allow students to progress at their own pace.
- Assessment Innovation – Use formative and performance-based assessments that measure student mastery of skills and knowledge including the use of artificial intelligence tools.
- Educator Capacity Building – Provide professional development for educators on instructional strategies and assessment practices aligned with transitioning to competency-based education.
- Develop Strategies for Statewide Scaling and Best Practices – Develop and share resources, implementation strategies, and learned lessons to expand competency-based education across the State.

The first phase of the Program begins with the 2026-2027 school year and continues until the end of the 2029-2030 school year. Public school units must submit applications for grants and complete planning duties during the 2026-2027 school year and implement competency-based education in participating schools starting with the 2027-2028 school year.

The application for the Program requires applicants to show: (i) a comprehensive plan outlining the school's vision for competency-based education; (ii) a description of instructional and

assessment shifts to be implemented; (iii) a budget for use of grant funds and a sustainability plan; and (iv) commitments from stakeholders. The Department of Public Instruction (DPI) must select 10 schools to participate and must prioritize schools that show a strong commitment to implementing competency-based education and innovation in assessments.

Selected schools are eligible for a grant award in the amount of $330,000 dollars with $95,000 dollars to be used for receiving training on competency-based education implementation in the school. The remaining grant funds are to be used for costs associated with the transition to competency-based education. The funds remain available until the end of the 2029-2030 fiscal year.

DPI must select a third-party vendor (Vendor) that is an educational support provider that has an extensive track record of working directly with schools across multiple states. DPI and the Vendor must develop standards-aligned proficiency scales for all content areas and grade levels to ensure successful transitions to competency-based education and provide professional development events to educators.

DPI must do the following for the Program:

- Develop, in collaboration with the Vendor, a Competency-Based Education Network (CBE Network) that: (i) provides guidance and policy recommendations for statewide scaling; (ii) facilitates collaboration among grant recipients, educators, policymakers, and competency-based education industrial leaders; (iii) develops a roadmap for statewide implementation; (iv) offers professional learning communities and online resources; (v) develops ways to measure proficiency for courses offered as part of the standard course of study; (vi) disseminates proficiency measures to schools and post standards developed to align with proficiency measures; and (vii) conducts research and evaluation to inform best practices and continuous improvement in participating schools.
- Provide support and technical assistance, professional learning opportunities, and access to the CBE Network for all grant recipients.

Each participating school must submit a quarterly progress report to DPI detailing the implementation of competency-based education in the school, including available student learning outcome data such as evidence of progress toward content mastery. DPI must then submit a final report on the outcomes of the first phase of the Program to the Joint Legislative Education Oversight Committee (JLEOC) by December 1, 2030, with the following information:

- A summary of student outcomes.
- Challenges experienced by the schools or DPI with the implementation of the Program.
- Recommendations for statewide scaling.
- Any other information deemed relevant by DPI and any other information requested by JLEOC.

DPI was appropriated $5.3 million dollars in nonrecurring funds to implement the Program with the funds remaining available until the end of the 2029-2030 fiscal year.

Section 8.15 of S.L. 2026-41 (Senate Bill 257) requires the Office of Learning Research at the North Carolina Collaboratory at the University of North Carolina at Chapel Hill to study and evaluate the Program and report to JLEOC by March 15, 2028, and annually thereafter with a final report due by March 15, 2030. The report must include:

- The total number of students engaging with the Program.
- The total amount of funds expended to implement, design, and operate the Program.
- Effects on student achievement and learning outcomes.

These sections became effective July 1, 2026.

Khan Academic Support Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.15

Section 7.15 of S.L. 2026-41 (Senate Bill 257) establishes the Khan Academic Support Program (Program) where public school units (PSUs) would contract with Khan Academy, Inc. for the use of its application, Khanmigo, in grades 6-12. PSUs electing to participate in the Program will receive funding to contract for Khanmigo based on the average daily membership of grades 6-12 and the number of teachers and administrators for students in grades 6-12. The contracts will be for a term of one year and each participating PSU will evaluate the use of the application before contracting for any additional one-year terms. The evaluation must be provided to the Department of Public Instruction (DPI) by July 15 following each year funds are used.

DPI must contract with Khan Academy, Inc. for 500 Khanmigo licenses for use in schools operated by the Division of Juvenile Justice.

The Office of Learning Research at the North Carolina Collaboratory must report to the Joint Legislative Education Oversight Committee (JLEOC) on the effectiveness of Khanmigo by April 1, 2028.

DPI must report to JLEOC on at least the following information by no later than October 15 following each year funds are made available for the Program:

- The number of PSUs that contracted with Khan Academy, Inc.
- The number of students using the Khanmigo application, including the average number of minutes and interactions students had with the application weekly.
- The number of teachers using the Khanmigo application, including the average number of minutes and interactions teachers had with the application weekly.
- Any identified impact on student outcomes and teacher performance.
- The number of moderation flags generated by the application.

This section became effective July 1, 2026.

Magic School Academic Support Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.16

Section 7.16 of S.L. 2026-41 (Senate Bill 257) establishes the Magic School Academic Support Program (Program) that allows public school units (PSUs) to contract with MagicSchool, Inc. for use of the academic support service MagicSchool in grades 6 through 12. MagicSchool is an application that uses artificial intelligence to (i) support teachers with lesson plan development and (ii) support students with lesson comprehension.

The Department of Public Instruction (DPI) must establish a process for PSUs to elect to participate in the Program. PSUs can request licenses up to the total of both (i) the average daily membership in grades 6 through 12 enrolled in the public school unit and (ii) teachers and administrators for students in grades 6 through 12 enrolled in the PSU. DPI must allocate funds to PSUs based on the amount of funds requested. If there are insufficient funds, DPI must allocate funds to PSUs that elect to participate on a pro rata basis.

PSUs that receive Program funds must use the funds to contract with MagicSchool, provide associated professional development, or purchase rostering programs required as part of the Program.

PSUs can contract with MagicSchool for one year terms. By July 15 following each year in which Program funds are used and prior to contracting with Magic School for the subsequent school year, PSUs must submit an evaluation to DPI on the use of MagicSchool in the unit. The evaluation must include all of the following:

- The number of students using the MagicSchool application.
- The average number of artificial intelligence generation outputs students had with the MagicSchool application monthly.
- The number of teachers using the application.
- The average number of artificial intelligence generation outputs teachers had with the MagicSchool application monthly.
- Any identified impact on student outcomes.
- Any identified impact on teacher satisfaction.
- The number of moderation flags generated by the application.

PSUs that participate in the Program must use a secure, cloud-based, single sign-on and class rostering platform approved by DPI to manage access to digital instructional resources and student information systems and to facilitate automated data integration between educational applications and PSU systems.

DPI must contract with MagicSchool for up to 500 MagicSchool licenses for use in schools operated by the Division of Juvenile Justice of the Department of Public Safety (DPS). DPI must provide technical support to DPS. DPS must comply with the same evaluation requirements as PSUs participating in the Program.

By April 1, 2028, the Office of Learning Research at the North Carolina Collaboratory (OLR) must study and report on the effectiveness of using MagicSchool, including any impact on student performance and growth. OLR must submit the report to the Joint Legislative Education Oversight Committee (JLEOC).

By October 15 following each year funds are provided for the Program, DPI must report to JLEOC on the following:

- The number of PSUs that contracted with MagicSchool as part of the Program.
- The number of students using the MagicSchool application.
- The average number of artificial intelligence generation outputs students had with the MagicSchool application monthly.
- The number of teachers using the application.
- The average number of artificial intelligence generation outputs teachers had with the MagicSchool application monthly.
- Any identified impact on student outcomes.
- Any identified impact on teacher satisfaction.
- The number of moderation flags generated by the application.

This section became effective July 1, 2026.

Repeal Coding and Mobile App Development Grant Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.17

Section 7.17 of S.L. 2026-41 (Senate Bill 257) repeals the Coding and Mobile Application Grant Program, a competitive grant program administered by the Department of Public Instruction.

This section became effective July 1, 2026.

Formalize the Diaper Bank of North Carolina's Role as Provider of Feminine Hygiene Products for Public Schools. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.18

Section 7.18 of S.L. 2026-41 (Senate Bill 257) directs the Department of Public Instruction (DPI) to administer the Feminine Hygiene Products Program (Program) in each year that funds are made available for the Program. DPI must develop a process through which public school units can elect to participate in the Program for each school year. In addition, DPI must contract with the Diaper Bank of North Carolina to provide feminine hygiene products to participating public school units on a pro rata basis based on the number of female students in grades 6-12 in the participating public school units.

DPI must report to the Joint Legislative Education Oversight Committee by March 15 of each year of the Program on the public school units receiving feminine hygiene products under the

Program, the number of feminine hygiene products provided through the Program, and the number of students served by the Program.

This section became effective July 1, 2026.

Advanced Teaching Roles Amendments – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.19

Section 7.19 of S.L. 2026-41 (Senate Bill 257) makes the following adjustments to the Advanced Teaching Roles (ATR) program:

- Repeals "adult leadership teachers" and "classroom excellence teachers" as advanced teaching roles and instead defines the following as advanced teaching roles:
    - Teacher of distinction: a classroom teacher in an advanced teaching role who is responsible for 20% more students than the average number of students taught by other teachers on the teacher's ATR team.
    - Collaborative impact teacher: an ATR team lead who leads a team of four to eight teachers, is not the teacher of record, provides instruction for at least 30% of the instructional day, and is not a school administrator.
    - Partial-release collaborative impact teacher: an ATR team lead who leads a team of two to three teachers, is the teacher of record for at least one class of students, and is not a school administrator.
- Clarifies that ATR team leads are responsible for student performance of all students taught by teachers on the lead teacher's team in addition to the student's classroom teacher.
- Allows ATR units to designate additional schools as ATR schools more quickly, as follows:
    - For the first year, up to the lesser of five schools or 40% of the unit's schools.
    - For any year after the first, up to the greater of 3 schools or 25% of the unit's schools, up to a maximum of 10 schools per year.
- Requires the State Board of Education (SBE) to adopt a rule by January 1, 2027, that describes the process and criteria for the review of ATR schools that must occur every five years. The SBE must also publish a timetable of these reviews.
- Requires the SBE to place an ATR unit or school on probation following a five-year review that shows that the unit or school failed to meet criteria adopted by the SBE, rather than immediately terminating the unit or school. If placed on probation, the unit or school has one year to remedy the concerns identified by the SBE. Following the one-year probation, if a unit or school does not remedy the concerns, the SBE must terminate the ATR status of the unit or school.
- Allows the SBE to terminate the ATR status of a unit or school outside of the five-year review period if the SBE finds that the unit or school is not following the approved ATR plan.
- Specifies that ATR grants include (i) one-time planning funds and (ii) up to six years of implementation funds (as two grants with up to three-year terms). The SBE can grant a

second term of implementation funds in its discretion. The SBE must allocate the funds as follows:
    - $150,000 in one-time planning funds prior to or during the first year of the ATR unit's initial grant term.
    - $15,000 per ATR school in implementation funds for each year the ATR unit receives grant funds. The ATR unit can receive up to three years of implementation funding for each ATR school.
- Clarifies that grant funds can only be used for the stated purposes.
- Allows ATR units to designate up to 15% of the teachers in each ATR school as collaborative impact teachers and up to 5% as teachers of distinction. When calculating the number of allowed positions, the ATR unit must round to the nearest whole position. Two partial-release collaborative impact leaders count as one collaborative impact leader position.
- Establishes the following supplements for teachers in advanced teaching roles:
    - $10,000 for collaborative impact leaders.
    - $5,000 for partial-release collaborative impact leaders.
    - $3,000 for teachers of distinction.
- Encourages ATR units to use funding from other sources to provide salary supplements in addition to the State-funded supplements.
- Allows the Department of Public Instruction (DPI) to use up to $300,000 in each fiscal year to evaluate the ATR program and the compensation plans.
- Requires DPI to issue guidance to ATR units on how to effectively develop staffing plans and budgets, including how to maximize resources across multiple funding sources and the reach of teachers in advanced teaching roles to a greater number of students by February 1, 2027.

This section also requires the SBE to authorize Johnston County Schools to participate in the ATR program beginning in the 2026-2027 school year and to award a grant to Johnston County Schools for an initial term if it submits a qualifying proposal to participate no later than August 6, 2026.

For the 2026-2027 school year, the SBE must award funds to ATR units for salary supplements for teachers in advanced teaching roles as follows:

- $10,000 for (i) collaborative impact leaders and (ii) teachers who agreed to serve as adult leadership teachers for the 2026-2027 school year prior to June 30, 2026.
- $5,000 for partial-release collaborative impact leaders.
- $3,000 for teachers of distinction.

Teachers serving in an advanced teaching role for the 2026-2027 school year can only receive one salary supplement for that service.

This section became effective July 7, 2026, and applies beginning with the 2026-2027 school year.

Community Eligibility Provision Timeline Shift and Clarify Breakfast Location – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.21

Section 7.21 of S.L. 2026-41 (Senate Bill 257) codifies the CEP Meal Incentive Program (Program) which expands public school participation in the federal Community Eligibility Provision (CEP) program by providing grants to supplement federal funds.

This section adjusts the timeline for eligible public school units (PSUs) to apply for the Program from March 1 to June 1 of each year. This section also requires participating PSUs to make an innovative breakfast option available that allows students to access and consume breakfast in the classroom.

In each year where funds are available, the Department of Public Instruction (DPI) must administer the Program as follows:

- Application – DPI must develop and make an application for the Program available by April 15 of each year of the Program to eligible PSUs. Eligible PSUs must submit applications by June 1. The application must include (i) the school or schools that will participate in the federal CEP program; (ii) the Identified Student Percentage (ISP) for the current school year; (iii) the number of students enrolled for the current school year; and (iv) the participation rates in the National School Breakfast and Lunch programs for the current school year for the schools requesting to receive the incentive.
- Selection – By July 15 of each year of the Program, DPI must determine applicant eligibility for participation and award grants to eligible PSUs. If funds are insufficient to award grants to all eligible PSUs, DPI must award grants in accordance with the following priorities: (i) first, DPI must award grants to PSUs with an ISP of greater than or equal to 55%, and (ii) second, DPI must award grants to the schools that will draw the greatest federal match.
- Grants – DPI must issue State reimbursements to participating units equal to the difference between the federal free rate and the federal paid rate for the number of meals served at the participating schools equal to a 0.2 multiplier of the ISP for participating schools. State and federal reimbursements cannot exceed 100% of the federal free rate of meals served.
- Breakfast Location – Schools receiving grant funds must make an innovative breakfast option available that allows students to access and consume breakfast in the classroom.
- Nonsupplant Requirement – Incentive funds must be used to supplement and not supplant local current expense funds.
- Report – By January 1 of each year of the Program, DPI must report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the following information:
    - The number of participating schools.
    - The number of students who received free meals who would not have otherwise received free meals.

- The amount of federal and State money received by the participating units.
- Any increase in student success due to the school's participation in the Program.

- Administration – DPI can use up to $500,000 of the funds appropriated for the Program for administrative costs.

This section became effective July 1, 2026.

SparkNC Expansion. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.22

Section 7.22 of S.L. 2026-41 (Senate Bill 257) expands and codifies the SparkNC Pilot Program into various learning accelerator programs that are student-driven and modular learning experiences focused on science, technology, engineering, and mathematics (STEM) that, when aggregated, provide a competency-based equivalency to a traditional elective course credit.

Learning Accelerator Program Authorization – This section gives public school units (PSUs) the authority to partner with SparkNC to implement learning accelerator programs that include high-tech learning accelerators, health science learning accelerators, or both. Students who are participating in a learning accelerator can continue to aggregate learning units throughout their enrollment in a public school unit and are not required to complete the learning accelerator in a single semester or school year.

Memorandum of Understanding and Learning Lab Facilitators – PSUs must enter into a memorandum of understanding (MOU) with SparkNC to implement a learning accelerator. The MOU must address the following:

- The provision of a learning lab, including its operating schedule.
- The qualifications for learning lab facilitators.
- The learning lab facilitator's duties, including at least the following:
  - Being the teacher of record for students enrolled in the learning accelerator program.
  - Advising students.
  - Designing learning experiences.
  - Coordinating with industry partners.
  - Validating student work.
  - Networking with other learning lab facilitators to share best practices across PSUs.

Learning lab facilitators are not required to hold a teaching license but must meet the qualifications established by the MOU and are subject to criminal history check requirements. PSUs are also not required to pay learning lab facilitators based on the teacher salary schedule. PSUs and SparkNC can contract with additional nonlicensed personnel on a full or part-time basis for the purpose of providing timely, real world content, industry expertise, and student learning experiences as part of a learning accelerator program.

Course Credit – PSUs are required to award an elective credit to a student who completes a high- tech learning accelerator or health science learning accelerator upon verification of successful completion of the learning units by the learning lab facilitator in accordance with the following:

- The PSU can award a student up to four learning accelerator credits but cannot award credit for a learning accelerator that includes a learning unit that the student has already completed for credit.
- For a student who does not complete all of the learning units for a learning accelerator, the PSU is prohibited from denoting a "fail" on the student's transcript.
- The PSU must denote the elective credit on the student's transcript as achieved competency in either a high-tech learning accelerator or a health science learning accelerator.
- Successful completion of a high-tech learning accelerator satisfies the State's computer science graduation requirement.

Report – No later than March 1 of each year, SparkNC, in consultation with participating PSUs and the Department of Public Instruction, must report to the Joint Legislative Education Oversight Committee on the following information, disaggregated for each PSU by grade level and school, when practicable:

- Number and percentage of students with access to a learning accelerator program.
- Student retention and persistence in learning accelerator programs.
- Student completion of learning accelerator elective credits and student achievement of personalized learning goals.
- Student evaluation of the learning accelerator programs.
- Student interest in STEM following participation in a learning accelerator program.
- Cost per student for learning accelerator programs.
- Number and percentage of students who have participated in a learning accelerator program who choose to pursue a career pathway or further study in a STEM field.
- Number and percentage of PSUs that established a learning accelerator program and public school unit persistence in maintaining the program.
- Recommendations for program changes, including recommended legislative changes and changes needed to ensure that federal funding for career and technical education can be used for the learning accelerator programs.
- Recommendations on development of a competency transcript.

This section became effective July 1, 2026.

Extended Learning and Integrated Student Supports Competitive Grant Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.23

Section 7.23 of S.L. 2026-41 (Senate Bill 257) establishes the Extended Learning and Integrated Student Supports Grant Program (ELISS) to fund high-quality, independently validated extending

learning and integrated student support service programs for at-risk students. Nonprofit corporations and nonprofit corporations collaborating with local school administrative units can apply for an ELISS grant for the operation of student programs that focus on the following:

- Use of an evidence-based model with a proven track record of success.
- Inclusion of rigorous, quantitative performance measures to confirm effectiveness.
- Deployment of multitiered systems of support to address student barriers to achievement.
- Alignment with State performance measures, academic goals, and the North Carolina Standard Course of Study.
- Prioritization of programs that integrate clear academic content with a focus on STEM or reading development and proficiency.
- Minimization of class size when providing instruction or instructional support and interventions.
- Expansion of access to high-quality learning activities and academic support that strengthen student engagement and leverage community-based resources, such as mentoring services and private-sector employer involvement.
- Utilization of digital content to expand learning time, when appropriate.

Grants must be used for new or exiting programs that focus on serving (i) at-risk students not performing at grade level, (ii) students at risk of dropping out, and (iii) students at risk of displacement due to suspension or expulsion as a result of antisocial behaviors. Priority consideration must be given to applications demonstrating models that focus services and programs in low-performing schools. Grant recipients can receive up to $500,000 for up to two years. Recipients must match grant funds at a rate of $3 in grant funds to $1 in nongrant funds, which must not include any other State funds. Priority must be given to any nonprofit organization collaborating with a local school administrative unit allowing the use of federal funds or local funds to match grant funds. Matching funds can include in-kind contributions for up to half of the required match.

The Department of Public Instruction (DPI) must use up to $7 million from the At-Risk Student Services Alternative School Allotment each fiscal year to fund the ELISS program, of which $200,000 can be used to administer the program.

No later than July 15 of each year in which a grant recipient participates in ELISS, the recipient must report to DPI on the use of the funds. Recipients cannot receive a second year of grant funding until they have submitted their reports to DPI. Recipients must also submit a final report on key performance data.

No later than September 15 of each year of the program, DPI must submit to the Joint Legislative Education Oversight Committee a report on ELISS, including recommendations regarding effective program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities, academic and behavioral support services, and potential opportunities for the State to invest in proven models for future grant programs for at-risk students.

This section becomes effective July 1, 2027, and applies beginning with the 2027-2028 school year.

TeachReadyNC Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.24

Section 7.24 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.9 of S.L. 2026-61 (House Bill 268), establishes the TeachReadyNC Program (TeachReadyNC) for participating local school administrative units (LEAs) to allow individuals to enter the teaching profession by first working as an apprentice under the supervision of an experienced teacher. To be eligible to participate, an LEA must be an Advanced Teaching Roles LEA. The Department of Public Instruction (DPI) will administer TeachReadyNC in collaboration with ApprenticeshipNC.

Application, Selection, and Renewal: DPI must issue an initial request for applications from eligible LEAs by October 1, 2026, to participate in TeachReadyNC beginning as soon as practicable and no later than the 2027-2028 school year. Each year thereafter, DPI must issue a request for applications from eligible LEAs by November 1. DPI must review applications every three months following the request for applications and approve them on a rolling basis. DPI must approve applications for a three-year term as long as the application meets statutory requirements. A participating LEA can be renewed for additional three-year terms following an evaluation by DPI.

Program Requirements: Participating LEAs will be required to:

- Obtain recognition as a registered teacher apprenticeship program by the United States Department of Labor.
- Require apprentices to work full-time in classrooms with an apprentice supervisor.
- Ensure that apprentices meet certain minimum requirements.
- Provide apprentices with (i) annual compensation that is greater than the average teacher assistant salary in the participating LEA and (ii) financial support for the cost of attendance at an eligible educator preparation program (EPP).
- Provide salary supplements to apprentice supervisors and teachers who agree to be the teacher of record for additional students as a result of an emergency position conversion.

Emergency Position Conversions: Participating LEAs can convert one classroom teacher position allocated to the LEA to its dollar equivalent for each apprentice employed by the LEA. Funds from position conversions can only be used for the following:

- Salaries for apprentices.
- Annual salary supplements for teachers that agree to be the teacher of record for additional students as a result of an emergency position conversion, up to $5,000.
- For any of the purposes that grant funds allocated by DPI for TeachReadyNC can be used.

Report: Beginning March 15, 2028, and annually thereafter, DPI must submit a report to the Joint Legislative Education Oversight Committee on the current state of the TeachReadyNC Program that includes the following information:

- The impact of TeachReady NC on (i) the number of teachers, (ii) student outcomes, and (iii) teacher retention in participating LEAs.
- Any non-State funds used to support TeachReadyNC.
- The number of participating LEAs that converted a teaching position to support TeachReadyNC and the use of position conversion funds by those LEAs.
- Successful strategies and best practices for participating LEAs.
- Barriers to the expansion of TeachReadyNC.

TeachReadyNC Grants: To the extent funds are appropriated by the General Assembly, DPI must allocate funds to participating LEAs for each apprentice position based on the grant funding requested by the LEA in its application. Grant funds can only be used for the following:

- Annual salary supplements for each apprentice of up to $7,500.
- Annual payments for the cost of attendance at an eligible EPP for each apprentice of up to $5,000.
- Annual salary supplements for each apprentice supervisor of up to $5,000.

If funds appropriated by the General Assembly are insufficient to fund all apprentice positions identified in a participating LEA's application, DPI can reduce the number of apprentice positions provided to each participating LEA. However, DPI cannot reduce the amount of funds provided to participating LEAs for an apprentice.

Appropriation: This section repeals the Teacher Apprentice Grant Program and directs that program's $1 million in recurring funds to TeachReadyNC instead. Up to $150,000 per year must be provided to LEAs that participated in the Teacher Apprentice Grant Program for individuals who already began receiving funds under the program before it was repealed.

This section became effective July 1, 2026.

Principal Internship Stipends – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.25

Section 7.25 of S.L. 2026-41 (Senate Bill 257) codifies the principal internship stipend program that provides 10-month stipends to participants in a Principal Preparation Program (PPP) who are completing a full-time internship.

Stipends – When funds are made available for principal internship stipends, the Department of Public Instruction (DPI) must provide principal interns with a stipend equal to the higher of the following:

- The beginning salary of an assistant principal.
- For a teacher who becomes a principal intern, the salary the person would earn as a teacher on the teacher salary schedule.

Fiscal Flexibility – If funds made available for principal internship stipends are insufficient to fund all stipends, DPI can use funds appropriated to the State Public School fund to provide stipends to principal interns.

Certification of Qualifying Principal Interns – The North Carolina Principal Fellows Program or the PPP in which a principal intern is enrolled must provide DPI with certification of the principal interns' eligibility to receive a stipend.

Report – No later than February 15 annually, DPI must submit a report to the Joint Legislative Education Oversight Committee on the principal internship stipends provided. The report must include the following information:

- Demographic information of principal interns.
- Total number of principal interns.
- Number of principal interns who are participating in the North Carolina Principal Fellows Program.
- Number of principal interns by PPP.
- Number of principal interns who serve as an assistant principal or principal in a public school unit within five years of completing an internship, disaggregated based on whether the intern participated in the North Carolina Principal Fellows Program.

This section became effective July 1, 2026.

CTE Modernization – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.26

Section 7.26 of S.L. 2026-41 (Senate Bill 257) directs the Department of Public Instruction (DPI) to use up to $2 million dollars in nonrecurring funds for the 2026-2027 fiscal year to create a grant program for modernization of Career and Technical Education (CTE) programming, materials, training, and professional development for courses in grades 6-12. DPI must establish the grant program and allow public school units or regional partnerships of more than one public school unit to apply to receive grant funds, if a school within the unit or partnership has an existing CTE program.

Grant recipients must use the grant funds to procure and implement an online digital CTE learning platform containing comprehensive courses with lesson plans, content and activities, and interactive assessments that align with the North Carolina CTE Standards. The platform must have modules that assist teachers in preparing students for high-wage, high-growth career areas. By October 1, 2026, DPI must select digital CTE learning providers to guarantee consistency throughout the State. Any selected digital CTE learning platform must include at least all of the following components:

- Instructional strategies and guided lesson plans to assist teachers with classroom implementation and instructional differentiation.

- Media-based instructional content for providing demonstrations and instruction on skills required for applicable career areas.
- Multiple methods of delivery of instruction, including at least face-to-face, self-paced, and distance or hybrid learning.
- Guided projects and activities to incorporate hands-on application of skills.
- A focus on mastery-based learning.
- Reporting features to provide data on student progress.
- Guidance for students to obtain industry-recognized certifications.
- Career connections to provide examples of career opportunities following graduation from high school.

This section became effective July 1, 2026.

Early Learning Program/Dyslexia – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.27

Section 7.27 of S.L. 2026-41 (Senate Bill 257) requires that the Department of Public Instruction (DPI) ensure that a dyslexia screening instrument is administered to every child participating in the NC Pre-K program. The results of these screenings must be shared with the child's kindergarten teacher at the beginning of the following school year. DPI must also provide training to educators and administrators working with children in the NC Pre-K program to ensure appropriate instruction and intervention strategies are used with children who exhibit potential indicators of dyslexia.

This section became effective July 1, 2026, and applies beginning with the 2026-2027 school year.

Modify CTE Grants for Homebuilding Programs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.28

Section 7.28 of S.L. 2026-41 (Senate Bill 257) establishes the CTE Homebuilding Grant Program (Grant Program) to provide grants to assist public school units (PSUs) with curriculum costs associated with CTE programs related to the U.S. Department of Labor approved Pre-Apprenticeship Certificate Training (PACT) program developed by the Home Builders Institute. A PSU or a regional partnership of more than one PSU can apply for funds from the Grant Program. When awarding grants, the Department of Public Instruction (DPI) must prioritize PSUs that meet both of the following:

- Are located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year.
- Have a high population of at-risk students or students with disabilities.

DPI must make grant applications available to all PSUs by July 15 of each year in which funds are available. To receive grant funds, applicants must submit applications no later than 60 days after

the application is made available. DPI must approve or deny applications within 30 days of receipt.

Grant recipients must report on Grant Program outcomes to DPI by October 15 of each year funds are received. DPI must submit a report on overall Grant Program outcomes to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by December 15 of each year funds are received.

This section repeals Section 7.19 of S.L. 2023-134, which established a similar program for the 2023-2025 fiscal biennium.

DPI must permit high schools within PSUs to use the PACT program as an approved curriculum for CTE programs.

This section became effective July 1, 2026.

Career Development Adjustment – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.29

Section 7.29 of S.L. 2026-41 (Senate Bill 257) requires the Superintendent of Public Instruction (Superintendent) to create an Annual Career Development Plan Pilot Program (Program) for students entering seventh grade at select schools during the 2026-2027 and 2027-2028 school years. For these students, the Program will continue through the students' graduation from high school.

The purpose of the Program is to evaluate the efficacy of reviewing students' Career Development Plans (Plans) annually to better align students for on-time graduation and achievement of college and career goals, and to ensure that all students graduate from high school college or career ready.

The Superintendent must establish a process for schools to apply to participate and must select 12 partnered schools to participate in the Program. The Superintendent must select schools that are proportionally representative of the population size and geographic distribution of public high schools in the State.

Partnered Schools – Partnered schools must require each student entering the seventh grade during the 2026-2027 and 2027-2028 school years to complete an annual review of the student's Plan until graduation.

Local boards of education governing the partnered schools must annually provide the students with the assistance of a school counselor and planning time during the instructional day to update the student's Plans prior to scheduling courses for the next school year. Local boards of education must ensure that Plans are accessible to parents and students and provide parents annual written notice of the creation or revision of a Plan, information on how to access a Plan, a list of course offerings for the next school year, and high school graduation requirements where appropriate.

School Counselors – School counselors in partnered schools must do the following:

- Attempt to meet with parents prior to creating or updating a student's Plan.
- Beginning in tenth grade, provide each student and parent information regarding State and federal need-based and merit-based financial aid programs and the federal Free Application for Federal Student Aid (FAFSA).
- Notify parents that information included in the FAFSA is confidential and not accessible by the school.

Annual Plan Update – Partnered schools must provide the following information to all participating students prior to updating their Plans:

- For eighth grade students, by the end of the school year, a list of the required core courses to be taken in ninth and tenth grade.
- For tenth grade students, an identification of the graduation requirements relevant to each student's chosen postsecondary goals based on the student's career development planning.
- For any eleventh grade student not meeting the career and college readiness standards established by the State Board of Community Colleges, a plan for enrolling in remedial coursework for his or her senior year.
- Any other minimum requirements established by the Superintendent.

Report – The Superintendent or a local board of education must develop reporting requirements for partnered schools. By August 15, 2027, and each year thereafter until all students in partnered schools who entered seventh grade during the 2027-2028 or 2028-2029 school year have graduated, the Superintendent must submit a report to the Joint Legislative Education Oversight Committee on the progress of the Program, including any logistical issues that have been identified.

This section became effective July 1, 2026.

After-School Robotics Grant Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.30

Section 7.30 of S.L. 2026-41 (Senate Bill 257) establishes the Educational and Competitive After-School Robotics Grant Program (Robotics Program) for the 2026-2027 fiscal year to (i) promote evidence-based, after-school programs for robotics education and competition and (ii) motivate students to pursue education and career opportunities in science, technology, engineering, and mathematics.

School Eligibility – Any public school unit (PSU) is eligible to apply to the Robotics Program to develop an after school robotics program with a robotics partner in any high school within the PSU. A "robotics partner" is a third-party entity, such as a nonprofit organization or institution of higher education, that is approved by the Department of Public Instruction (DPI) and is able to

provide adequate support for an after-school robotics program. To provide adequate support, a robotics partner must meet at least all of the following criteria:

- Have a national presence in robotics education and competition.
- Provide adequate instruction and programming for students and adult volunteers in (i) robotics education, (ii) project based learning, and (iii) competitive robotics.
- Promote a safe and equitable social environment.

Applications for the Grant Program – DPI must develop application materials and selection criteria for the Robotics Program. Applications must include (i) evidence that the applicant has or will be able to establish a relationship with a robotics partner and (ii) a proposed budget for the after-school robotics program.

Award and Use of Funds – DPI must prioritize awarding grants to PSUs that had an after-school robotics program in the prior school year. Grant awards are capped at $15,000 dollars per participating high school in the PSU. The grants can be used for any of the following purposes:

- Establishing a relationship with a robotics partner.
- Purchasing robotics kits.
- Providing stipends for coaches.
- Making payments associated with participation in a robotics league or robotics competition.
- Paying fees incurred as part of the administration of a robotics team.
- Providing transportation to after-school robotics program meetings for certain participating students.

Student Eligibility – If a student is enrolled in a school that does not offer an after-school robotics program, that student is eligible to participate in the after-school robotics program of the school located geographically closest to where the student resides that does have a program. A school can set guidelines for student participation in extracurricular activities, such as academic performance requirements, and it can also conduct a selection process for student participation.

Reporting – By April 1, 2027, DPI must report the following information to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

- The PSUs receiving grants and the amount of the grant.
- A description of how the grants were used.
- The PSUs that applied for grants but did not receive one.
- The extent to which students participating in after-school robotics programs funded by the Robotics Program experienced measurable improvement in academic performance.
- Any other information DPI deems relevant to evaluation of the Robotics Program.

This section became effective July 1, 2026.

Northeast Regional School of Biotechnology and Agriscience – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.31

Section 7.31 of S.L. 2026-41 (Senate Bill 257) repeals the statutes governing regional schools (Part 10 of Article 16 of Chapter 115C of the General Statutes) and replaces them with Article 15A of Chapter 115C of the General Statutes governing the Northeast Regional School of Biotechnology and Agriscience (NERSBA), including making conforming changes to references throughout the statutes. This section makes the following changes to the regional school structure:

- Creates NERSBA as a public school unit with charter-like flexibility serving grades 7-12 governed by a board of directors.
- Establishes the region served by NERSBA as Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Edgecombe, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Pitt, Tyrrell, and Washington Counties.
- Requires the board of directors to consist of the following members:
    - Three members appointed by the Superintendent of Public Instruction (Superintendent) who are members of a local board of education or superintendents of a local school administrative unit in counties where at least 5% of the students enrolled in NERSBA reside.
    - Five members appointed by the State Board of Education (SBE) who are representatives of the business community, upon the recommendation of the North Carolina Economic Developers Association, who reside in a county where at least 5% of the students enrolled in NERSBA reside. At least one must be a resident of the county where NERSBA is located.
    - One member of the Parent Advisory Council appointed by the Council. The Parent Advisory Council is made up of parents of students attending NERSBA appointed by the Superintendent from each county where at least 5% of the students enrolled in NERSBA reside.
    - Representatives of any partner institution of higher education can serve as ex officio members.
- Establishes that students domiciled in a county served by NERSBA are eligible to attend the school and allows the board of directors to set admission criteria, standards, and procedures.

The terms of members currently serving on a regional school board of directors terminate on June 30, 2027. Initial appointments to the board of directors of NERSBA begin July 1, 2027. To establish a stagger of terms on the board, the Superintendent must appoint two members to two-year terms and one member to a four-year term; the SBE must appoint two members to two-year terms and three members to four-year terms. After the initial terms, all members will be appointed to four-year terms.

The (i) title and ownership of all property of the regional school established under Part 10 of Article 16 of Chapter 115C of the General Statutes, (ii) all claims and demands against the school,

and (iii) all obligations and liabilities against the school will be vested in and transferred to NERSBA, as established by Article 15A of Chapter 115C of the General Statutes, by July 1, 2027.

This section became effective July 1, 2026.

Diabetes Education for Parents – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.32

Section 7.32 of S.L. 2026-41 (Senate Bill 257) requires all public school units (PSUs) to implement the guidelines adopted by the State Board of Education (SBE) for developing and implementing an individual diabetes care plan for a student with diabetes and make information and professional development resources available to all school personnel to appropriately support a student with diabetes and implement a student's individual diabetes care plan.

Additionally, PSUs must annually provide parents and guardians with the following information:

- A description of Type 1 and Type 2 diabetes.
- A description of the risk factors and warning signs associated with Type 1 and Type 2 diabetes.
- A recommendation that parents or guardians consult with a student's primary care provider if the student displays the warning signs associated with Type 1 or Type 2 diabetes.
- A description of the screening process for diagnosing Type 1 and Type 2 diabetes.
- A description of the stages of Type 1 and Type 2 diabetes.
- A recommendation that the parent or guardian of a student receiving a diabetes diagnosis consult with the student's primary care provider to develop an appropriate treatment plan.
- A notification that the student's school is required to assist students with diabetes by implementing the SBE's guidelines for developing and implementing individual diabetes care plans.

This section became effective July 1, 2026.

North Carolina Student Lifeline Information for K-12 Students – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.33

Section 7.33 of S.L. 2025-41 (Senate Bill 257) requires public school units and nonpublic schools to do the following:

- Provide students with the phone numbers for the Suicide and Crisis Lifeline (Lifeline) and NC Peer Warmline (Warmline).
- Annually verify that the phone numbers for the Lifeline and Warmline are current and accurate.

- If the phone numbers for the Lifeline and Warmline are current and accurate, place the phrases "To reach the Suicide and Crisis Lifeline, call 988 or text HOME to 741741" and "To reach the NC Peer Warmline, call 855-733-7762" in all of the following places:
    - On any new student identification issued to a student in grades 6 through 12 in a conspicuous location on the student ID. This section does not require a school to issue a student identification.
    - On the school website.
    - On the home screen of any electronic device issued to students.
    - On any school agenda or calendar, whether digital or printed.
    - On a document during any suicide awareness activity.
    - On a document when the student registers to attend the school.

This section became effective July 7, 2026, and applies beginning with the 2026-2027 school year.

School Planning Section Data Sharing Platform. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.34

Section 7.34 of S.L. 2026-41 (Senate Bill 257) directs the School Planning Section of the Department of Public Instruction to contract with a third-party entity to maintain a digital platform to facilitate data sharing among local school administrative units (LEAs) and county governments regarding products and services purchased for elementary and secondary education, including capital improvement projects. All LEAs and county governments must participate in the digital platform and share relevant information regarding educational expenses. The digital platform must include at least the following components:

- A consolidated information database regarding all of the following education-related expenses:
    - Status and details of expected, proposed, and issued local bonds.
    - Interactive listings, ratings, reviews, and contract costs of vendors providing products and services, including heating, ventilation, and air conditioning and other services related to the maintenance of public school buildings.
    - Document-sharing functionality related to purchased products and services, including capital improvement projects.
- The ability to advertise nationwide requests for proposals from LEAs and county governments for education-related products and services, including capital improvement projects.

LEAs must also use the digital platform to report their long range-facility plans.

This section became effective July 1, 2026.

Expand K-6 License to Include Grades 7 and 8 – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.35

Section 7.35 of S.L. 2026-41 (Senate Bill 257) requires the State Board of Education to adopt rules expanding elementary education licenses to include teachers of grades seven and eight.

This section became effective July 1, 2026.

Foundational Mathematics Instruction and High Quality Instructional Materials – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.36

Section 7.36 of S.L. 2026-41 (Senate Bill 257) establishes various requirements for mathematics instruction, assessment, and intervention, in low-performing elementary and middle schools. Additionally, it requires the Office of Learning Research at the North Carolina Collaboratory (OLR) to develop a series of mathematics pilots.

Instruction: Low-performing schools must provide at least 60 minutes of mathematics instruction per day in kindergarten through eighth grade that is on or above grade level.

Mathematics Screening Assessments: Low-performing schools must administer a mathematics screening assessment adopted and provided by the State Board of Education (SBE) to students in kindergarten through eighth grade at least three times a year. The Department of Public Instruction (DPI) must develop and issue a request for proposals for the mathematics screening assessment that requires a vendor to do all of the following:

- Provide an assessment that is aligned with the North Carolina Standard Course of Study and the requirements of this section.
- Provide an assessment that is valid and reliable.
- Provide teachers and administrators with access to progress monitoring tools to track student progress.
- Provide assessment results to teachers and parents no later than 15 calendar days after the assessment is administered.
- Identify students in need of intervention.
- Report results of assessments to DPI.

DPI must ensure that mathematics screening assessment data is used to meaningfully inform instruction by providing guidance and professional development.

DPI must select a vendor for the mathematics screening assessments by January 15, 2028. The SBE must make the assessments available to low-performing schools for use beginning with the 2028-2029 school year.

Mathematics Success Plans: Low-performing schools must provide a Mathematics Success Plan (MSP) to students who demonstrate substantial difficulty developing mathematics skills based

on the mathematics screening assessments. The MSPs must identify (i) specific skill deficiencies, (ii) goals and benchmarks for growth, (iii) how progress will be monitored, (iv) interventions that will be used, and (v) any additional services appropriate to improving the student's mathematics skills.

High-Quality Instructional Materials: OLR must identify vendors that (i) offer high-quality instructional materials in kindergarten through eighth grade mathematics, (ii) include intervention materials with the purchase of mathematics instructional materials, and (iii) provide professional development on the mathematics instructional materials. OLR must provide a list of these approved vendors to DPI by April 30, 2027. DPI must distribute the list to public school units by June 1, 2027.

Low-performing schools must include in MSPs a list of any high-quality instructional materials approved by OLR that were used in the implementation of the MSP. Low-performing schools must report to DPI on any high-quality instructional materials used for that year by June 15. DPI must aggregate the responses from the low-performing schools and provide the list of high-quality instructional materials to the Joint Legislative Education Oversight Committee by August 15 of each year.

Mathematics Pilots: OLR must develop a series of mathematics pilots for students of all grade levels. OLR must compare the results of the pilots, including existing high-intensity tutoring programs, to evaluate the efficacy of the various pilots and programs. For the pilots, at a minimum, OLR must contract with the following vendors:

- Accelerate Learning, Inc.
- Carnegie Learning, Inc.
- Curriculum Associates, LLC.
- Zearn.

Additionally, OLR must consider, but is not required to include, the following vendors:

- Amplify Education, Inc.
- MIND Education.
- Other vendors identified as worthy of inclusion.

OLR must develop guidelines for the pilots and conduct as many different pilots as OLR deems feasible.

Evaluation: The North Carolina Collaboratory must evaluate the effects of the requirements of this section on instructional quality, teacher practice, and student outcomes. The Collaboratory must report to the Joint Legislative Education Oversight Committee on the results of the evaluation by December 15, 2031.

This section became effective July 1, 2026. The requirements for low-performing schools apply beginning with the 2028-2029 school year.

Repeal Requirement to Contract with the NROC Project – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.37

Section 7.37 of S.L. 2026-41 (Senate Bill 257) repeals the requirement that the Department of Public Instruction contract with the NROC Project (formerly known as the National Repository of Online Courses) to utilize the NROC Project's adaptive learning platforms.

This section became effective July 1, 2026.

Cardiac Emergency Response Plans and One AED Per School. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.38

Section 7.38 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.10 of S.L. 2026-61 (House Bill 268) directs the governing body of each public school unit (PSU) to develop a cardiac emergency response plan (CERP) that addresses the appropriate response of school personnel to incidents involving individuals experiencing sudden cardiac arrest or a similar life-threatening emergency while on school grounds. The CERP must integrate evidence-based core elements, including those recommended by the American Heart Association, or other nationally recognized recommendations.

CERP – The CERP must be reviewed and updated annually and must do at least the following:

- Establish a cardiac emergency response team.
- Describe how the response team will be activated in response to a cardiac emergency.
- Identify the school staff who will receive annual training on cardiopulmonary resuscitation (CPR) and use of automatic external defibrillators (AEDs). School nurses and any staff with supervisory responsibility over students participating in physical activity must complete this training.
- Plan annual practice drills for the response team.
- Describe how local emergency service providers will be integrated into the plan.

School officials must work directly with local emergency service providers to integrate the CERP into the community's emergency medical service responder protocols.

Rules – The State Board of Education (SBE) must adopt rules for the installation, use, and maintenance of AEDs in PSUs that include provisions for the following:

- Installation and placement of at least one AED in each school in a PSU with appropriate AED placement being determined from guidelines set by the American Heart Association or an organization focused on emergency cardiovascular care.
- Implementation of an appropriate training course for public school personnel in the use of AEDs, including the role of CPR and first aid.

- Proper maintenance and testing of the AEDs.
- Coordination with appropriate licensed professionals in the oversight of training on the AEDs.

Funding – Funds allocated under this section can only be used for AED purchase and installation or training on cardiac emergency response. Of the $4 million dollars in nonrecurring funds appropriated to the Department of Public Instruction (DPI) for the 2026-2027 fiscal year to ensure there is at least one AED installed in each public school and for training on cardiac emergency response, DPI must do the following:

- Allocate to PSUs $2,000 dollars per school in the unit that does not have at least one AED installed on school grounds. If funds are insufficient to provide this amount per school, DPI must distribute the funds pro rata.
- If funds remain after the initial distribution, DPI can establish a process to distribute the remaining funds for replacement of existing AEDs or to support training required under a school's CERP.

Report – By December 1, 2027, DPI must report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the number of public schools that have at least one AED installed, an overview of cardiac emergency training provided with funds allocated under this section, and any measurable impact on public school medical emergency readiness.

Limitation on Liability –Section 3.10 of S.L. 2026-61 states that a governing body of a PSU, its members, designees, agents, volunteers, or employees are not liable in civil damages for any authorized act or for any omission relating to that act unless the act or omission amounts to gross negligence, wanton conduct, or intentional wrongdoing. Any person, serving in a voluntary position at the request of or with the permission or consent of the governing body of a PSU who has been given the authority by the PSU to give emergency health care when reasonably apparent circumstances indicate that any delay would seriously worsen the physical condition or endanger the life of a person experiencing a medical emergency on school grounds is not liable in civil damages for any authorized act or for any omission relating to the act unless the act amounts to gross negligence, wanton conduct, or intentional wrongdoing.

Section 7.38 of S.L. 2026-41 became effective July 7, 2026, and applies beginning with the 2026-2027 school year. Section 3.10 of S.L. 2026-61 became effective July 1, 2026.

Safe and Responsible Artificial Intelligence in Schools – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.39

Section 7.39 of S.L. 2026-41 (Senate Bill 257), as amended by Sec. 3.13 of S.L. 2026-61 (House Bill 268), requires the State Board of Education (SBE) to update the standard course of study for computer science by adopting content standards for instruction on artificial intelligence (AI) that address AI literacy, including best practices for using AI tools responsibly. The SBE must

implement the revised computer science standards by the 2028-2029 school year and update the AI standards every two years to keep up with advancements in AI.

Additionally, this section requires the SBE to update the list of approved introductory computer science courses for middle school students and the list of approved courses that fulfill the computer science graduation requirement to reflect course alignment with the revised standards for use during the 2028-2029 school year. By December 15, 2028, the Department of Public Instruction (DPI) must submit a report to the Joint Legislative Education Oversight Committee (JLEOC) on the adoption of the revised standards by the SBE and on the implementation of those standards in schools.

This section also requires DPI to develop a model policy on AI to serve as guidance for public school units (PSUs) by December 31, 2026. The model policy must (i) include definitions of AI, generative AI, and AI tools, and (ii) provide guidance on developing student and staff AI literacy, including best practices for using AI tools safely, ethically, and responsibly. The Superintendent of Public Instruction must ensure that PSUs have access to the model policy by January 15, 2027. After reviewing the model policy developed by DPI, all PSUs must adopt a policy on the use of AI by students and staff for educational purposes by June 30, 2027.

DPI must also establish an evaluation framework for assessing the suitability of generative AI-powered educational tools for use in schools that addresses the following: (i) student data privacy, security and transparency, (ii) alignment with the standard course of study, and (iii) accessibility. DPI must update the framework at least every two years to reflect changes in technology, evidence, and education practice. Additionally, DPI must maintain a publicly available list of AI tools that have been reviewed with the evaluation framework, and develop procurement guidance, qualified vendor lists, and other mechanisms to encourage the adoption of generative AI-powered education tools that have been reviewed with DPI's AI evaluation framework. Finally, DPI must maintain a publicly available list of all generative AI-powered education tools that are being used in PSUs.

This section also requires DPI to partner with the Friday Institute for Educational Innovation at North Carolina State University to produce online professional development resources that train teachers on the use of AI by June 30, 2027. The Friday Institute would be required to provide 10 hours of self-paced modules that address the use of AI for educational purposes safely, ethically, and responsibly. All teachers employed by local school administrative units, charter schools, and laboratory schools are required to complete the professional development by June 30, 2028. By December 15, 2028, DPI must submit a report to JLEOC on the delivery of the professional development to teachers.

The $400,000 nonrecurring funds appropriated to the Board of Governors of The University of North Carolina for the Friday Institute to develop professional development resources will not revert at the end of the 2026-2027 fiscal year but will remain available until the end of the 2027-2028 fiscal year.

This section became effective July 1, 2026.

Just Right Reader Pilot Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.40

Section 7.40 of S.L. 2026-41 (Senate Bill 257) requires the Department of Public Instruction (DPI) to allocate $500,000 in nonrecurring funds to certain public school units (PSUs) to purchase literacy packets from Just Right Reader, Inc. The literacy packets must be provided to low-performing schools in the PSU for use in first grade classrooms. The identified public school units include:

- Burke County Schools.
- Gaston County Schools.
- Johnston County Schools.
- New Hanover County Schools.
- Randolph County Schools.
- Union County Schools.

The Office of Learning Research at the North Carolina Collaboratory must evaluate the effects of the literacy packets on student outcomes and report the results of the evaluation to the Joint Legislative Education Oversight Committee by October 15, 2027.

This section became effective July 1, 2026.

Carnegie Math Professional Development – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.41

Section 7.41 of S.L. 2026-41 (Senate Bill 257) requires the Department of Public Instruction to use $4 million of appropriated funds to contract with Carnegie Learning, Inc., to develop a mathematics professional development pilot program for mathematics instructors teaching students in grades six through eight, and public school unit and building-level instructional leaders.

This section became effective July 1, 2026.

Conforming Change for Updated Funding Source for Charter Schools Review Board – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.42

Section 7.42 of S.L. 2026-41 (Senate Bill 257) repeals the requirement that the Department of Public Instruction use $82,100 dollars per fiscal year of lapsed salary funds for the 2025-2027 fiscal biennium to provide dedicated operating funds for the Charter Schools Review Board, including funds for meeting expenses, non-employee travel and subsistence reimbursement, and legal services.

This section became effective July 1, 2026.

NCCAT Adjustments – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.43

Section 7.43 of S.L. 2026-41 (Senate Bill 257) modifies the statutes on the North Carolina Center for the Advancement of Teaching (NCCAT) to allow professional development to be provided for all teachers regardless of years of professional experience. This section also grants an Umstead Act exemption so that NCCAT can provide professional development materials and work products to private and out-of-state educational entities, with the proceeds being used to further NCCAT's statutory purposes.

This section became effective July 1, 2026.

Year13 Support for Career Development Plans – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.44

Section 7.44 of S.L. 2026-41 (Senate Bill 257) requires the Department of Public Instruction (DPI), in consultation with the Department of Commerce (DOC), to use $1,370,000 in nonrecurring funds to contract with Year13, Inc. to license, host, and maintain the career development planning component accessed via the NC Careers website and operated by the DOC. The DOC must collaborate with Year13 to integrate the Year13 system into the NC Careers website. As part of the contract, Year13 must do all of the following:

- Partner with the DOC to operationalize its platform to serve as the career development planning component of NC Careers, prioritizing functionality that supports all of the following:
    - Individualized career planning.
    - Integration with programs of study and industry-related credentials.
    - Information on licensure requirements as applicable.
    - Use by career counselors, advisors, and coaches embedded throughout a learner's experience across education and workforce systems.
- Collaborate with DPI to provide data, access, and integration as necessary for the career development planning requirements in State law.

This section became effective July 1, 2026.

Authorize New Cooperative Innovative High Schools – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.45

Section 7.45 of S.L. 2026-41 (Senate Bill 257) requires the Department of Public Instruction to annually allocate $350,000 to the local school administrative units that operate the following cooperative innovative high schools:

- The School of Inquiry and Life Sciences at Asheville.

- The Durham Early College of Health Sciences.

This section became effective July 1, 2026.

School Business Systems Modernization. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.46

Section 7.46 of S.L. 2026-41 (Senate Bill 257) directs the Department of Public Instruction (DPI), by November 1, 2026, to develop a plan to transition all public school units (PSUs) to using a single enterprise resource planning (ERP) platform under a statewide contract. The "Statewide Platform Provider" is the ERP platform provider selected for the statewide contract.

Transition Plan – The plan to transition PSUs to using a single ERP platform must provide for the following:

- Selection criteria for the Statewide Platform Provider.
- A timeline for the plan, from generating requests for proposals to complete plan implementation. Except for PSUs granted a delay, the plan must have all PSUs transitioned to the Statewide Platform Provider's ERP platform by June 30, 2031.
- A process for PSUs to request a delay in transitioning to the Statewide Platform Provider's ERP platform. DPI can only grant a delay to a PSU until the end of an existing contract if it can show that, as of July 1, 2026, the PSU met one of the following conditions:
    - The PSU was operating under an existing contract with an ERP platform provider.
    - The PSU had engaged extensively with an ERP platform provider and entered into a contract with that provider within seven months.
- Prioritization of transitioning PSUs by the date the PSU's contract with its current ERP platform provider expires.

Funding – Of the nonrecurring funds appropriated to DPI for the purpose of school business systems modernization in the 2021 Appropriations Act, DPI can use up to $300,000 dollars of the remaining funds in the 2026-2027 fiscal year to contract with a third party to assist in developing and implementing the transition plan, including consultation on plan requirements, developing requests for proposals, or evaluating response proposals. Any funds that have been appropriated to DPI for the purpose of school business systems modernization that have not been obligated by June 30, 2031, will revert to the General Fund.

Report – DPI must report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division the following information by the following dates:

- By November 15, 2026, a copy of the transition plan and the name of any third parties with which DPI contracted.
- By April 15, 2027, and annually thereafter until April 15, 2031, a progress report on the transition plan, including the following:
    - A copy of the transition plan, including any updates or amendments to the plan.
    - Any third parties with which DPI has contracted.

    - The Statewide Platform Provider, once selected.
    - The number of PSUs that have been transitioned to the Statewide Platform Provider's ERP platform and the number of PSUs remaining to be transitioned.
    - The status of any delays granted, including the date those PSUs will be transitioned to the Statewide Platform Provider's ERP platform.
- By April 15, 2032, a final report on school business systems modernization, including the following:
    - An accounting of any reverting funds.
    - Any anticipated future costs associated with the transition.
    - The status of any remaining delayed transitions.
    - Any information DPI deems relevant to evaluation of the modernization process, including suggested legislative changes to assist with similar future processes.

This section became effective July 1, 2026.

Muddy Sneakers Prohibition on Legal Fees – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.47

Section 7.47 of S.L. 2026-41 (Senate Bill 257) prohibits Muddy Sneakers, Inc., from using the State funds provided in support of experiential learning programs to be used for legal fees or any costs associated with litigation.

This section became effective July 1, 2026.

Student Attendance Early Intervention Pilot Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.48

Section 7.48 of S.L. 2026-41 (Senate Bill 257) requires the Department of Public Instruction (DPI) to establish the Student Attendance Early Intervention Pilot Program (Pilot Program) to implement a data-driven attendance intervention system in select public schools in the State to reduce chronic absenteeism. The Pilot Program must prioritize implementation within a single public school unit (PSU) to ensure fidelity of implementation, accountability, and operational efficiency. The Pilot Program will operate during the 2026-2027 and 2027-2028 fiscal years.

School Selection: All PSUs can apply to participate in the Pilot Program and DPI must select one PSU and the schools within that PSU by September 1, 2026. The selection criteria are as follows:

- No more than 15,000 students can be covered across all the selected schools.
- The selected schools must demonstrate diversity in student demographics, including socioeconomic status, geography, and school-level characteristics to support a representative pilot program.
- Schools with a chronic absenteeism rate above the State average must be prioritized.

- Consideration must be given to the technical readiness, staffing capacity, and ability of the PSU and the school to meet implementation timelines.

Vendor Selection: DPI must select a vendor by September 15, 2026, to work with the schools in the Pilot Program. The vendor must offer a research-proven attendance intervention solution that includes tiered evidenced-based workflows, automated bidirectional family engagement, longitudinal documentation of outreach and supports, and statewide reporting and monitoring across the schools.

Implementation Requirements: Implementation of the Pilot Program must begin by January 1, 2027, and the selected PSU, schools, and vendor must work together to do the following:

- Designate a local program coordinator.
- Implement an attendance system that includes the following:
    - Real-time attendance monitoring and early warning indicators and automated, two-way communication with families, including multilingual capability.
    - Intervention protocols aligned with a multitiered system of support including intervention workflows for at-risk students.
    - Data dashboards for educators and administrators.
    - Documentation and compliance tracking aligned with State attendance rules and policies.
    - Safeguards for data privacy in compliance with State and federal laws.
    - Prohibits rewarding attendance by excusing students from examinations.
- Provide training to staff.

Contracts; Nonrevert: DPI can either contract with a selected vendor directly or allocate funds to the selected PSU for that PSU or schools in the PSU to contract with the selected vendor. Funds appropriated for the Pilot Program do not revert at the end of the 2026-2027 fiscal year and will instead remain available until June 30, 2028.

Use of Funds: The appropriated funds can be used for the following: (i) technology acquisition and licensing; (ii) implementation and integration services; (iii) training and professional development; and (iv) program administration and evaluation.

Reporting: Reporting must be conducted at the PSU and school level with DPI aggregating results across the participating schools for evaluation purposes. By February 1, 2028, DPI must report to the Joint Legislative Education Oversight Committee on the following:

- Measurable reductions in chronic absenteeism resulting from the Pilot Program.
- Improved student engagement and attendance consistency while participating in the Pilot Program.
- Operational efficiencies provided by the Pilot Program for school staff.
- Any recommendations on Statewide Expansion of the Pilot Program, long-term funding strategies, and integrating statewide data systems and longitudinal data initiatives into the Pilot Program.

- Any other information DPI finds to be relevant in evaluating the effectiveness of the Pilot Program.

This section became effective July 1, 2026.

Prohibition on Excessive Expenditures – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.49

Section 7.49 of S.L. 2026-41 (Senate Bill 257) directs the Department of Public Instruction (DPI) to establish a procedure for reviewing monthly expenditures by local school administrative units (LEAs) from State-funded dollar allotments each school year, beginning in October of each school year. If an LEA expends more funds than allotted from a State-funded dollar allotment, the LEA must remit payment of the over-expended amount to DPI consistent with rules and policies adopted by the State Board of Education (SBE). If an LEA fails to remit a payment for more than 60 days, the SBE must exercise its oversight authority over the LEA, which could include assuming the financial affairs of the LEA.

This section also directs DPI to the extent practicable, to conduct monthly audits of LEAs State-funded position allotments beginning in October of each year. If an LEA is not compliant with the statutory requirements for State-funded position allotments, DPI must take actions consistent with rules adopted by the SBE.

This section became effective July 1, 2026.

Amend School Safety Artificial Intelligence Pilot Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.50

Section 7.50 of S.L. 2026-41 (Senate Bill 257) amends the Artificial Intelligence (AI) Pilot Program created in the 2023 Appropriations Act by requiring the Department of Public Instruction to provide a directed grant to Alamance-Burlington Schools of the unexpended and unencumbered portion of the $3.2 million dollars previously directed to New Hanover County Schools for an AI School Safety Pilot Program.

This section became effective July 1, 2026.

Renewal School System Modifications and Study of Renewal School System – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.51

Section 7.51 of S.L. 2026-41 (Senate Bill 257) requires that the State Board of Education review the Renewal School System following the end of the 2028-2029 school year and every five years

thereafter. The Renewal School System must annually report to the Superintendent of Public Instruction on the following information:

- Proficiency data on each end-of-grade or end-of-course exam.
- EVAAS growth data.
- The number of former students employed, enlisted in the Armed Forces, or enrolled in a postsecondary educational program.
- The high school graduation rate.
- The chronic absenteeism rate. Chronic absenteeism is defined as more than 10 absences within 90 instructional days.

This section authorizes the Renewal School System to use an alternative evaluation model for evaluating teacher effectiveness rather than using the North Carolina Educator Evaluation System.

The North Carolina Collaboratory must study the effect of the Renewal School System on student outcomes and how its financial and personnel flexibilities have been utilized and report on the results of this study to the Joint Legislative Education Oversight Committee by January 15, 2028.

This section became effective July 7, 2026.

Expansion of Healthy Living Standard Course of Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.52

Section 7.52 of S.L. 2026-41 (Senate Bill 257) requires the State Board of Education to revise the Healthful Living Standard Course of Study by the 2028-2029 school year to add the following topics:

- Mental health awareness.
- Common mental health conditions, such as anxiety, depression, and trauma, and their warning signs.
- Help-seeking strategies for self and peers, including school and community resources.
- The neurological basis of addiction.
- The risks of alcohol, nicotine and vaping, cannabis, opioids, misuse of prescription drugs, and other illicit substances.
- The relationship between mental health and substance abuse.
- Treatment, recovery, and prevention of mental health disorders, including reducing the stigma surrounding mental health disorders.
- The effects of social media and other environmental influences on mental health and addictive behavior.
- Protective factors, coping skills, and sound decision making.

The Department of Public Instruction must report to the Joint Legislative Education Oversight Committee by December 15, 2028, on the adoption and implementation status of the revised

standards, as well as any feedback from local school administrative units and recommended changes to the standards.

This section became effective July 1, 2026.

Computer Science Graduation Requirement Delay – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.53

Section 7.53 of S.L. 2026-41 (Senate Bill 257) allows public school units in Wake County and Johnston County to receive a waiver of the computer science graduation requirement for students entering the ninth grade in the 2026-2027 school year by submitting a signed notification to the Department of Public Instruction (DPI) stating that no computer science course fulfilling the computer science graduation requirement is available to students.

Public school units that receive a waiver for the 2026-2027 school year must submit a plan to DPI by January 1, 2027, specifying the approved computer science course that will be available to students to fulfill the graduation requirement beginning in the 2027-2028 school year.

This section became effective July 7, 2026.

Released Time Religious Instruction. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.54

Section 7.54 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.11 of S.L. 2026-61 (House Bill 268), adds absences for released time religious instruction as a new category of excused absences. School officials must excuse absences for released time religious instruction pursuant to a policy adopted by the student's public school unit (PSU).

All PSUs must adopt a policy that requires school principals to excuse a student's absence from school to attend released time religious instruction. "Released time religious instruction" means religious instruction offered by a private entity during the school day. The policy must provide for the following:

- A standard written consent form for the student's parents to sign and return to the school. The consent form must provide parents with notice that the parent is responsible for arranging transportation for the student to attend released time religious instruction.
- A requirement that parents provide the school with documentation affirming that the parent's child attended released time religious instruction.
- A requirement that students attending released time religious instruction make up any missed work.
- That the PSU will not use State or local funds to facilitate a student's attendance at released time religious instruction.
- That the PSU will not allow a private entity to access school facilities to conduct released time religious instruction, unless otherwise permitted by a neutral facility use policy.

- That the PSU must authorize excused absences for at least one, but no more than four, hours of released time religious instruction per calendar week.

This section allows the State Board of Education (SBE) to adopt a rule that requires a student's parent to give the principal written notice of the request for an excused absence a reasonable time before the released time religious instruction. The SBE must adopt a rule that requires that students be given the opportunity to make up any tests or other work missed because of released time religious instruction.

This section became effective July 7, 2026, and applies beginning with the 2026-2027 school year.

Repeal B-3 Interagency Council – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.55

Section 7.55 of S.L. 2026-41 (Senate Bill 257) repeals the B-3 Interagency Council.

This section became effective July 7, 2026.

Adjustment to 2025-2026 Charter School Exceptional Children Funding – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.56

Section 7.56 of S.L. 2026-41 (Senate Bill 257) requires the Department of Public Instruction (DPI) to provide funds to charter schools that did not receive the additional pro rata allocation for children with disabilities who attended the charter school during the 2025-2026 school year as required by law. By October 1, 2026, DPI must develop and publish a process to determine the amount owed to each charter school. Charter schools must be given at least 30 days to submit any required information.

By January 15, 2027, DPI must report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the following:

- The process used to identify the charter schools and number of students that did not receive additional funding for children with disabilities during the 2025-2026 school year.
- Each school that received additional funds pursuant to this section and the amount each school received.
- A list of schools that did not respond to DPI's request for information to verify student enrollment.
- Any changes made to the process to determine the number of children attending charter schools that are children with disabilities for subsequent school years.
- Any suggested legislative changes that would improve the process of allocating funds for children with disabilities.

This section became effective June 30, 2026.

Shift Transfer of Supplemental Exceptional Children Funding to Align with Federal Recording Requirements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.57

Section 7.57 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.7 of S.L. 2026-61 (House Bill 268), requires the State Board of Education to adjust the amount of funding provided to local school administrative units, charter schools, the regional school, and laboratory schools for students with disabilities during the fiscal year based on the headcount of students with disabilities enrolled in the public school unit conducted in accordance with federal law.

This section became effective July 1, 2026.

Extend Charter School Financial Audits Deadlines. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.58

Section 7.58 of S.L. 2026-41 (Senate Bill 257) provides that charter schools must be given a minimum of six months from the end date of the fiscal year to submit any required financial audits for that fiscal year unless required earlier as a part of a charter renewal application. The Charter Schools Review Board can extend the due date for any audit.

This section became effective July 1, 2026.

Adjust Statewide Remote Charter Academy Per Pupil Allotment to Statewide Average – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.59

Section 7.59 of S.L. 2026-41 (Senate Bill 257) adjusts the per pupil allotment for charter schools so that a remote charter school receives the average State per pupil allocation for each child attending the charter school rather than the average per pupil allocation for the local school administrative unit in which the charter school is located.

This section became effective July 7, 2026, and applies beginning with the 2027-2028 school year.

Prohibit Appointed State Board of Education Members from Beginning Temporary or Interim Employment in a Public School Unit While Serving as a Member of the State Board of Education – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.61

Section 7.61 of S.L. 2026-41 (Senate Bill 257) prohibits a member of the State Board of Education (SBE) from beginning employment by a public school unit (PSU) on a temporary or interim basis during the term of the board member's appointment to the SBE. Board members who are

employed by a PSU on a temporary or interim basis at the time of appointment to the SBE can continue the existing term of employment.

This section became effective July 7, 2026. Members of the SBE who were employed by a PSU on a temporary or interim basis on this date can complete the term of that employment but cannot begin a new term of employment by a PSU.

Schools for the Deaf and Blind Amendments – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.62

Section 7.62 of S.L. 2026-41 (Senate Bill 257) transfers the Early Learning Sensory Support Program for Vision from the Department of Public Instruction (DPI) to the Governor Morehead School for the Blind as a Type I transfer. This section also transfers the Early Learning Sensory Support Program for Hearing from DPI to the Eastern North Carolina School for the Deaf (ENCSD) and the North Carolina School for the Deaf (NCSD) as a Type I transfer.

This section makes the following modifications to the laws governing the schools for the deaf and blind (specialty schools):

- Includes the Early Learning Sensory Support Program for Vision as a part of the Governor Morehead School for the Blind.
- Includes the Early Learning Sensory Support Program for Hearing (Program for Hearing) as part of the ENCSD and NCSD. The ENCSD and NCSD must enter into a memorandum of understanding that allows the schools to do all the following:
    - Divide the administrative responsibilities for the Program for Hearing between the schools based on the geographic boundaries for enrollment in the schools.
    - Facilitate the provision of Program for Hearing services to individuals, groups, municipalities, and counties.
    - Enter into and manage contracts for goods and services for the Program for Hearing under a single contract.
- Removes the requirement that the Department of Administration provide support for information technology to the specialty schools.
- Allows the board of trustees of a specialty school to conduct remote meetings without a declaration of emergency.
- Clarifies that the superintendent of a specialty school is not required to reside in the county in which the school is located, unless required by the board of trustees of the specialty school.

The transfers of the Early Learning Sensory Support Program for Vision and the Early Learning Sensory Support Program for Hearing become effective December 1, 2026.

The remainder of this section became effective July 1, 2026.

Require Schools for the Deaf to Provide Early Intervention Services. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.63

Section 7.63 of S.L. 2026-41 (Senate Bill 257) directs the North Carolina School for the Deaf and the Eastern North Carolina School for the Deaf to provide support and early intervention services to families with children who are deaf or hard of hearing. Each school must provide services to families within the geographical boundaries of enrollment for the school. The schools can provide early intervention services directly or contract with a vendor to provide the services. The schools can enter a memorandum of understanding to grant one school the authority to enter and manage a contract for the provision of early intervention services on behalf of both schools.

This section also provides that of the $750,000 dollars in nonrecurring funds appropriated to the North Carolina School for the Deaf for the 2026-2027 fiscal year and the $750,000 dollars in nonrecurring funds appropriated to the Eastern North Carolina School for the Deaf for the 2026-2027 fiscal year to provide the required early intervention services, both schools must, either individually or jointly, contract with Beginnings for Parents of Hearing Impaired Children, Inc., (Beginnings) to provide support and early intervention services to families with children who are deaf or hard of hearing.

By April 1, 2027, Beginnings must report to the Joint Legislative Education Oversight Committee at least the following information:

- A detailed accounting of how State funds were spent by Beginnings.
- An accounting of any other funding received from other sources.
- The number of students served, including generalized data on the age, grade level, and location of students served.
- A description of how Beginnings evaluates the effectiveness and outcomes of its services.
- Outcomes achieved.
- Any other information Beginnings deems relevant to an evaluation of its provision of services.

This section became effective July 1, 2026.

Competitive Speech and Debate Grant Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7.64

Section 7.64 of S.L. 2026-41 (Senate Bill 257), as enacted by Section 3.26 of S.L. 2026-61 (House Bill 268), establishes the Competitive Speech and Debate Team Grant Program (Grant Program) for the 2026-2027 school year to allow public schools serving students in grades 9 through 12 to form competitive speech and debate teams to participate in speech and debate competitions. Any public school unit that has a school that serves students in grades 9 through 12 is eligible to apply for a grant to develop, maintain, or expand a competitive speech and debate team.

The Department of Public Instruction (DPI) must administer the Grant Program by developing and publishing an application process. Applications must contain a proposed budget for the speech and debate team. DPI is directed to determine the amount of each award up to a maximum of $10,000 dollars per team per school year and must award grants to the selected applicants by October 31, 2026.

Awarded grants can be used for any of the following purposes:

- To provide stipends for coaches. However, each team award can only include two stipends, one lead team coach stipend of up to $2,500 dollars, and one assistant team coach stipend of $1,500 dollars.
- To make payments associated with participation in a speech and debate league or competition.
- To travel to and from speech and debate competitions.

Speech and debate teams receiving funds through the Grant Program are required to participate in the Tarheel Forensic League and the National Speech and Debate Association.

If a student is enrolled in a school that does not offer a speech and debate team, the student is eligible to participate on the speech and debate team at the public school located geographically closest to where the student resides that has a team and is participating in the Grant Program. A student joining a team under this provision is responsible for transportation to and from the school where the team meets.

A school can enforce guidelines for student participation on the speech and debate team, such as academic performance requirements. Furthermore, a speech and debate team can conduct a selection process for the team as long as the student is able to participate in the selection process as if the student were enrolled in that school.

By May 15, 2027, DPI must report the following information to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

- The public school units that received grants and the amount of each grant.
- A description of how the grants were used.
- The public school units that applied for grants but did not receive one.
- The extent to which students participating in speech and debate programs funded by the Grant Program experienced measurable improvement in academic performance.
- Any other information DPI deems relevant to evaluating the impact and effectiveness of the Grant Program.

This section became effective July 1, 2026.

Permit Advanced Teaching Roles Teachers with National Board for Professional Teaching Standards Certification to Receive Applicable Salary Supplements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7A.3

Section 7A.3 of S.L. 2026-41 (Senate Bill 257) allows a teacher working in an advanced teaching role to qualify for a salary supplement if the teacher has national certification from the National Board for Professional Teaching Standards.

This section became effective July 1, 2026.

Consolidated Teacher Bonus Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7A.4

Section 7A.4 of S.L. 2026-41 (Senate Bill 257) codifies a consolidated teacher bonus program to reward teacher performance and encourage student learning and improvement. The Department of Public Instruction (DPI) must administer bonuses to qualifying teachers in January of each year, based on data from the prior school year.

Advanced Course Bonuses: Qualifying advanced course teachers will receive a bonus of $50 for each student who meets the required score on the relevant advanced course examination.

CTE Bonuses: Qualifying CTE teachers who provide instruction in a course leading to attainment of an industry certification or credential will receive a bonus of either $25 or $50 for each student who attains the certification or credential. The amount per student of the bonus will be determined by the Department of Commerce's assigned value ranking for each industry certification and credential based on academic rigor and employment value.

Statewide Growth Bonuses: Qualifying teachers who meet statewide growth requirements will receive bonuses as follows:

- $5 million will be distributed equally among teachers who were in the top 25% of teachers in the State according to the EVAAS student growth index score for third grade reading.
- Teachers in the top 25% of teachers in the State according to the EVAAS student growth index score for fourth or fifth grade reading receive $2,000.
- Teachers in the top 25% of teachers in the State according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics receive $2,000.

Local Growth Bonuses: Qualifying teachers who meet local growth requirements will receive bonuses as follows:

- $5 million will be distributed equally among teachers who were in the top 25% of teachers in the local school administrative unit according to the EVAAS student growth index score for third grade reading.

- Teachers in the top 25% of teachers in the local school administrative unit according to the EVAAS student growth index score for fourth or fifth grade reading receive $2,000.
- Teachers in the top 25% of teachers in the local school administrative unit according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics receive $2,000.
- Teachers with three or fewer total teachers in that teacher's grade level who had an EVAAS student growth index of exceeded expected growth in either (i) third grade reading, (ii) fourth or fifth grade reading, or (iii) fourth, fifth, sixth, seventh, or eighth grade mathematics.

Other Requirements: All of the following additional requirements apply to the bonuses:

- The following bonuses cannot exceed $3,500 in any given year:
    - Advanced course bonus.
    - CTE bonus.
    - Statewide growth bonus for teachers in the top 25% in 3rd grade reading.
    - Local growth bonus for teachers in the top 25% in 3rd grade reading.
- A teacher can receive both a statewide growth bonus and a local growth bonus based on third grade reading EVAAS results, but the combined total of both bonuses cannot exceed $7,000 in any given year.
- A teacher can receive both a statewide growth bonus and a local growth bonus based on fourth or fifth grade reading EVAAS results, but cannot receive more than two of these bonuses in any given school year.
- A teacher can receive both a statewide growth bonus and a local growth bonus based on fourth, fifth, sixth, seventh, or eighth grade mathematics EVAAS results, but cannot receive more than two of these bonuses in any given school year.

Additionally, the bonuses are not considered compensation under the Retirement System for Teachers and State Employees.

Study and Report: The State Board of Education (SBE) must study the effect of the bonus program on teacher performance and retention. By March 15 of each year, the SBE must report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division on the results of the study and the amount of bonuses awarded.

This section became effective July 1, 2026, and applies beginning with bonuses awarded in January of 2027 based on data from the 2025-2026 school year.

Supplemental Funds for Teacher Compensation – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7A.5

Section 7A.5 of S.L. 2026-41 (Senate Bill 257) requires the State Board of Education (SBE) to allocate funds for the 2026-2027 school year to local school administrative units (LEAs) that are located in a county that has an adjusted market value of taxable real property of less than $80

billion to provide salary supplements to teachers, support personnel, qualifying assistant principals, and qualifying principals in the LEA.

Allocation of Funds by Qualifying LEAs – Local boards of education that receive these funds have the discretion to determine how to allocate the funds for salary supplements amongst teachers and qualifying school administrators, except that no individual salary supplement can exceed the per-teacher funding amount for the LEA set by the Department of Public Instruction (DPI) according to the formula prescribed by this section.

Charter Schools – DPI must include salary supplement funds provided to qualifying LEAs when calculating the average per pupil allocation to charter schools located in qualifying LEAs. Charter schools receiving additional funds are encouraged to provide salary supplements to teachers and qualifying administrator with the additional funds.

Nonsupplant Requirement – LEAs can only use the funds to supplement, but not supplant, non-State funds provided for salary supplements for teachers and qualifying school administrators.

Report – The SBE must submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by April 15, 2027, that includes the following:

- A list of all eligible counties and eligible LEAs.
- Funds allocated to each eligible LEA.
- The percentage and number of teachers and qualifying school administrators in each eligible LEA receiving salary supplements.
- The average salary supplement amount in each eligible LEA.
- The range of salary supplement amounts in each eligible LEA.
- The effect of salary supplements on the retention of teachers and qualifying school administrators in each eligible LEA.
- The identity of any LEA that the SBE determines has supplanted funds.

This section became effective July 1, 2026.

Report Local Salary Schedules – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7A.6

Section 7A.6 of S.L. 2026-41 (Senate Bill 257) requires each local school administrative unit (LEA) to report all variations of its experience-based salary schedules for teachers and instructional support personnel to the Department of State Auditor (State Auditor) by November 15 of each year. The reported salary schedules must include all of the following information:

- Base salary schedules for each class of teachers and instructional support personnel in the LEA, regardless of source of funds.
- All supplementary salary amounts provided to each class of teachers and instructional support personnel in the LEA, delineated by source of funds.

- Total salary amounts provided to each class of teachers and instructional support personnel in the LEA.

By January 15 of each year, the State Auditor, in consultation with the Department of Public Instruction (DPI), must submit the salary schedules provided by the LEAs to DPI. By February 15 of each year, DPI must do the following:

- Publish on its website the local salary schedules provided by the State Auditor.
- Report the local salary schedules to the Joint Legislative Education Oversight Committee and the Fiscal Research Division.

By September 15, 2026, the State Auditor, in consultation with DPI, must publish guidelines to all LEAs on the salary data required to be submitted.

This section became effective July 1, 2026.

Bonuses for Principals – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7A.8

Section 7A.8 of S.L. 2026-41 (Senate Bill 257) codifies a bonus program for principals who supervise schools that were in the top 50% of school growth in the State during the previous school year as calculated by the State Board of Education, as follows:

Growth Percentage	Bonus
Top 5%	$15,000
Top 10%	$10,000
Top 15%	$5,000
Top 20%	$2,500
Top 50%	$1,000

Principals will receive one bonus of the highest amount for which the principal qualifies. Bonuses are paid in addition to regular wages by no later than October 31 of each year.

This section became effective July 1, 2026.

Revise Principal Recruitment and Retention Supplement and Require North Carolina Collaboratory to Study Principal Recruitment – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 7A.9

Section 7A.9 of S.L. 2026-41 (Senate Bill 257) establishes a principal retention salary supplement in addition to the existing principal recruitment salary supplement for principals of certain

schools in the lowest 10% of all schools in the State. A principal is eligible for the retention supplement of $20,000 annually if the principal (i) received a recruitment salary supplement for 36 months and (ii) receives a salary supplement according to the Met Growth or Exceeded Growth column of the Principal Salary Supplement Schedule. The retention supplement must be paid on a monthly basis and continues as long as the principal remains employed as the principal of the same school, up to a maximum of 36 months.

By March 15, 2027, the North Carolina Collaboratory must study and report to (i) the Joint Legislative Education Oversight Committee and (ii) local boards of education with an eligible school on the following:

- The benefits of recruiting high-performing principals to low-performing schools, including the benefits of the principal recruitment and retention supplements.
- Strategies to facilitate the recruitment and retention of qualifying principals to eligible schools.

This section became effective July 1, 2026.

University of North Carolina/Escheat Fund for Student Financial Aid Programs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.1

Section 8.1 of S.L. 2026-41 (Senate Bill 257) makes the following changes to laws governing the Escheat Fund and related State law governing student financial aid programs:

- Requires the State Education Assistance Authority (SEAA) to make grants and loans from the Escheat Fund in accordance with the Current Operations Appropriations Act for the current fiscal year, in addition to statutory requirements.
- If income derived from the Escheat Fund is less than the amount referenced in the Current Operations Appropriations Act in a fiscal year, allows the State Treasurer (Treasurer) to use the principal from the Escheat Fund to make up the difference. The Treasurer cannot reduce the Escheat Fund's principal below the greater of the following:
    - $5 million.
    - A sum equal to the total value of escheated or abandoned property received in the preceding fiscal year.
- Requires SEAA to return uncommitted funds that were distributed from the Escheat Fund by the Current Operations Appropriations Act at the end of that fiscal year, unless otherwise provided by law.
- Requires SEAA to conduct periodic evaluations of expenditures for student financial aid programs administered by SEAA to determine if allocations are utilized to ensure access to institutions of higher education and to meet the goals of the respective programs, except for grants or loans for student financial aid programs where a specific evaluation is required by law. SEAA can make recommendations for redistributing student financial aid program funds to the President of The University of North Carolina and to the

President of the Community College System. The Presidents can authorize the redistribution of unutilized funds for a particular fiscal year.

This section became effective July 1, 2026.

Establish School of Civic Life and Leadership – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.2

Section 8.2 of S.L. 2026-41 (Senate Bill 257) establishes the School of Civic Life and Leadership (School). The Board of Trustees of the University of North Carolina at Chapel Hill (UNC-CH) in consultation with the Board of Governors of The University of North Carolina (BOG), the Provost of UNC-CH, and faculty and administration officials at UNC-CH must establish and maintain the School as a separate reporting unit of UNC-CH.

The School is directed to do the following:

- Provide course opportunities for students that focus on the development of democratic competencies informed by American history, the American political tradition, and the study of texts and traditions of Western civilization that form the foundation of the American republic.
- Develop programming to address these topics and provide resources to students, faculty, and the general public.

The Chancellor of UNC-CH must appoint the Dean of the School with the consent of the Board of Trustees of UNC-CH. Neither the Chancellor nor the Board of Trustees can delegate this responsibility to another party. All faculty hired by or appointed to the School are subject to the approval of the Dean of the School. Faculty members are allowed to hold joint or courtesy appointments with other reporting units of UNC-CH with all joint and courtesy appointments made at the discretion of the Dean of the School.

For the 2026-2027 academic year, the School must employ at least 20 faculty members hired from outside UNC-CH. These faculty members must be hired with permanent tenure or be eligible to receive permanent tenure in accordance with policies adopted by the BOG and UNC-CH. The School is prohibited from employing any additional faculty by joint or courtesy appointment with other reporting units of UNC-CH unless the School has employed at least 20 faculty members hired from outside UNC-CH.

The recurring funds allocated to the School beginning in the 2026-2027 fiscal year can only be used to support the School and cannot be redirected for any other purpose. In addition, these funds must be used to supplement and not supplant any funds the School would otherwise receive, including funds received by the School based on enrollment.

By November 15, 2027, the Board of Trustees of UNC-CH must report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the progress made toward establishing the School including the following information:

- Courses and other programming provided by the School, including the extent to which those courses or programs fulfill curriculum requirements at UNC-CH.
- Faculty hired by the School, including the number of faculty members hired from outside UNC-CH.
- Uses of funds specifically appropriated to the School.
- Progress made toward establishing an honors program at the School.
- Additional degree programs established at the School, including baccalaureate, doctoral, and minor concentration programs, in areas including government, history, literature, and economics.
- Progress made toward establishing a Board of Visitors at the School.
- Any other matter the Board of Trustees deems relevant to the progress of establishing the School.

This section became effective July 1, 2026.

Repeal Future Teachers of North Carolina Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.3

Section 8.3 of S.L. 2026-41 (Senate Bill 257) repeals the Future Teachers of North Carolina Program.

This section became effective July 1, 2026.

Establish Standards for Agreements Between Constituent Institutions of The University of North Carolina and Local School Administrative Units for the Operation and Maintenance of Laboratory Schools – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.4

Section 8.4 of S.L. 2026-41 (Senate Bill 257) makes changes to the requirements for laboratory schools (lab schools), which are public schools operated by a constituent institution of The University of North Carolina in local school administrative units (LEAs) with low-performing schools. The changes to the requirements include all of the following:

- Memorandum of Understanding (MOU): Directs the chancellor of the constituent institution and the LEA to adopt an MOU for the operation and maintenance of the lab school that includes facilities and leases; transportation services; food services; and student support services. The chancellor and the LEA must review and update the MOU at least every three years and any updated MOU can take effect no earlier than the next school year. For proposals to amend a term regarding facilities, services, or operations of the lab school, the proposing party must provide at least six months' notice and the amendment cannot take effect earlier than the next school year.

- School Lunch Program – Clarifies that unless the lab school agrees in the MOU to administer the National School Lunch Program as the school food authority for its students, the LEA in which the lab school is located must administer the National School Lunch Program for the lab school as the school food authority. The LEA must:
    - Purchase, prepare, deliver, and serve food and drink for the lab school students.
    - Engage in any contracts or other actions needed to provide the food services, including procuring federal reimbursement funds.
- The LEA can charge the costs of the facilities and student support services provided to the lab school. The charges cannot exceed the standards determined jointly by the Board of Governors of The University of North Carolina (BOG) and the State Board of Education (SBE). If the LEA fails to provide any of the required services, the lab school can provide those services on its own and can charge the LEA for the actual costs of those services even if the costs exceed the standards agreed upon by the BOG and SBE. The LEA must reimburse the lab school for those services from non-State funds.

This section became effective July 1, 2026.

Require Reevaluation of Teaching Fellows Programs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.5

Section 8.5 of S.L. 2026-41 (Senate Bill 257) requires the North Carolina Teaching Fellows Commission (Commission), in conjunction with the System Office of The University of North Carolina and the State Education Assistance Authority (SEAA), to develop a process to reevaluate all educator preparation programs (EPPs) participating in the Teaching Fellows Program (Program) at least every six years. The Commission can remove an EPP from the Program after a reevaluation.

The Commission must include information about the reevaluation of EPPs participating in the Program in its annual report to the Joint Legislative Education Oversight Committee.

Section 3.24 of S.L. 2026-61 (House Bill 268) requires, if an EPP is removed from the Program, the Director of the Teaching Fellows Program (Director) to notify SEAA of the removal by February 1 of the academic year prior to removal. Selected students eligible to receive a forgivable loan from the Program for the next academic year who are enrolled in an EPP that will be removed in the next academic year can do either of the following:

- Continue to receive forgivable loans to complete the Program leading to initial teacher licensure while enrolled in the EPP being removed.
- Transfer to another participating EPP, upon the approval of the Director.

These sections became effective July 1, 2026. The Commission must conclude its initial reevaluation of all EPPs participating in the Program by no later than July 1, 2032.

Prior Teaching Fellows Program Revisions Apply to All Current Program Participants. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.6

Section 8.6 of S.L. 2026-41 (Senate Bill 257) does the following:

- Clarifies that all students enrolled in an approved educator preparation program and participating in the North Carolina Teaching Fellows Program (Teaching Fellows Program) are eligible to receive a forgivable loan for up to $5,000 dollars per semester.
- Allows individuals who are pursuing loan forgiveness under the Teaching Fellows Program to be subject to the expanded definition of "qualifying teacher" and expanded loan forgiveness criteria enacted by the Geneal Assembly in 2023, even if the individuals have already graduated from the education preparation program and the Teaching Fellows Program.

This section became effective July 1, 2026.

UNC Plan to Incorporate Position Information into BEACON/HR Payroll System – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.7

Section 8.7 of S.L. 2026-41 (Senate Bill 257) requires the Board of Governors of The University of North Carolina (BOG) to collaborate with the Office of State Controller and the State Chief Information Officer to develop a plan to incorporate all position and salary information for employees of (i) constituent institutions of The University of North Carolina (UNC), (ii) the UNC System Office, (iii) the State Education Assistance Authority, (iv) and any other entity under the purview of the BOG into the Building Enterprise Access for North Carolina's Core Operation Needs (BEACON) human resources payroll system. The BOG must report the plan to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by April 15, 2027.

This section became effective July 1, 2026.

Add Winston Salem State University to Cheatham White Scholarship – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.8

Section 8.8 of S.L. 2026-41 (Senate Bill 257) adds Winston-Salem State University as an eligible institution for the Cheatham-White Scholarship. Previously, Cheatham-White Scholarships were limited to students attending North Carolina Agricultural and Technical State University and North Carolina Central University.

Additionally, this section expands the total number of scholarships that can be awarded from 50 to 150, with at least 120 scholarships for resident students and no more than 30 scholarships for

nonresident students. Up to 50 scholarships can be awarded to students admitted to Winston-Salem State University and up to 100 scholarships can be awarded to students admitted to North Carolina Central University.

This section became effective July 7, 2026, and applies beginning with the award of scholarship funds in the 2027-2028 academic year so that students can be nominated for receipt of the scholarship at Winston-Salem State University during the 2026-2027 school year.

Revise Powers and Duties of the North Carolina Collaboratory – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.9

Section 8.9 of S.L. 2026-41 (Senate Bill 257) makes the following modifications to the laws governing the North Carolina Collaboratory (Collaboratory):

- Requires the Collaboratory to support research and development programs, research administration capacity building, and intra- and inter-campus collaborations at institutions of higher education.
- Eliminates the requirement that the Collaboratory assist the Office of State Fire Marshal in the maintenance of the online reporting portal on the storage and deployment of Aqueous Film Forming Foams.
- Empowers the Collaboratory to teach and train staff and postdoctoral researchers, in addition to students and faculty, to engage in and administer neutral and unbiased research and advise on science policy through (i) informal workshops and similar events, and (ii) formal delivery of curriculum and other information.
- Prohibits the Collaboratory from using funds appropriated by the General Assembly and used by the Collaboratory for indirect overhead costs at any entity, including a constituent institution, that is partnering with and funded by the Collaboratory.
- Modifies the Collaboratory's existing exemption from State purchasing and contracting laws to clarify that the Collaboratory is exempt from certain State purchasing and contracting laws for projects addressing either of the following:
    - A perceived, potential, or real concern regarding public health, safety or welfare.
    - Time-sensitive opportunities that have the potential to benefit the State.
- Requires the Collaboratory to provide a justification in writing that cites the specific concern or opportunity that prompted the utilization of an exemption from State purchasing and contracting laws, post the written justification on its website for the duration of the project, and report the written justification to the Joint Legislative Oversight Committee on Agriculture and Natural Economic Resources, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division within 30 days of posting the justification on its website.
- Requires units of State and local government to cooperate and assist the Collaboratory within 30 calendar days of the Collaboratory making a request.

- Prohibits the Collaboratory, or a research team at an institution of higher education funded by the Collaboratory, from publishing or releasing any information received from a unit of State or local government that is not a public record or that is otherwise confidential. The Collaboratory can release de-identified, aggregated information or data based on any information or data received from a unit of State and local government if the release contains no personally identifiable information.
- Authorizes the Collaboratory to negotiate and impose publication, data use, and data management terms and conditions for projects funded by the Collaboratory.
- Allows the Collaboratory to retain unexpended funds appropriated from any source of funds and used by the Collaboratory to carry out its powers and duties, to the extent permitted by federal law.
- Authorizes any entity to provide funds, including grant funds, directly to the Collaboratory if the funds are (i) a donation or (ii) for research projects to be conducted at one or more constituent institutions of The University of North Carolina in which the Collaboratory provides those funds to support the research project. If an entity provides funds as a grant to the Collaboratory, the Collaboratory can manage the grant and determine the terms and conditions of the grant and related subawards, including rates, if any, of indirect overhead related to those funds.
- Exempts records associated with a project or study of the Collaboratory from State public records requirements if the project or study is associated with any of the following:
    - Specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure.
    - Vulnerability and risk assessments.
    - Information relating to construction, renovation, or repair of public buildings and facilities.
    - Confidential information under the State public records laws.
    - Personal identifying information.

Additionally, this section requires employees of the Collaboratory to maintain legislative confidentiality for documents or reports produced at the request of a legislator.

This section became effective July 7, 2026.

Establish Office of Learning Research – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.10

Section 8.10 of S.L. 2026-41 (Senate Bill 257) codifies the Office of Learning Research (OLR) which is housed within the North Carolina Collaboratory at the University of North Carolina at Chapel Hill. The purpose of OLR is to identify and evaluate the efficacy and efficiency of programs, activities, initiatives, procedures, and any other factors related to elementary and secondary education in the State.

This section also codifies that funding appropriated to the OLR must be used to do the following:

- Provide information and support needed by elementary and secondary public schools, university leaders, and elected officials to make evidence-based decisions.
- Collaborate with constituent institutions of The University of North Carolina and other stakeholders to implement innovative policies and programs to accelerate learning for all students.
- Work with external research resources and partners to evaluate local, State, and federal programs to establish metrics and assess return on investment.
- Support the operations of the OLR.

This section repeals the authority of the North Carolina Collaboratory to relocate OLR within the University of North Carolina at Chapel Hill.

This section became effective July 7, 2026.

University of North Carolina System Faculty Realignment Incentive Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.11

Section 8.11 of S.L. 2026-41 (Senate Bill 257) establishes the Faculty Realignment Incentive Program to allow the Board of Governors of The University of North Carolina (BOG) to permit constituent institutions of The University of North Carolina (UNC) to award severance payments to full-time tenured faculty members who are (i) at least 55 years old, (ii) eligible to retire under the Teacher's and State Employees' Retirement System (TSERS) or vested in the Optional Retirement Program (ORP) for UNC, and (iii) not receiving disability or workers' compensation benefits.

Constituent institutions can provide severance payments within funds available based on criteria established by the President of UNC and as follows:

- An identified faculty member must be selected in the discretion of the employing constituent institution, with priority for faculty members in academic programs that are low-performing, redundant, underenrolled, provide insufficient return on investment, or are otherwise in conflict with the policies of the BOG or the purpose of UNC.
- Severance payments are equivalent to the identified faculty member's prior year base salary. Severance payments are exempt from retirement contribution payroll deductions and are not considered compensation for supplemental retirement plans.
- If an identified faculty member does not qualify for the full employer premium contribution for retiree health coverage provided under TSERS or ORP, the employing constituent institution can provide the member an additional amount equivalent to 12 months of the full employer contribution to the employee health insurance premium.

By December 1 annually, the BOG must report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division at least the following information, disaggregated by constituent institution:

- The number of identified faculty members who received severance payments.
- The total amount of severance payments made.

This section became effective July 1, 2026.

Increase NC Promise Tuition for Nonresidents – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.12

Section 8.12 of S.L. 2026-41 (Senate Bill 257) increases the rate of tuition for nonresident students at NC Promise institutions from $3,500 to $4,000 per academic semester. NC Promise institutions include all of the following:

- Elizabeth City State University
- The University of North Carolina at Pembroke
- Fayetteville State University
- Western Carolina University

This section applies beginning in the 2027-2028 academic year to nonresident students matriculating at NC Promise institutions. Nonresident students enrolled in the 2026-2027 academic year who remain continuously enrolled in a NC Promise institution can continue to receive that student's prior rate of tuition.

This section became effective July 1, 2026.

NCSSM-Morganton Expansion Studies – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.13

Section 8.13 of S.L. 2026-41 (Senate Bill 257) requires the Board of Governors of The University of North Carolina (BOG), in consultation with the Chancellor of the North Carolina School of Science and Mathematics (NCSSM), to do the following:

- Study the feasibility of increasing the size of the NCSSM-Morganton campus.
- Develop a plan to accommodate at least twice as many students enrolled for in-person instruction at NCSSM-Morganton. The plan must address:
    - Information about the number of students who apply and would be accepted to NCSSM but for a lack of physical space or other resources.
    - Resources needed to accommodate additional in-person students, including any (i) improvements to physical spaces, (ii) additional faculty and staff, (iii) instructional materials, and (iv) other costs, as determined by the BOG.
- Study increasing the number of students enrolled for remote instruction at NCSSM-Morganton.
- Develop a plan for increasing the number of students enrolled in NCSSM-Morganton for remote instruction.

The BOG must submit its plans for increasing in-person and remote enrollment in NCSSM-Morganton to the Joint Legislative Education Oversight Committee by February 15, 2027.

This section became effective July 7, 2026.

Protect Campus Survivors Act. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.14

Section 8.14 of S.L. 2026-41 (Senate Bill 257) exempts disciplinary records that contain personally identifiable information about a student held by the System Office of The University of North Carolina (UNC), constituent institutions of UNC, the Community College System Office, and community colleges (public institutions of higher education) from the definition of a public record under Chapter 132 of the General Statutes. This section provides that disciplinary records that contain personally identifiable information about a student are not a public record, even if disclosure of the record would be allowed under the federal Family Educational Rights and Privacy Act.

Disciplinary records that contain personally identifiable information about a student include any materials that meet all of the following:

- Are made or received by a public institution of higher education.
- Contain personally identifiable information of or about a student enrolled in the public institution of higher education.
- Are related to a complaint, investigation, or resolution of an alleged violation of or noncompliance with the disciplinary or conduct rules or other policy of a public institution of higher education.

This section became effective July 7, 2026, and applies to requests for disciplinary records that contain personally identifiable student information made on or after that date.

Office of Learning Research Evaluation of Competency-Based Learning Programs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.15

Section 8.15 of S.L. 2026-41 (Senate Bill 257) requires the Office of Learning Research at the North Carolina Collaboratory to study and evaluate the following programs:

- Community College Seamless Skills Initiative.
- Competency-Based High School/Healthcare and High-Tech Pathways Program.
- Lighthouse Math Project.
- Competency-Based Education and High School Redesign Strategic Network.
- North Carolina Competency-Based Education Innovation Grant Program.

The Office of Learning Research must report to the Joint Legislative Education Oversight Committee by March 15 in 2028, 2029, and 2030 on (i) the number of students engaging with the programs, (ii) the total amount of funds expended to implement, design, and operate the programs, and (iii) the effects on student achievement and learning outcomes.

This section became effective July 1, 2026.

Office of Learning Research to Study Literacy Professional Development – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.16

Section 8.16 of S.L. 2026-41 (Senate Bill 257) requires the Office of Learning Research at the North Carolina Collaboratory (OLR) to evaluate providers of professional development for teachers teaching students in grades 9 through 12 who are not reading at grade level. OLR must provide recommendations for any professional development providers that align with existing literacy standards in the State to the Joint Legislative Education Oversight Committee (JLEOC) by April 15, 2027.

Additionally, OLR must conduct a study on the effectiveness of Lexia Aspire Professional Learning on literacy outcomes for students in grades six through eight. OLR must provide an interim report on the results of the study to the JLEOC by October 15, 2028, and a final report by October 15, 2029.

This section became effective July 1, 2026.

No Financial Assistance for UNC Students Convicted of Assaulting Officers or Employees of the State – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.17

Section 8.17 of S.L. 2026-41 (Senate Bill 257) eliminates certain financial benefits for students at institutions of higher education in the State who are convicted of assaulting an officer or employee of the State or an officer or employee of any political subdivision of the State while enrolled as a student.

The Board of Governors of The University of North Carolina (BOG) must adopt a policy prohibiting The University of North Carolina and its constituent institutions from providing State funded scholarships or grants to any student who is convicted of assaulting an officer or employee of the State or an officer or employee of any political subdivision of the State while enrolled as a student. The prohibition must begin with the semester or academic term following a conviction.

The State Education Assistance Authority must adopt a rule prohibiting any student who is convicted of assaulting an officer or employee of the State or an officer or employee of any political subdivision of the State while enrolled as a student from receiving a State-funded

scholarship or grant. The prohibition must begin with the semester or academic term following a conviction.

Additionally, a student who is convicted of assaulting an officer or employee of the State or an officer or employee of any political subdivision of the State while enrolled as a student is disqualified from receiving the in-State tuition rate at any institution of higher education in the State, beginning with the semester or academic term following the conviction.

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

Preservation of Student Records Held by Licensed Nonpublic Postsecondary Educational Institutions. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.18

Section 8.18 of S.L. 2026-41 (Senate Bill 257) provides that if a nonpublic post-secondary educational institution licensed by The University of North Carolina ceases to operate in the State, the owner of the institution must ensure that the records required to be maintained by the institution regarding the performance or grading standards for each enrolled student are transferred to the North Carolina State Archives.

If the Board of Governors of The University of North Carolina (BOG) determines that these student academic records are in danger of being made unavailable to the North Carolina State Archives for any reason, including refusal by the institution to transfer those records, the BOG must notify the Attorney General of the State. The Attorney General must then take appropriate action to ensure the records are retrieved and preserved at the North Carolina State Archives.

This section became effective July 1, 2026.

North Carolina Student Lifeline Information for University Students – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.19

Section 8.19 of S.L. 2026-41 (Senate Bill 257) requires the Board of Governors of The University of North Carolina to adopt a policy requiring all constituent institutions to provide students with the phone numbers for the Suicide and Crisis Lifeline and the NC Peer Warmline. Each constituent institution must provide the information in the following places:

- Newly issued student identifications.
- The institution's website.
- The home screen of any electronic device issued to students.
- Each school agenda or calendar, digital or printed.
- On a document during any suicide awareness activity.
- On a document when the student registers for attendance.

This section became effective July 7, 2026, and applies beginning with the 2026-2027 academic year.

UNC System Health Care Access Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.20

Section 8.20 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.16 of S.L. 2026-61 (House Bill 268), establishes the UNC System Health Care Access Fund (Fund) to support expenses for all of the following:

- Training, residency programs, and associated capital improvement projects for (i) medical schools and health affairs programs operated by constituent institutions of The University of North Carolina (UNC) and (ii) private and public health care entities in the State.
- Development and expansion of courses at constituent institutions of UNC that lead to a degree in a field related to health care.

The UNC System Office (System Office) must ensure that each entity receiving monies from the Fund expend no more than $200,000 per fiscal year on capital improvement projects. The System Office must administer the Fund and can use up to 5% of the monies in the Fund each fiscal year for administration of the Fund. Monies allocated to entities from the Fund do not revert and remain available until expended.

Additionally, the System Office must allocate to the Fund all of the following:

- Funds that were appropriated to the Board of Governors of The University of North Carolina (BOG) pursuant to the 2023 Appropriations Act for the Rural Residency Medical Education and Training Fund.
- $4,898,216 in recurring funds that were appropriated to the BOG pursuant to the 2026 Appropriations Act.
- $4.5 million in nonrecurring funds in receipts budgeted from the Rural Health Care Stabilization fund pursuant to the 2026 Appropriations Act.
- $9 million in recurring funds and the $9.5 million in nonrecurring funds that were appropriated to the Board of Governors for Healthcare Workforce Programs Expansion pursuant to the 2026 Appropriations Act, as amended by S.L. 2026-42.

Section 8.20 of S.L. 2026-41 became effective June 30, 2026. Section 3.16 of S.L. 2026-61 became effective July 1, 2026.

Expansion of Postsecondary Transfer Technology – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.21

Section 8.21 of S.L. 2026-41 (Senate Bill 257) requires The University of North Carolina System Office (System Office), in collaboration with the Community Colleges System Office and the

Department of Information Technology, to expand the postsecondary data and technology initiatives (Initiative) established by the 2023 Appropriations Act to do the following:

- Identify and develop programs to accelerate the transfer of course credits among postsecondary institutions of higher education using postsecondary transfer technology.
- Provide and improve technology at participating institutions of higher education that will simplify the credit transfer process for students, advisors, and the participating institutions.
- Allow students to easily compare credit transfer options, speed up student decision making, and streamline transfer planning and progress toward degrees in a manner that reduces overall costs of higher education for students in the State.

The System Office must submit a report on the Initiative to the Joint Legislative Education Oversight Committee by March 15, 2027, that addresses at least the following:

- The number and identity of postsecondary institutions participating in the Initiative.
- The progress of participating postsecondary institutions in (i) enrollments upon transfer, and (ii) credentials attained after a successful transfer of credits. If available, data must be disaggregated by income, race, ethnicity, and other demographic characteristics.
- Recommendations to scale credit mobility and credit transfer technology statewide.

This section became effective July 1, 2026.

Weighted Student Funding Formula Work Group. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.22

Section 8.22 of S.L. 2026-41 (Senate Bill 257) directs that of the funds appropriated to the Board of Governors of The University of North Carolina to be allocated to the North Carolina Collaboratory, $300,000 dollars in nonrecurring funds for the 2026-2027 fiscal year must be used for the Office of Learning Research at the North Carolina Collaboratory to establish a work group (Work Group) of experts in public education finance, including the Department of Public Instruction (DPI), North Carolina Business Leaders for Education (BEST NC), and other relevant stakeholders. The Work Group is directed to study and develop a strategy to transition the State to a weighted student funding model for kindergarten through 12th grade public education.

By July 15, 2027, the Work Group must report to the Joint Legislative Education Oversight Committee on a three-year strategy to transition from the current-allotment based funding model to a weighted student funding formula model, including policy, funding, messaging, and technical assistance needed for leaders of local school administrative units (LEAs) and schools within LEAs. The strategy must include an examination of the following:

- Options to do the following under the new funding formula:
    - Consolidate nonteaching support funds into a per- pupil based allotment with significant flexibility.

    - Transition teacher pay from a position allotment to a dollar allotment based on average daily membership to maintain student-based funding with greater average teacher pay transparency and flexibility.
    - Reassign all project or resource-based funding into a set of designated line items.
    - Determine whether need-based funds can be consolidated and transitioned into a per pupil figure.
    - Report on spending and provide any other needed accountability for the use of State funds.
- Whether to transition the responsibility of disbursing any funds to LEAs from DPI to the State Education Assistance Authority.

This section became effective July 1, 2026.

Public Schools Open Enrollment Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.23

Section 8.23 of S.L. 2026-41 (Senate Bill 257), as amended by Sec. 3.17 of S.L. 2026-61 (House Bill 268), requires the North Carolina Collaboratory to study how local school administrative units can allow students to attend any school within the local school administrative unit in which the student is domiciled, other than the assigned base school. The study must include the following:

- A review of existing voluntary open enrollment and freedom of choice plans.
- Considerations for implementing mandatory open enrollment plans including the following:
    - The number of enrollment periods a mandatory open enrollment plan should have in a year.
    - Types of application processes.
    - How school capacity issues should be addressed and communicated to parents, including waitlist options.
    - Transportation options for students when they choose a school other than their assigned base school.
    - Reasons a local school administrative unit could deny a request under a mandatory open enrollment plan.
    - Any appeals processes that would be available for denials of requests of school assignment under a mandatory open enrollment plan.

The North Carolina Collaboratory must report its findings, including any recommended legislation, to the Joint Legislative Education Oversight Committee by June 1, 2027.

This section became effective July 1, 2026.

Establish NC Promise Tuition Plan Reserve – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.25

Section 8.25 of S.L. 2026-41 (Senate Bill 257) establishes the NC Promise Tuition Plan Reserve (Reserve) to allocate additional funds to constituent institutions of The University of North Carolina that are participating in the NC Promise Tuition Plan. Funds allocated from the Reserve must be used to "buy down" any financial obligations resulting from the NC Promise tuition rate that are not available to be paid from existing NC Promise Tuition Plan funds. The Reserve will be administered by the Board of Governors of The University of North Carolina (BOG).

To the extent funds are made available for this purpose, the BOG must ensure that the Reserve has a minimum balance of at least $3 million at the beginning of each fiscal year. As part of its recommended budget that must be submitted to the Governor and the General Assembly each year, the BOG must include any nonrecurring funds needed to meet the minimum starting balance for the upcoming fiscal year. Any unexpended, unencumbered funds in the Reserve at the end of each fiscal year do not revert to the General Fund and will remain available until expended.

Additionally, this section modifies the annual report by the BOG and chancellors of the NC Promise institutions by (i) changing the reporting deadline from October 1 to February 1 and (ii) requiring the report to include the current balance of the Reserve.

This section became effective July 1, 2026.

North Carolina Economic Forecasting Initiative – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.29

Section 8.29 of S.L. 2026-41 (Senate Bill 257) establishes the North Carolina Economic Forecasting Initiative (Initiative) for the 2026-2027 and 2027-2028 fiscal years at the Kenan Institute of Private Enterprise at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill.

The Initiative must collect the State's nowcast, a prediction of current and near-future economic conditions, and forecast county-level economic data for policymakers, businesses, community colleges, economic developers, and other stakeholders. Additionally, the Initiative must provide relevant and translational economic data to stakeholders to do the following: (i) foster sustainable and broad-based growth in local economies, (ii) attract new industries and businesses, and (iii) create opportunities for all North Carolina residents.

All units of State and local government must cooperate with the Initiative and provide relevant data for accurate forecasting. All data requests by the Initiative must be reasonable in scope and allow for a reasonable period for compliance.

The $3 million appropriated to the Initiative will not revert at the end of the 2026-2027 fiscal year and will remain available until the end of the 2027-2028 fiscal year.

The Kenan-Flagler Business School must submit detailed reports on the use of funds for the Initiative to the Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than December 1, 2026, and December 1, 2027.

This section became effective July 1, 2026.

Office of Learning Research to Develop Mathematics Curriculum. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.30

Section 8.30 of S.L. 2026-41 (Senate Bill 257) directs the Office of Learning Research at the North Carolina Collaboratory at the University of North Carolina at Chapel Hill (OLR) to acquire a mathematics curriculum for use in kindergarten through eighth grade developed by another state and adapt and align it to the North Carolina Standard Course of Study (Standard Course of Study). In addition, OLR must produce training materials to train teachers in the implementation of the curriculum and instructional materials developed.

During the 2026-2027 fiscal year, OLR must do the following:

- Acquire curriculum developed by another state for use in kindergarten through eighth grade mathematics instruction and adapt it to align with the Standard Course of Study.
- Produce any curriculum and instructional materials needed for implementation in classrooms in the State.
- Produce training materials for use by teachers in public school units (PSUs) in the State.
- Contract with third parties to assist in completion of these requirements.
- During the 2027-2028 fiscal year, OLR must do the following:
- Continue to align the acquired curriculum with the Standard Course of Study and develop instructional materials and training materials.
- Provide professional development on the implementation of curriculum and instructional materials to teachers in the PSUs, as practicable.
- Develop an online open educational resource hub for providing access to teacher guides, curriculum and instructional materials, pacing guides, formative assessments, and notes on revisions made to the adapted curriculum and instructional materials.

By June 15, 2028, OLR must report to the Joint Legislative Education Oversight Committee on the following:

- The process of the acquisition, adaptation, and production of the curriculum and materials.
- The progress of developing the online open educational resource hub.
- A plan to develop a pilot program for the implementation of the use of the curriculum and instructional materials in a select number of PSUs beginning with the 2028-2029 school year, if funds are made available for that purpose.

Of the funds appropriated to the Board of Governors of The University of North Carolina to be allocated to the North Carolina Collaboratory at the University of North Carolina at Chapel Hill for the 2026-2027 fiscal year, OLR must use up to $10 million dollars in nonrecurring funds to acquire, adapt, and produce the curriculum, instructional materials, and training materials as required by this section.

This section became effective July 1, 2026.

Student-Based Educational Wallet Pilot Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.1

Section 8A.1 of S.L. 2026-41 (Senate Bill 257) establishes the Student-Based Educational Wallet Pilot Program (Program) for the 2027-2028 fiscal year that grants funds to high school students to participate in eligible educational activities outside of the classroom, which can earn the student academic credit. The Program must be administered by the State Education Assistance Authority (SEAA) in coordination with a public school unit selected by SEAA to participate no later than August 1, 2026. The participating unit must select one high school to participate in the Program and enter into a data-sharing agreement with SEAA. By January 1, 2027, the unit must share a list of eligible students, eligible activities, and approved providers with SEAA. By February 2, 2027, SEAA must provide an application for students to opt-in to using a student-based educational wallet. By April 15, 2027, SEAA must enroll all students who applied and have parental permission into the Program and can use a lottery if the number of applications exceeds the amount of funds available.

Parents of participating students must sign a parental agreement to use the funds deposited into the student-based electronic wallet only for qualifying educational expenses, which does not include personal items or travel. SEAA must award funds up to $395 per student whose parent has signed the parental agreement.

Students can use the funds in the student-based educational wallet to participate in eligible activities and the participating unit will determine whether the eligible activity will be awarded academic credit. Students can submit information to the unit to demonstrate the student's proficiency in the subject area, including portfolios, performance assessments, and competency-based evaluations.

When administering the Program, SEAA must establish an online portal for students and parents to track account balances, review eligible activities, and submit reimbursement requests. SEAA can contract with a private financial management firm or institution to manage the student-based educational wallets. SEAA can also conduct random audits of a sampling of participants and can contract with an independent entity to conduct these audits. SEAA can close a student-based educational wallet account for failure to comply with the terms of the parental agreement or applicable laws or if a student is no longer eligible to participate in the Program. SEAA can use up to $50,000 for administrative costs associated with the Program, including contracting with entities for management of the student-based educational wallets and performing audits.

Information shared with SEAA on an application and personally identifiable information related to eligible students receiving funds in the Program is not a public record. Providers of eligible activities are prohibited from refunding or rebating parents or students participating in the Program in any manner.

By February 15, 2028, the North Carolina Collaboratory, in consultation with SEAA and the participating public school unit, must study and report to the Joint Legislative Education Oversight Committee on the implementation of the Program and the impact of the Program on student success. The report must include information on (i) the number of students who used the student-based educational wallet and the amount of funds used, (ii) the credit-bearing opportunities purchased with Program funds and the number of credits earned, and (iii) the approved providers receiving Program funds and the amount of funding each provider received.

Funds provided for this Program do not revert until the end of the 2027-2028 fiscal year.

This section became effective July 1, 2026.

Revise Certain Opportunity Scholarship Domicile Verification Requirements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.2

Section 8A.2 of S.L. 2026-41 (Senate Bill 257) requires household members of applicants for Opportunity Scholarships or Personal Education Student Accounts to authorize the State Education Assistance Authority (SEAA) to access social security numbers and other unique verifiers that are needed to verify the applicant's domicile. Additionally, SEAA can adopt rules for contracting with a third-party vendor to facilitate the verification of an applicant's domicile or other application information.

This section became effective July 1, 2026.

Clarify Application Date for Opportunity Scholarship and PESA Programs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.3

Section 8A.3 of S.L. 2026-41 (Senate Bill 257) requires the State Education Assistance Authority (SEAA) to make applications for the Opportunity Scholarship and Personal Education Savings Account for Children with Disabilities programs available to eligible students no later than the first Monday in February each year. Additionally, SEAA must begin awarding scholarships for each program by the first Monday in March each year.

This section became effective July 1, 2026.

Permit SEAA to Provide Payments for Tests for Opportunity Scholarship Recipients Using Alternative Methods. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.4

Section 8A.4 of S.L. 2026-41 (Senate Bill 257) allows the State Education Assistance Authority (SEAA) to provide payment of the cost of a nationally standardized test for students receiving an opportunity scholarship grant who must take the nationally standardized tests administered to students in grades 3, 8, and 11. This payment can be included in the opportunity scholarship grant award.

This section became effective July 1, 2026.

Clarify Opportunity Scholarship Residency Requirements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.5

Section 8A.5 of S.L. 2026-41 (Senate Bill 257) requires that a student receiving an Opportunity Scholarship be a resident of North Carolina who is eligible to attend a North Carolina public school both (i) at the time the student applies for a scholarship grant and (ii) at the beginning of each school year in which the student is eligible to receive a scholarship grant, unless the student is military-connected.

If the student is military-connected, the following applies:

- A military-connected student who is not a resident due to the military orders at the time of application can apply for an Opportunity Scholarship and the State Education Assistance Authority (SEAA) must still accept the application.
- A military-connected student who is not a resident due to military orders at the time of initial enrollment in a nonpublic school can still receive a scholarship grant for the first semester of the school year, but must provide proof of residency before receiving any additional scholarship grant funds.

If the funds required to award scholarship grants to military-connected students exceed the funds available for distribution, SEAA can allocate the necessary funds from the unencumbered balance of the Opportunity Scholarship Grant Fund reserve and report on the use of those funds to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly by April 1 of the fiscal year.

This section became effective July 7, 2026, and applies beginning with applications for the award of scholarship grants in the 2026-2027 school year.

Require the State Education Assistance Authority to Provide Testing Costs for Certain Personal Education Student Account Recipients and Permit Parents of Those Personal Education Student Account Recipients to Opt Out of Testing – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.7

Section 8A.7 of S.L. 2026-41 (Senate Bill 257) requires the State Education Assistance Authority (SEAA) to pay the cost of nationally standardized tests in grades 3, 8, and 11 that are required for Personal Education Student Account (PESA) recipients who attend a nonpublic school that qualifies for direct disbursement of PESA funds.

Additionally, parents of students who receive a PESA due to any of the following disabilities can opt out of the nationally standardized tests in grades 3 through 12 that are required for PESA recipients who attend a nonpublic school that qualifies for the direct disbursement of PESA funds:

- Autism.
- Hearing impairment.
- Moderate or severe intellectual disability.
- Orthopedic impairment.
- Visual impairment.

SEAA is not required to pay the cost of any standardized tests for which a parent has opted the PESA recipient out.

This section became effective July 1, 2026.

Codify North Carolina Patriot Star Family Scholarship Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.8

Section 8A.8 of S.L. 2026-41 (Senate Bill 257) codifies the existing North Carolina Patriot Star Family Scholarship Program (Program) which provides funds to the Patriot Foundation and the Marine Corps Scholarship Foundation. The Patriot Foundation and the Marine Corps Scholarship Foundation provide scholarships to (i) eligible children and eligible spouses of certain veterans, (ii) eligible children of certain currently serving members of the Armed Forces, and (iii) eligible disabled veterans to attend eligible postsecondary institutions in the State when certain requirements have been met.

The Patriot Foundation and the Marine Corps Scholarship Foundation must submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on activities related to the Program and the use of State funds by April 1 of each year that State funds available to the foundations are spent.

This section became effective July 7, 2026.

Revise Eligibility Requirements for Need-Based Scholarship for Private Colleges and Universities – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.9

Section 8A.9 of S.L. 2026-41 (Senate Bill 257) expands the eligibility for private colleges and universities for Need-Based Scholarships and Early Graduate Scholarships to include postsecondary educational institutions that are not owned or operated by the State or any political subdivision of the State with physical locations in North Carolina where postsecondary degree activity occurs. These postsecondary educational institutions must (i) be accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), (ii) be designated by SACSCOC as a level VI degree-granting institution, and (iii) award a postsecondary degree.

By April 15 of each year, every eligible private postsecondary institution meeting the criteria above must report to the Joint Legislative Education Oversight Committee on all degree programs offered by the institution that enroll at least one student receiving a scholarship in the academic year and the number of students receiving scholarships in each of the identified degree programs.

This section became effective July 7, 2026, and applies beginning with scholarship awarded in the 2026-2027 academic year.

Nursing Fellows Pilot Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.10

Section 8A.10 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.25 of S.L. 2026-61 (House Bill 268), establishes a Nursing Fellows Pilot Program (Pilot Program) to provide forgivable loans to eligible nursing students who are (i) enrolled in and admitted to a qualifying degree program and (ii) interested in preparing to become nurses in the State or nurse instructors in qualifying instruction programs. To be eligible, a nursing student must begin enrollment in either the 2027-2028 or the 2028-2029 academic year.

Program Directors: The State Education Assistance Authority (SEAA) must administer the Pilot Program in cooperation with the Chief Academic Officer at the Community Colleges System Office (CCSO) and the Dean of the School of Health Sciences at Winston-Salem State University (Dean), who will serve as program directors. Program directors must do all of the following:

- Determine forgivable loan recipient selection criteria and selection procedures at qualifying community colleges and Winston-Salem State University (WSSU). Initial selection criteria must be established by November 15, 2026, and applications must be made available by December 31, 2026.
- Select the recipients to receive forgivable loans under the Pilot Program. Initial recipients for the 2027-2028 academic year must be selected by April 1, 2027.
- Appoint needed staff at their respective qualifying institutions of higher education.

- Be responsible for recruitment and coordination of the Pilot Program at their respective institutions.
- Coordinate with one another, as necessary, to ensure the efficient and effective operation of the Pilot Program without duplicating efforts.

Funding: SEAA must transfer 5% of the Pilot Program's funds to the CCSO and 5% to the Dean for Program expenses. SEAA must use up to 4% of the Pilot Program's funds for other administrative costs associated with the Pilot Program. From the remaining funds, SEAA must award forgivable loans according to the following distribution of funds:

- 30% to the CCSO to be divided equally between qualifying community colleges.
- 70% to WSSU.

Beginning in the 2027-2028 fiscal year, SEAA can use funds for the Forgivable Education Loans for Service Fund that remain available at the end of the fiscal year to administer the Pilot Program.

Forgivable Loans: The program directors must adopt stringent standards for awarding forgivable loans based on multiple measures, including:

- Grade point averages.
- Performance on relevant assessments.
- Experience, accomplishments, and other criteria demonstrating qualities positively correlated with highly effective nurses and instructors in qualifying instruction programs, including excellent verbal and communication skills.
- Demonstrated commitment to serve in North Carolina.

Forgivable loans must be awarded in the following amounts per academic term:

$2,500 per semester or $1,250 per summer session for students enrolled in and admitted to an associate degree in nursing program at a qualifying community college for up to four academic terms.

$5,000 per semester or $2,500 per summer session for students enrolled in and admitted to a qualifying Bachelor of Science in nursing degree program at WSSU for up to five academic terms.

$5,000 per semester or $2,500 per summer session for students enrolled in and admitted to a qualifying Master of Science in nursing degree program at WSSU for up to four additional academic terms.

Forgivable loans can be used for tuition, fees, the cost of books, and expenses related to obtaining licensure as a registered nurse.

Forgivable loans must be evidenced by notes made payable to SEAA and bear an interest rate no higher than 10% per year.

For every year within 10 years of graduation that a forgivable loan recipient is employed as a qualifying nurse or as a qualifying nurse instructor, SEAA must forgive the loan amount received under the Pilot Program over one year of enrollment in the qualifying degree program or programs, including interest. SEAA must also forgive the loan if it finds that it is impossible for the recipient to meet the loan forgiveness requirements because of the death or permanent disability of the recipient.

If the loan recipient repays the forgivable loan by cash payments, all indebtedness must be repaid within 10 years after completion of the latest applicable qualifying degree program supported by the forgivable loan.

Report: By January 1, 2028, and annually thereafter, the North Carolina Collaboratory must report to the Joint Legislative Education Oversight Committee on the Pilot Program.

This section became effective July 1, 2026, and applies beginning with applications for enrollment in the Nursing Fellows Pilot Program in the 2027-2028 academic year.

Extend Carryforward and Expand Uses for Institutional Trust Fund for Personal Education Student Accounts for Children with Disabilities – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.11

Section 8A.11 of S.L. 2026-41 (Senate Bill 257) authorizes the State Education Assistance Authority (SEAA) to place up $15 million in unexpended funds appropriated for the Personal Education Student Accounts for Children with Disabilities (PESA) into an institutional trust fund, instead of $10 million.

Additionally, this section authorizes SEAA to use funds held in the PESA institutional trust fund to award scholarships when either of the following are met:

- The funds required to award scholarships to eligible students for a school year exceed the funds available for the distribution of awards.
- The funds appropriated for the PESA program in a fiscal year are insufficient to award scholarships to all eligible students.

This section became effective June 30, 2026.

Require Nonpublic Schools Receiving Opportunity Scholarship Funds to Retain Certain Testing Records and Verify Compliance. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.12

Section 8A.12 of S.L. 2026-41 (Senate Bill 257), as amended by Section 2.8 of S.L. 2026-42 (House Bill 56) and Section 3.22 of S.L. 2026-61 (House Bill 268), requires nonpublic schools that accept

students receiving opportunity scholarship grants to annually certify compliance with the testing requirements for the Opportunity Scholarship Grant Program instead of annually submitting test performance data to the State Education Assistance Authority (SEAA). Individual test data is still subject to collection by SEAA and the nonpublic schools must retain records of test administration for a period of four years.

This section further directs SEAA to select at least 4% of nonpublic schools accepting students receiving opportunity scholarship grants to verify compliance with the required testing administration each year. Test performance data collected by SEAA is not considered a public record.

This section became effective July 1, 2026, and applies beginning with the 2026-2027 school year.

Early Graduate Scholarship Program Funds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.13

Section 8A.13 of S.L. 2026-41 (Senate Bill 257), as amended by Sec. 3.21 of S.L. 2026-61 (House Bill 268), authorizes the State Education Assistance Authority to use $1 million in nonrecurring funds to award Early Graduate Scholarships for students who (i) graduate early from a North Carolina high school in the 2025-2026 school year and thereafter and (ii) attend an eligible postsecondary institution. Scholarships will be awarded beginning in the 2027-2028 academic year.

These sections became effective July 1, 2026.

Advise NC – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.14

Section 8A.14 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.23 of S.L. 2026-61 (House Bill 268), requires the State Education Assistance Authority (SEAA) to establish the Advise NC College Access Initiative (Initiative). To implement the Initiative, SEAA will coordinate with education partners and other stakeholders to place college access advisors in high-need or underserved regions of the State. Education partners are entities providing college access and advising information in this State, including constituent institutions of The University of North Carolina, community colleges, and private postsecondary institutions of higher education.

SEAA must provide matching State funds to education partners to place college access advisors in high-need or underserved regions of the State. SEAA can only allocate State funds to education partners when coupled with matching non-State funds from non-State entities. In allocating State and non-State funds to education partners, SEAA must match $1 in State funds for every $1 in non-State funds.

SEAA can use a portion of the State and non-State funds for actual administrative costs associated with the Initiative. These costs can include one or more full-time positions to coordinate the Initiative, information technology upgrades, maintenance, and other costs.

By February 15 of each year, SEAA must report to the Joint Legislative Education Oversight Committee on at least the following information from the prior fiscal year:

- Non-State funds received and allocated pursuant to this section and the identity of the non-State entities providing those funds.
- The identity of each education partner and the amount of State and non-State funds received by that education partner.
- The number of college advisors in the State supported by the Initiative and the region of the State in which each college advisor is placed.
- The total funds expended for administration of the Initiative, disaggregated on the basis of State and non-State funds.
- Funds used by SEAA for administrative costs, the specific administrative uses of those funds, and the source of those funds.

SEAA must submit an interim report for the 2026-2027 fiscal year by April 15, 2027.

For the 2026-2027 fiscal year, the Board of Governors of The University of North Carolina must allocate $2.5 million in nonrecurring funds to SEAA for the Initiative. These funds do not revert at the end of the 2026-2027 fiscal year and remain available until the end of the 2027-2028 fiscal year.

This section became effective July 1, 2026.

Authorize Use of Personal Education Student Accounts for One-to-One Classroom Aides – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.16

Section 8A.16 of S.L. 2026-41 (Senate Bill 257) allows the parents of a student receiving a Personal Education Student Account for Children with Disabilities to use scholarship funds for education-related support services provided by a one-to-one classroom aide who holds at least a high school diploma or its equivalent. To use scholarship funds for the services of a one-to-one classroom aide, the scholarship recipient's nonpublic school must submit documentation to the State Education Assistance Authority describing the education-related support services needed each semester.

A parent cannot use scholarship funds for a one-to-one classroom aide who is (i) an immediate relative of the student or (ii) an employee or independent contractor of the student's nonpublic school.

This section became effective July 7, 2026, and applies beginning with the 2026-2027 school year.

Revise Primary Care Physician and Psychiatrist Targeted Assistance Loan Forgiveness Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.17

Section 8A.17 of S.L. 2026-41 (Senate Bill 257) raises the amount of the forgivable loan for which a student enrolled in a medical school at an eligible institution of higher education would be eligible if the student intends to practice either primary care medicine or psychiatry in certain counties of the State. Eligible students would qualify for awards of forgivable loans in amounts up to $50,000 dollars per academic year with a total amount of up to $200,000 dollars per student.

This section became effective July 1, 2026, and applies beginning with forgivable loans awarded in the 2026-2027 academic year.

Reorganize Exemptions from the Administrative Procedure Act for Certain Education Entities and Clarify that These Exemptions Include the State Education Assistance Authority. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.18

Section 8A.18 of S.L. 2026-41 (Senate Bill 257) clarifies that the State Education Assistance Authority is not subject to the rulemaking and administrative hearing requirements of the Administrative Procedure Act.

This section became effective July 1, 2026.

School Safety Grants – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.9

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Critical Incident School Mapping Data – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.10

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

State Public Education Property Insurance Fund Modification – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32A.4

[For a detailed summary of the provisions of this act, please see the INSURANCE subject area.]

Waive Tuition for Survivors of Fallen Probation Officers – Support the Department of Adult Correction.

SL 2026-44 (S355), Sec. 1.1

Section 1.1 of S.L. 2026-44 (Senate Bill 355) requires constituent institutions of The University of North Carolina and community colleges to waive tuition for the following relatives of a probation officer who sustains a traumatic injury in the line of duty:

- Survivors, if the officer is killed as a direct result of the injury.
- Spouse, if the officer is permanently and totally disabled as a direct result of the injury.
- Children between the ages of 17 and 24, if the officer is permanently and totally disabled as a direct result of the injury. Each child's eligibility is limited to (i) 54 months for a baccalaureate degree or (ii) the number of months required to complete the educational program.

This section became effective July 7, 2026, and applies to waivers of tuition granted on or after that date.

Eliminate Driving Eligibility Certificate Requirement for the Issuance of Learner's Permits and Provisional Drivers Licenses – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 9

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

SL 2026-50 (H1126), Part VII

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-59 (S445), Sec. 3

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-59 (S445), Sec. 24

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

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.

Remove Deadline for Educator Preparation Program Rule Adoption – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 3.15

Section 3 of S.L. 2026-59 (Senate Bill 445) and Section 3.15 of S.L. 2026-61 (House Bill 268) are identical. The provisions eliminate several deadlines for adopting rules governing accountability for the performance of educator preparation programs (EPPs).

Additionally, the provisions require the State Board of Education, in consultation with the Department of Public Instruction, The University of North Carolina System Office, the Community Colleges System Office, and the North Carolina Independent Colleges and Universities, to submit a report to the Joint Legislative Education Oversight Committee on recommendations for an EPP accountability model by October 15, 2026. The report must address any necessary changes to State law to implement the recommended accountability model.

These sections became effective August 11, 2026.

Collaboratory Report on Recovery Court Study Results – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 3.19

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Competitive Speech Debate and Grant Program – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 3.26

Section 3.26 of S.L. 2026-61 (House Bill 268) enacts Section 7.64 of S.L. 2026-41 (Senate Bill 257) and establishes the Competitive Speech and Debate Team Grant Program (Grant Program) for the 2026-2027 school year to allow public schools serving students in grades 9 through 12 to form competitive speech and debate teams to participate in speech and debate competitions. Any public school unit that has a school that serves students in grades 9 through 12 is eligible to apply for a grant to develop, maintain, or expand a competitive speech and debate team.

The Department of Public Instruction (DPI) must administer the Grant Program by developing and publishing an application process. Applications must contain a proposed budget for the speech and debate team. DPI is directed to determine the amount of each award up to a maximum of $10,000 per team per school year and must award grants to the selected applicants by October 31, 2026.

Awarded grants can be used for any of the following purposes:

- To provide stipends for coaches. However, each team award can only include two stipends, one lead team coach stipend of up to $2,500 and one assistant team coach stipend of $1,500.
- To make payments associated with participation in a speech and debate league or competition.
- To travel to and from speech and debate competitions.

Speech and debate teams receiving funds through the Grant Program are required to participate in the Tarheel Forensic League and the National Speech and Debate Association.

If a student is enrolled in a school that does not offer a speech and debate team, the student is eligible to participate on the speech and debate team at the public school located geographically closest to where the student resides that has a team and is participating in the Grant Program. A student joining a team under this provision is responsible for transportation to and from the school where the team meets.

A school can enforce guidelines for student participation on the speech and debate team, such as academic performance requirements. Furthermore, a speech and debate team can conduct a selection process for the team as long as the student is able to participate in the selection process as if the student were enrolled in that school.

By May 15, 2027, DPI must report the following information to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

- The public school units that received grants and the amount of each grant.
- A description of how the grants were used.
- The public school units that applied for grants but did not receive one.
- The extent to which students participating in speech and debate programs funded by the Grant Program experienced measurable improvement in academic performance.
- Any other information DPI deems relevant to evaluating the impact and effectiveness of the Grant Program.

This section became effective July 1, 2026.

Environment, Natural Resources, and Energy

See full summary documents for additional detail

Agricultural Water Plan Update. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 1

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Repeal Violation Points System for Swine Farms – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 4

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Swine Farm Siting Act Technical Correction. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 5

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Amend Eligibility Criteria for Animal Waste Fertilizer Conversion Cost-Share Eligibility. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 6

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Require a Statewide Study on Shellfish Aquaculture Leasing and Current Moratorium on Shellfish Leasing – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 7

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Modify Requirements for Composting of Equine/Bovine Mortality – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 8

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

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

SL 2026-11 (S401), Sec. 10

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

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

SL 2026-11 (S401), Sec. 19

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Modernize Shellfish and Aquaculture Statutes. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 20

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Amend Procedures Regarding the Sale of a Public Water System. – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Secs. 1-3

Sections 1-3 of S.L. 2026-32 (House Bill 376) amend procedures for the sale of a public water system as follows:

- Section 1 provides that water and sewer utilities can apply for a Water and Sewer Investment Plan, under which the Utilities Commission (Commission) sets base rates and authorizes annual rate changes for a three-year period. When a utility files new or revised rates, the Commission can suspend them for up to 270 days pending a hearing. Section 1 allows the Commission to suspend the effect of proposed base rates and the implementation of a Water and Sewer Investment Plan in the same manner as when a public utility files a new or revised schedule of rates with the Commission, except that the Commission can suspend the operation of the proposed base rates for up to 300 days.

This section became effective July 2, 2026, and applies to rate schedules filed on or after that date.

- Section 2 requires a local government service provider to hold a public hearing when selling a water or sewer system that services the public to a private company and determine that the sale is in the public interest. The local government selling the system

must prepare a statement showing that the sale is in the public interest, including a summary of the purchaser's experience in water or sewer utility operation and a showing of financial ability to provide the service. All money paid by a private company to a local government for the purchase of a water system must be used for debt reduction for the system, if applicable, and repayment of federal grant awards associated with the system as can be required by federal law or regulation. Any remaining funds must be deposited in the local government service provider's general fund.

This section became effective July 2, 2026, and applies to contracts for sales of water systems executed on or after that date.

- Section 3 requires a local government water or sewer provider to hold a public hearing if an increase in the rates on customers outside of their jurisdictional boundaries exceeds the rates on customers inside its jurisdictional boundaries by more than 25%.

This section became effective July 2, 2026, and applies to rates established on or after that date.

Commercial Wastewater Design Flow Rate Study – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Sec. 5

Section 5 of S.L. 2026-32 (House Bill 376) directs the Environmental Management Commission (EMC), to study whether wastewater design flow rates applicable to commercial and industrial water users accurately measure the actual flow rate used by those water users. In conducting the study, the EMC must consider reductions in water consumption associated with new plumbing fixtures, fittings, and appliances; actual metered water use and wastewater flows from commercial and industrial water users; and wastewater design flow rates used by other states for comparable water users.

The EMC must report its findings to the Environmental Review Commission no later than January 1, 2027.

This section became effective July 2, 2026.

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

SL 2026-32 (H376), Sec. 5.5

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

- Authorizes a local government to offer non-mandatory incentives that waive building, zoning, connection, or other regulations or fees, provide additional tax and financial benefits, or institute other incentives for development or redevelopment that

implements additional stormwater control measures beyond those required by statute and rule.

- Makes various formatting and stylistic changes to existing language governing pre-existing impervious surface on a property under development, and adds language that provides:
    - Existing-built upon area cannot be included in the density calculations for additional stormwater control requirements, irrespective of whether the existing built-upon area is to be demolished, relocated, replaced, or remains in place during development activity.
    - For purposes of determining the size of the area for which stormwater control measures are required for a development or redevelopment, built upon area that existed before the development or redevelopment shall be applied on a square foot for square foot basis to reduce the built-upon area for which stormwater control measures are required.
    - Stormwater control requirements cannot be applied retroactively to existing built-upon area, unless otherwise required by federal law.

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

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

On-Site Wastewater System Changes – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Sec. 7

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Private Drinking Water Well Program Changes – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Sec. 8

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Approve Certain Advanced Pretreatment Systems as Innovative Wastewater Systems – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Secs. 9-10

Sec. 9 of S.L. 2026-32 (House Bill 376) redefines, for the purposes of wastewater system approval, "pretreatment" as "advanced pretreatment," and clarifies that advanced pretreatment systems can be used in addition to or in place of a septic tank and requires that the advanced pretreatment effluent meets the Commission-set standards for better than septic tank effluent quality. This section also makes various conforming changes, including clarifying that the system is part of a ground absorption system.

Sec. 10 of S.L. 2026-32 (House Bill 376) narrows the innovative system approval process for systems approved based on evaluation established by a nationally recognized certification body to apply only to advanced pretreatment systems. This section provides that advanced pretreatment systems can be approved as innovative if the system has been approved under protocol established by a nationally recognized certification body, and the Department of Health and Human Services has verified that testing data meets certain requirements, the national body has approved the system, and the design and installation of the system are consistent with the approval.

The Commission for Public Health is authorized to adopt temporary and permanent rules to implement these sections.

Sections 9 and 10 became effective July 2, 2026, and apply to applications for innovative wastewater system approval filed with the Commission on or after that date.

Department of Environmental Quality/Department of Health and Human Services Private Well Rulemaking Technical Correction – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Sec. 11

Section 11 of S.L. 2026-32 (House Bill 376) makes a conforming change to update the statutes concerning private well rulemaking to reflect that the Department of Health and Human Services, not the Department of Environmental Quality, oversees private wells.

This section became effective July 2, 2026.

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

SL 2026-39 (H162), Sec. 2

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

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

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

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

Dam Safety Grant Fund Modification. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5A.4

Section 5A.4 of S.L. 2026-41 (Senate Bill 257) expands grant eligibility under the Dam Safety Grant Fund for dams damaged by a natural disaster to include intermediate hazard dams and makes conforming changes.

This section became effective July 1, 2026.

Water Safety Act. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.27

Section 8.27 of S.L. 2026-41 (Senate Bill 257):

- Authorizes the Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) to use funds appropriated under S.L. 2026-41 for per- and polyfluoroalkyl substances (PFAS) research on emerging contaminants, including:
    - Detection methods for known and emerging PFAS and 1,4 dioxane.
    - Fate and transport of PFAS and 1,4 dioxane in environmental media.
    - Innovative remediation, filtration, and destruction technologies for PFAS and 1,4 dioxane.
    - Public health and toxicological impact assessments of PFAS and 1,4 dioxane.
    - Evaluation of the health impacts of PFAS mixtures and 1,4 dioxane found in the State's drinking water to more closely model real world public health scenarios.
    - Replacement compounds for PFAS and 1,4 dioxane.
    - Other topics the Collaboratory finds relevant to the characterization, biological transport, treatment, or control of emerging contaminants.
- Directs the Collaboratory, in cooperation with the Department of Environmental Quality (DEQ), to conduct a two-phased study to identify and quantify measurable PFAS discharges in the State by collecting samples from publicly owned treatment works (POTW) permit holders and certain National Pollution Discharge Elimination System (NPDES) permit holders following sampling protocols defined by the Collaboratory.

Phase 1 includes collection by DEQ or the POTW and analysis by the Collaboratory of influent, effluent, and sludge samples from (i) every permitted POTW in the State receiving effluent from one or more significant industrial users (SIUs) and (ii) every facility holding an NPDES permit for direct discharge of process wastewater from an industrial or commercial operation. The Collaboratory and DEQ must complete sampling and analysis of samples collected during this phase no later than December 31, 2027. No later than March 31, 2028, the Collaboratory must submit to DEQ, the Environmental Management Commission (EMC), and the Environmental Review Commission (ERC) a final report of a summary of the Phase 1 results, which must be anonymized or aggregated based on county or river basin and must also include regulatory recommendations for numerical mass loading reduction thresholds. All research data gathered and analyzed by the Collaboratory as part of Phase 1, with the exception of the actual contents contained within the report released publicly, is exempt from disclosure as a public record.

Phase 2 includes collection by DEQ and analysis by the Collaboratory of influent and effluent samples collected from every SIU discharging to a POTW. The Collaboratory and DEQ must begin Phase 2 for SIUs of a POTW upon completion of Phase 1 sampling for that POTW and complete sampling and analysis for all SIUs no later than December 31, 2028.

Research data generated by the Collaboratory or its researchers under this study may be used for regulatory recommendations but may not be used for regulatory actions by the State of North Carolina. DEQ may take regulatory actions only in compliance with the sampling and analytic protocols required under DEQ's delegation of NPDES and pretreatment program authority from the Environmental Protection Agency. No later than March 31, 2029, the Collaboratory must submit to DEQ, the EMC, and the ERC a final report of a summary of the results, which must also include regulatory recommendations for numerical mass loading reduction thresholds. Upon

publication of the report, the supporting data from Phase 2 will be a public record, unless exempted under other law.

The Collaboratory must consult with affected stakeholders, scientific experts, and State and local officials in the conduct of this study.

- Directs the Collaboratory to carry out a collaborative research effort in partnership with utilities and State regulators on all of the following:
    - The impact of land application of biosolids generated at POTW facilities across the State, including the amount of biosolids generated; types and concentrations of PFAS found in the biosolids; the locations of the final disposition of biosolids generated at, and removed by, the wastewater facilities; the amount of PFAS contributed by the biosolids to surface and groundwater sources; current and alternative biosolids management options; the development of new management practices and technologies to minimize or remove PFAS; and any other variables related to biosolids management deemed relevant by the Collaboratory and its research partners.
    - The concentrations and types of PFAS influent and effluent at wastewater treatment works facilities across the State, including identification of sources contributing to PFAS in facility influents; the fate and transport of PFAS effluent from the facilities; best management practices for identifying, managing, reducing, mitigating, and removing PFAS from both the influent and effluent at these wastewater facilities; development or deployment of PFAS reduction, mitigation, or destruction technologies to mitigate influent or effluent; and any other variables related to PFAS deemed relevant by the Collaboratory and its research partners.
    - The feasibility of developing PFAS reduction strategies for industrial discharges into either surface or groundwater in the State that can include analytical methods, targeted compounds, concentration thresholds, best available control technologies, development of new detection and reduction technologies, benefit-cost calculations, a proposed regulatory framework, and any other components deemed relevant by the Collaboratory and its research partners necessary to achieve PFAS reduction goals and standards.

POTWs and DEQ must partner with the Collaboratory to carry out this study to the extent permitted under public records laws, the requirements for protection of confidential information under law, or the terms of any delegation of enforcement authority under federal or State law or memoranda of agreement or understanding setting forth the delegation.

The Collaboratory must present the final results of this study to DEQ, the ERC, and the EMC no later than January 31, 2029.

- Creates a new Article in the General Statutes titled "Emerging Contaminant Mitigation," which establishes the Emerging Contaminant Mitigation Fund (Fund) to support statewide efforts to detect, reduce, mitigate, and prevent exposure to emerging

contaminants. The Fund consists of any funds appropriated to it by the General Assembly; the clear proceeds from litigation settlement agreements, final orders, or judgments of a court received by the State in settlement of litigation related to emerging contaminants; grants from federal agencies or other non-State entities; and all interest earned on the Fund. The Fund will be administered by the State Water Infrastructure Authority (SWIA), and can only be used to provide grants to units of local government operating public water or wastewater treatment systems for any of the following:

- Emerging contaminant sampling and monitoring in drinking water, wastewater, surface water, and groundwater.
- Installation or upgrade of water treatment technologies for emerging contaminant removal.
- Emergency response and remediation of emerging contaminant contamination in soil, surface water, and groundwater.
- Provision of technical assistance to significant industrial users for the purpose of mitigating, decreasing, or eliminating discharges of PFAS and 1,4-dioxane to publicly owned treatment works.

This section became effective July 1, 2026.

Firefighter Protection Act. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.28

Section 8.28 of S.L. 2026-41 (Senate Bill 257) allocates $15 million to the North Carolina Collaboratory (Collaboratory) to fund any of the following research, development, and remedial activities related to per- and polyfluoroalkyl substances (PFAS):

- Groundwater studies of areas at or adjacent to fire stations with elevated levels of PFAS, including the purchase and deployment of analytical instrumentation or mobile platforms using analytical equipment, to analyze and assess PFAS levels in the environment.
- Providing temporary water supplies to fire stations currently or formerly on water wells with elevated levels of PFAS, including mobile tankers of food-grade water.
- Providing longer-term filtration systems for water wells at fire stations with elevated levels of PFAS, including reverse osmosis, granular activated carbon, anion exchange resins, or other novel sorbent media developed by the University of North Carolina at Chapel Hill.
- Short- or long-term voluntary human exposure studies to assess levels of PFAS in the bodies of firefighters and their families.
- Sampling and assessment of drinking water wells at homes of firefighters, locations formerly used as fire stations, and other wells that can be contaminated with PFAS to better understand the local and regional impacts of PFAS in groundwater.
- Supplemental support of the Bernard Allen Emergency Drinking Water Fund in areas surrounding fire stations with elevated levels of PFAS in their water wells.

- Funding of a partnership with the Office of the State Fire Marshal and North Carolina State University to develop and implement a pilot program for deep cleaning of firefighter protective gear to mitigate PFAS exposure.
- Any other projects of opportunity deemed relevant by the Collaboratory related to PFAS or firefighters and the communities they serve.

This section also requires the Collaboratory to summarize the activities funded by this section as part of its required annual report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Education Oversight Committee.

This section became effective July 1, 2026.

Wastewater and Drinking Water Directives. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.2

Section 12.2 of S.L. 2026-41 (Senate Bill 257) requires recipients of funding for specific water and wastewater projects funded by the 2023 budget to:

- Submit funding request forms to the Department of Environmental Quality (DEQ) by June 30, 2027.
- Enter into a construction contract by June 30, 2029.
- Expend the funding by December 31, 2031.

DEQ can extend the deadline for recipients that fail to meet deadlines if DEQ finds good cause, including a natural disaster.

If the recipient misses any of the deadlines above, unspent funds revert to DEQ for other water and sewer infrastructure projects that are eligible for funding from the Drinking Water Reserve or Wastewater Reserve, on the business day following the deadline. Reverted funds must be allocated to prioritized projects that the Division of Water Infrastructure finds cannot be completed due to unavoidable cost overruns since September 1, 2023, for costs described in the first request for funding submitted to DEQ.

By October 31, 2026, and every quarter thereafter, DEQ must report to (i) the chairs of the House Appropriations Committee on Agriculture and Natural and Economic Resources, (ii) the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, (iii) each member who represents a district with an active project, and (iv) the Fiscal Research Division detailing, at a minimum, each project's progress and funding status, until all funds are expended and projects are completed.

Subsections (f) through (h) make conforming changes to the Water Infrastructure Chapter of the General Statutes and do the following:

- Expand the definition of "targeted interest rate project" to include several classes of projects in the discretion of the State Water Infrastructure Authority.
- Require DEQ to report on loans offered to local governments, nonprofit water corporations, or investor-owned drinking water corporations that are refused and the reason for the refusal.
- Increase the limit for merger/regionalization feasibility grants and asset inventory and assessment grants.

This section became effective July 1, 2026.

North Carolina Utilities Commission Water/Wastewater Revolving Loan Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.4

Section 12.4 of S.L. 2026-41 (Senate Bill 257), as amended by Section 5.12 of S.L. 2026-61 (House Bill 268), establishes the North Carolina Utilities Commission (NCUC) Emergency Reserve account within the Water Infrastructure Fund. The Department of Environmental Quality (DEQ) is directed to administer loans for private systems projects for which the NCUC has approved an emergency operator.

The DEQ and NCUC are authorized to jointly develop rules and criteria for the loans that at least include:

- Provisions limiting funds to private system projects for which an emergency operator has been appointed.
- Loan applications must include detailed estimates of the total costs to address the emergency conditions that must be reviewed and approved by the agencies before fund disbursal.
- Clawback provisions for all loan agreements.
- Provisions permitting application amendment for additional funding if unforeseen conditions arise that necessitate additional funding.

Loans and grants under this program cannot exceed the emergency operator's original estimate unless approved by the agencies, and any approved increase cannot exceed 25% of the original estimate. The section caps interest rates for loans at 3%.

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

Extension of Interbasin Transfer Study and Moratorium – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.5

Section 12.5 of S.L. 2026-41 (Senate Bill 257) extends an existing moratorium on granting new interbasin transfer certificates for significant surface water transfers (in excess of 15,000,000 gallons per day) from March 1, 2027, to August 1, 2028. This section also extends the reporting deadline for the North Carolina Collaboratory, tasked with studying the current statutory process for approval of surface water transfers, from January 1, 2027, to January 15, 2028, and clarifies that the report must be delivered to the chairs of the House Agriculture and Environment Committee; the chairs of the Senate Agriculture, Energy, and Environment Committee; the chairs of the House and Senate Regulatory Reform Committees; and the Joint Legislative Commission on Governmental Operations.

This section became effective July 1, 2026.

Cape Fear/Emergency IBT Moratoriums And Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.6

Section 12.6 of S.L. 2026-41 (Senate Bill 257) imposes a moratorium on the issuance of certificates authorizing a new or increased surface water transfer from the Cape Fear River Basin. This moratorium does not prohibit any existing transfers, or any proposed transfers for which a notice of intent to file a petition for a surface water transfer was filed prior to July 1, 2026. This section also imposes limitations on emergency transfers from the Cape Fear River Basin, providing that the Secretary of the Department of Environmental Quality can only approve emergency transfers to address water supply problems caused by drought or pollution when certain criteria are met and limits the transfers to no more than 90 days, with the opportunity to extend that period twice. The Secretary must report to the Environmental Review Commission any emergency transfers granted within 30 days of authorizing the transfer.

This section also directs the North Carolina Collaboratory (Collaboratory) to study the State's water resources and supply, projected water needs, and the statutory framework surrounding water allocation to determine the long-term water needs of the State and make recommendations for any legislative changes necessary to ensure the sustainability of North Carolina's water supply for future generations, focusing on the Cape Fear, Neuse, and Catawba river basins (collectively, the High Growth Basins). The Collaboratory must include all the following in its study:

- An assessment of current and projected water supply and demand in the High Growth Basins through the year 2055, accounting for population growth, economic and industrial development, agricultural use, and projected drought frequency and severity.
- An assessment of the reliable yield of water supply of the High Growth Basins, including an assessment for each subbasin and major tributary.

- An evaluation of the adequacy, condition, and resilience of existing major water supply infrastructure in the High Growth Basins relevant to long-term water supply planning, including raw water intakes, storage, treatment capacity, and system interconnections.
- An evaluation of options for efficient use of existing water supply or expanding existing water supply, including regional interconnection, conjunctive use of surface and groundwater, water reuse, conservation and demand management, and new or expanded storage.
- An assessment of water quantity, supply, utilization, and conservation data collected from consumers of water resources under existing water resource regulatory and planning programs, identification of gaps in those data, and recommendations for new reporting requirements to support informed data-centered decision making on water resource allocation issues.
- In the portion of the study focusing on the Neuse and Cape Fear Rivers, the Collaboratory will include an assessment of the current and anticipated water supply needs of the Triangle region of the State, and an evaluation of potential water supply resources to meet the Triangle's growing need that are alternatives to an interbasin transfer certificate authorizing a withdrawal from the Cape Fear River Basin, including an analysis of water reduction and conservation options and the feasibility of obtaining interbasin transfer certificates for withdrawal from another water source, like Kerr Lake.
- Any other matters pertaining to water quality, quantity, utilization, conservation, or governance issues the Collaboratory deems relevant.

In conducting the study, the Collaboratory must consult with the United States Army Corps of Engineers, the Department of Environmental Quality, the Environmental Management Commission, the State Water Infrastructure Authority, the North Carolina League of Municipalities, and other relevant public and private entities, as determined by the Collaboratory. The Collaboratory must provide an interim report on the study set forth in this section by December 31, 2028, and a final report of its findings, together with any proposed legislation, no later than July 1, 2029, to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division.

This section became effective July 1, 2026.

Department of Environmental Quality Fixing America's Surface Transportation-41 Permitting Process for Critical Energy Infrastructure. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.7

Section 12.7 of S.L. 2026-41 (Senate Bill 257) enacts a new statute that requires the Department of Environmental Quality (DEQ) to participate in the federal environmental review and authorization coordination process under the Fix America's Surface Transportation Act, known as FAST-41, upon written request from the project sponsor of any critical energy infrastructure project. For purposes of the section, the term "critical energy infrastructure" means:

- A nuclear energy generation facility, including any associated nuclear facility, electric transmission facility, and water supply or wastewater infrastructure.
- A natural gas-fired electric generation facility, including any associated electric transmission facility and water supply or wastewater infrastructure.
- A natural gas pipeline, including any associated compressor station and water supply or wastewater infrastructure.

DEQ must do all of the following with respect to a FAST-41 project:

- Designate a DEQ employee to serve as the single point of contact within five business days after receiving the project sponsor's written request.
- Identify each DEQ authorization that can be required for the project within 15 business days after receiving the project sponsor's written request.
- Participate in all meetings, consultations, coordination calls, schedule setting discussions, and other activities requested by the project sponsor, the Federal Permitting Improvement Steering Council, the facilitating or lead federal agency, as applicable, or any other federal agency involved in the FAST-41 process.
- Provide proposed target dates, intermediate milestones, and final decision deadlines for each DEQ authorization, for purposes of inclusion in any coordinated project plan, permitting timetable, federal permitting dashboard entry, memorandum of understanding, or other FAST-41 coordination document.
- Agree to the inclusion of DEQ authorization milestones in the FAST-41 permitting timetable or federal permitting dashboard to the maximum extent allowed by State and federal law.
- Conduct DEQ review concurrently with federal environmental review and authorization processes, except when otherwise prohibited by State or federal law.
- Coordinate with federal agencies to use shared application materials, technical studies, environmental documents, public comments, and agency analyses to avoid duplicative review.
- Complete review of each complete application for a DEQ authorization consistent with the applicable FAST-41 permitting timetable.

If DEQ misses a final decision deadline for a DEQ authorization included in a FAST-41 permitting timetable by more than 30 days, the Secretary of Environmental Quality must submit a written report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House Appropriations Committee on Agriculture and Natural and Economic Resources. The report must identify the critical energy infrastructure project, the missed deadline, the reason for the delay, any actions taken by DEQ to resolve the delay, and the expected date of final agency action.

This section became effective July 7, 2026, and applies to requests from project sponsors received by DEQ on or after that date.

Coastal Stormwater Retrofit Pilot Cost-Share Assistance Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.9

Section 12.9 of S.L. 2026-41 (Senate Bill 257) provides that funds granted to the North Carolina Coastal Federation, Inc. (Coastal Federation), as part of the Stormwater Retrofit Pilot Cost-Share Program (Program), can be used for time-limited positions within the Division of Energy, Mineral, and Land Resources (DEMLR) within the Department of Environmental Quality (DEQ) to provide compliance assistance for existing stormwater permit holders.

The section also provides the Director of DEMLR (Director) with the authority to approve, on a case-by-case basis, applications to modify an existing permit so long as those modifications will improve current performance. The Director can allow new technology or stormwater control measures that do not meet the criteria of rules or have not yet been approved by rule. A grantee that seeks to modify its permit must demonstrate specific information and criteria to the Director regarding eligibility, compliance, and performance.

The Program was established in the 2023 budget and allocated $5 million to DEQ for directed grants to the Coastal Federation to provide grants to stormwater permittees with significant economic hardship.

This section of the act became effective July 1, 2026.

Establish Non-Title V Fees In Statute. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.11

Section 12.11 of S.L. 2026-41 (Senate Bill 257) codifies certain fees for non-Title V facilities[1], including:

- For facilities seeking federally enforceable limits to avoid Title V permitting, application fees of $800 and annual fees of $3,070.
- For facilities with a potential to emit below Title V thresholds, except for general permits, application fees of $100 and annual fees of $400.
- A fee for an ownership change of $50.

The Department of Environmental Quality is authorized to provide a discount of up to 25% for certain fees.

This section became effective July 1, 2026.

[1] Title V of the federal Clean Air Act generally requires permits for major stationary sources that emit or have the potential to emit 100 tons per year of any regulated pollutant, plus stationary and area sources that emit or have potential to emit lesser specified amounts of hazardous air pollutants. Non-Title V facilities are stationary sources that emit, or have the potential to emit, regulated air pollutants below major source limits.

Quadrennial Fee Modifications. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.12

Section 12.12 of S.L. 2026-41 (Senate Bill 257) provides that specific fees of the Department of Environmental Quality that can be adjusted every four years in accordance with the Consumer Price Index can only be increased to the extent that the fee does not exceed the cost of the service being provided. This section also adds G.S. 143-215.3(a)(1b) to the list of statutes whose fees and rates are subject to the quadrennial fee adjustment, which includes the maximum fees for processing air quality permit applications for non-Title V facilities as well as certain registration, permit administration, and compliance monitoring fees. The initial adjustment for these facilities can only reflect the change in the Consumer Price Index since July 1, 2026.

This section became effective July 1, 2026.

Revise Motor Vehicle Emissions Inspection Requirements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.13

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Downstream Inundation Maps. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.14

Section 12.14 of S.L. 2026-41 (Senate Bill 257) expands the allowable uses of funds from the Dam Safety Emergency Fund, administered by the Department of Environmental Quality (DEQ), to defray certain dam safety costs, to include the provision of technical assistance to dam owners or operators with downstream inundation mapping requirements for intermediate or high hazard dams. This section would also exempt the provision of these downstream inundation mapping services by DEQ from the Umstead Act, which generally prohibits the State from offering goods or services in competition with private actors.

This section became effective July 1, 2026.

Scrap Tire Amendments – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.15

Section 12.15 of S.L. 2026-41 (Senate Bill 257) makes various changes to the Scrap Tire Disposal Account (Account). This section:

- Modifies the requirement that funds in the Account in excess of $300,000 at the end of any fiscal year are transferred to the Highway Fund, to provide that only unencumbered and unobligated funds over $300,000 transfer after a determination by the Secretary of

Environmental Quality and the State Controller of the total net proceeds from the tax on scrap tires.
- Authorizes the Department of Environmental Quality (DEQ) to use a portion of revenue in the Account to clean up abandoned scrap tires where DEQ has determined the potential for a nuisance exists or a responsible party cannot be identified.
- Expands DEQ's authority to issue grants to encourage the use of processed scrap tire materials, by eliminating a prohibition on issuance of grants for the use of processed scrap tire materials to process tires.

This section became effective July 1, 2026.

UST Express Certification. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.16

Section 12.16 of S.L. 2026-41 (Senate Bill 257) expands the Department of Environmental Quality's (DEQ) express permit and certification review program to include underground storage tank (UST) installation and replacement certifications pursuant to DEQ's UST Program and sets the maximum fee for UST installation and replacement express certifications at $4,000. UST permittees are also required to have received certification for all USTs installed or replaced at the facility, as well as pay the express review fee, as applicable, before being able to receive an operating permit from DEQ.

This section became effective July 1, 2026.

Clarify Requirements for Hazardous Waste Recycling. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.17

Section 12.17 of S.L. 2026-41 (Senate Bill 257) adds to the definition of "hazardous waste facility" any facility that receive shipments of hazardous waste from off-site to be recycled or processed at the facility.

This section became effective July 1, 2026.

Solid Waste Beneficial Reuse Clarification. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.18

Section 12.18 of S.L. 2026-41 (Senate Bill 257) amends a statute governing the regulation of certain wastes, and exclusions from regulation. The section modifies the treatment of "recovered material" to:

- Provide that recovered material[1] is not subject to solid waste permitting requirements, and eliminate language providing that recovered material was not subject to regulation as a solid waste.
- Authorize the Department of Environmental Quality (Department) to require any person who owns or has control over material intended to be treated as recovered material to obtain a beneficial use determination from the Department. A person seeking a beneficial use determination must submit an application to the Department, and provide any information the Department can require. The Department can also require a demonstration that the solid waste is being managed in a manner to protect public health or the environment. The Department, after a review of an application, can take any of the following actions:
    - Authorize management of a specified type of nonhazardous solid waste at a site other than a permitted solid waste management facility.
    - Issue a beneficial use determination with appropriate conditions for use of specific types of solid waste in construction, land application, or other projects and applications, including requirements for testing of solid wastes.

Approvals granted pursuant to a beneficial use determination are valid for no longer than five years.

The recipient of an approval granted pursuant to a beneficial use determination must submit an annual report to the Department detailing the usage of material under the approval and certifying compliance with applicable requirements under statute and rule.

The Department can suspend or revoke an authorization and can modify an authorization if it is determined that the activity is not in compliance with the requirements of applicable laws or rules or if new information is provided to the Department that impacts the determination of protection of public health or the environment.

This section becomes effective January 1, 2027.

[1] "Recovered material" is defined under the statutes as "a material that has known recycling potential, can be feasibly recycled, and has been diverted or removed from the solid waste stream for sale, use, or reuse."

Beach and Inlet Management Plan and Report. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.19

Section 12.19 of S.L. 2026-41 (Senate Bill 257) codifies a provision originally enacted in 2000 that required the Department of Environment and Natural Resources (now the Department of Environmental Quality (DEQ)) to compile and evaluate information on the conditions and erosion rates of beaches, on coastal geology, and on storm and erosion hazards for use in developing a State plan and strategy for beach management and restoration. This plan was to be updated every two years, and is now commonly referred to as the Beach and Inlet Management Plan (BIMP). In addition to codifying the 2000 legislation, this section also repeals a subsequent

amendment to the 2000 legislation, makes conforming changes, and clarifies that the Department's BIMP includes a four-year cycle of planned maintenance and resiliency projects for the State's beaches and inlets.

DEQ must submit the BIMP to the General Assembly by July 1, 2027, and by March 1 of odd numbered years thereafter, with an interim report on the progress of revisions by December 1, 2026.

This section became effective July 1, 2026.

Extend Shellfish Lease Moratorium in the New Hanover County Area – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.20

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Coastal Reserve Agency Authority. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.21

Section 12.21 of S.L. 2026-41 (Senate Bill 257) specifies that the Department of Environmental Quality (DEQ) administers the Coastal Reserve System (System) subject to: (i) use standards adopted by the Coastal Resources Commission (CRC); and (ii) permits and orders issued by the CRC concerning activities allowed in the System. For components of the System that are also dedicated nature preserves, DEQ serves as primary custodian. The Secretary of Natural and Cultural Resources must monitor these preserves and retain authority to report alleged violations of an approved management plan or articles of dedication, triggering a mediation process coordinated by the Department of Administration. If mediation is unsuccessful, the Department of Natural and Cultural Resources has standing and a right of action in superior court to enforce the articles of dedication.

The System was established "for the purpose of acquiring, improving, and maintaining undeveloped coastal land and water areas in a natural state." Prior to the change made by this section, the statutes provided that the System was administered by DEQ, but DEQ was directed to consult with and seek the ongoing advice of the CRC concerning activities allowed in the System.

This section became effective July 1, 2026.

AI Environmental Permit Review Pilot Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.23

Section 12.23 of S.L. 2026-41 (Senate Bill 257) directs the Department of Environmental Quality (DEQ) to establish a pilot program to use AI-assisted software platforms to assist with environmental permitting programs. DEQ must contract with a third-party vendor for software that can provide AI-assisted review of permit and license applications across multiple environmental permitting programs, with an emphasis on data security and ability to facilitate improved accuracy and permit processing times. This contract is exempt from the statutes governing Purchases and Contracts and Public Contracts, but the section lists numerous minimum qualifications for the third-party vendor. Beginning March 1, 2027, DEQ must report quarterly to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division on the status of the pilot program until the pilot program has been fully implemented.

This section became effective July 1, 2026.

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

SL 2026-41 (S257), Sec. 14.1

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-41 (S257), Sec. 14.2

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-41 (S257), Sec. 14.11

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Increase Fines for Intentional or Reckless Littering. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 19

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

Allow Liquefied Petroleum Gas Refills During Emergencies. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 26

[For a detailed summary of the provisions of this act, please see the DISASTER RELIEF subject area.]

Time Limit for Determining Noncommercial Underground Storage Tank Discharge Risk and Requiring Further Remediation for Certain Low-Risk Discharges. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 27

Section 27 of S.L. 2026-59 (Senate Bill 445) provides that for petroleum discharges or releases from noncommercial underground storage tanks (USTs) where the Environmental Management Commission (Commission) has received information from the owner, operator, or landowner necessary to determine the degree of risk to human health and the environment that is posed by the discharge, the Commission must, within five years of receipt of such information:

- Determine the level of risk of the discharge, and cleanup or other measures to be required; and,
- Notify the owner, operator, or landowner of that determination.

For a discharge determined to be low-risk from a noncommercial tank, if the Commission fails to notify the owner, operator, or landowner in the required timeframe, the Commission is prohibited from requiring cleanup, further cleanup, or further action, including filing of a Notice of Residual Petroleum, unless the Commission later determines that the discharge or release poses an unacceptable level of risk or a potentially unacceptable level of risk to human health or the environment, in which case the Commission must produce written findings of fact sufficient to demonstrate an unacceptable level of risk, or a potentially unacceptable level of risk.

This section became effective August 11, 2026, and applies to discharges occurring before, on, or after that date as follows:

- For discharges from noncommercial tanks occurring five or more years prior to the effective date of this section for which the Commission has not previously notified an owner, operator, or landowner of its determination as to the level of risk of the discharge,

and actions required in response to the discharge, the Commission has until August 11, 2027 to notify the owner, operator, or landowner accordingly.
- For all other discharges occurring before August 11, 2026, for which the Commission has not previously notified an owner, operator, or landowner of its determination as to the level of risk of the discharge, and actions required in response to the discharge, the Commission has until August 11, 2031 to notify the owner, operator, or landowner accordingly.

Restore Fees for Commercial Underground Storage Tanks and No Quadrennial Adjustments. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 28

Section 28 of S.L. 2026-59 (Senate Bill 445) reduces the annual operating fee the Secretary of the Department of Environmental Quality (DEQ) can charge the owner or operator of a commercial petroleum underground storage tank (UST) for each UST from $498 to $420 and reduces the daily late penalty from $6 to $5. This section also eliminates DEQ's authority to adjust the UST fee every four years based on changes to the Consumer Price Index.

This section becomes effective October 1, 2026, and applies to any fees due on or after that date.

Recognition of Combined Wastewater Capacity; Compliance Review for Large On-Site Wastewater Systems. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 29

Section 29(a) of S.L. 2026-59 (Senate Bill 445) requires the Department of Environmental Quality (DEQ) and the Department of Health and Human Services (DHHS) to recognize combined treatment and disposal capacity for a wastewater facility where effluent is discharged, in whole or in part, through a DEQ permit and, in whole or in part, through a DHHS permit. Among other things, the section further provides:

- Each discharge or disposal remains subject to the substantive permitting authority, standards, and rules of the department and commission with jurisdiction over that discharge or disposal, and neither permitting authority can encroach upon, assert, or exercise the jurisdiction or enforcement authority of the other. The permitting, compliance, inspection, and enforcement authority of each permitting authority is limited to the portions of the facility and conditions of the permit subject to its jurisdiction.
- DEQ must issue permits, certificates of coverage, and authorizations for the extension of a sewer system to such a facility on the basis of the combined permitted capacity of that facility (under both DEQ and DHHS permits).
- DEQ and DHHS must enter into a memorandum of agreement establishing procedures for the reciprocal recognition of capacity as required by the provision.

Section 29(b) of S.L. 2026-59 (Senate Bill 445) amends the statute governing the engineered option permit (EOP) for on-site wastewater systems to provide that subsurface wastewater

dispersal systems receiving effluent with a design daily flow greater than or equal to 25,000 gallons per day proposed to be constructed require a review by DHHS to ensure compliance with all applicable laws and rules. The review may include all supporting engineering, modeling, operational, monitoring, soils, site, hydrogeologic, treatment, and disposal information, as determined by DHHS. Upon completion of a compliance review, if DHHS finds that the proposed system complies with all applicable requirements, it must issue written confirmation accordingly.

DHHS retains authority to inspect, investigate, review, require corrective action, modify, suspend, revoke, rescind, invalidate, or otherwise enforce any permit, approval, authorization, engineered option permit, or capacity determination as authorized by law.

Sections 29(a) and (b) become effective October 31, 2026.

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

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Mining Permit Modifications. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 34

Section 34 of S.L. 2026-59 (Senate Bill 445) makes changes to the Mining Act, including all of the following:

- Exempts from the definition of "mining" activities undertaken at any time on the mine property for the production and harvesting of timber and timber products and conducted in accordance with standards defined by the Forest Practice Guidelines Related to Water Quality, as adopted by the Department of Agriculture and Consumer Services.
- Provides that requests for public hearing must be made within 30 days of receipt of notice (rather than within 30 days of issuance of the notice) from the chief administrative officer of each county and municipality in which any part of the permitted area is located and owners of land adjoining the proposed mine, and owners of land within specified proximity to the proposed mine.
- Provides that the Department of Environmental Quality (Department) cannot extend or alter public comment periods and time frames for conducting public hearings established by the applicable statutes.
- Adds language explicitly applying a statute governing all permits issued by the Department to the Mining Act, which provides that except to the extent required by federal or State law, the Department cannot refuse to accept an application for, nor refuse to issue, a new, modified, or transferred mining permit based solely on the failure of an applicant to obtain another permit, authorization, or certification required for the same project.

- Modifies timeframes for Department review of an application. It establishes specific time limits for the Department to review an application to determine whether it is administratively complete. Once the Department determines the application is complete a 60-day technical review period begins, during which the Department must issue or deny the permit. It also places additional timeframes and limits on subsequent requests for information from an applicant within the technical review period. The Department can, however, request additional information if required for the technical review based on any new information, changed circumstances, or changed designs provided by the applicant in a previous information submittal, and, where the Department identifies information that should have been requested, the Department can address this information by including conditions in or modifications to the permit upon issuance, but cannot deny the permit because of the missing information.

This section becomes effective October 1, 2026, and applies to permit applications filed on or after that date.

Exempt Certain Compost Facilities from Financial Assurance Requirements. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 35

Section 35 of S.L. 2026-59 (Senate Bill 445) exempts Small or Large Type 1[1], and 2[2] compost facilities from having to meet financial assurance requirements applicable to most solid waste facilities to ensure that costs will be covered, if necessary, for assessment and remediation in the event of a release of pollutants from a facility, closure of the facility in accordance with all applicable requirements, and post-closure monitoring and maintenance of the facility.

This section becomes effective December 1, 2026.

[1] Type 1 facilities may receive yard and garden waste, silvicultural waste, and untreated and unpainted wood waste.

[2] Type 2 facilities may receive pre consumer meat free food processing waste, vegetative agricultural waste, source separated paper, and other source separated specialty wastes that are low in pathogens and physical contaminants.

Align Statutory Reference with Presidential Executive Order 14172. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 36

Section 36 of S.L. 2026-59 (Senate Bill 445) changes a statutory reference, dealing with offshore oil and gas activities, from the "Gulf of Mexico" to the "Gulf of America," consistent with Presidential Executive Order 14172.

This section became effective August 11, 2026.

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

SL 2026-59 (S445), Sec. 37

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

On-Site Wastewater Products for Stormwater. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 39

Section 39 of S.L. 2026-59 (Senate Bill 445) directs the Department of Environmental Quality (DEQ) to approve for use as a new stormwater technology any prefabricated permeable block panel system approved by the Commission for Public Health of the Department of Health and Human Services for use in the State. In developing Minimum Design Criteria (MDC) for this technology, DEQ must ensure that the MDC follows the manufacturer's installation and service requirements as closely as possible while still complying with federal requirements. A system approved pursuant to this authorization can be used by a professional engineer in certain traffic areas, provided the system meets certain structural loading requirements.

This section became effective August 11, 2026.

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

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

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

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

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

Plumbing License Exemption for Certain Water and Sewer Line Connections Serving Mobile Homes. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 47

[For a detailed summary of the provisions of this act, please see the OCCUPATIONAL BOARDS AND LICENSING subject area.]

Finance

See full summary documents for additional detail

Conform Eligible Expenses for NC 529 Plan to Federal Law – Medicaid & Health and Human Services Adjustments/Other Critical Needs.

SL 2026-1 (H696), Sec. 2.2

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Lower Taxes for All NC.

SL 2026-4 (S1080)

S.L. 2026-4 (Senate Bill 1080) submits to the voters of North Carolina the question of whether to amend the State's Constitution to reduce the maximum allowable tax rate on incomes from 7% to 3.5%. The ballot question will be considered at the statewide general election on November 3, 2026, and the ballot question will read:

" Constitutional amendment to keep the State income tax rate from being raised higher than three and one-half percent (3.5%)."

This act became effective May 21, 2026. If approved by a majority of the voters, the amendment will limit the maximum allowable tax rate on both personal and corporate incomes to 3.5% for taxable years beginning on or after January 1, 2027.

Constitutional Amendment Property Tax Levy Limit.

SL 2026-5 (H1089)

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

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

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

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

Educational Choice for Children Act (ECCA).

SL 2026-6 (H87)

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Property Tax Reappraisal Moratorium.

SL 2026-8 (S889)

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

Section 1 initially required any county that (i) had a population of 15,000 or greater according to the latest federal decennial census and (ii) conducted a general reappraisal for 2026 and adopted a new schedule of values effective January 1, 2026, to postpone the implementation of its 2026 reappraisal. Instead, the schedule of values from the previous reappraisal must be used for the taxable year beginning July 1, 2026. The 2026 reappraisal will instead be implemented and deemed to have been conducted in 2027. Section 1 was initially effective June 19, 2026, and applied to nine counties that conducted reappraisals effective January 1, 2026: Anson, Bladen, Buncombe, Davidson, Guilford, Harnett, Onslow, Pender, and Scotland. Chowan, Clay, and Pamlico Counties also conducted 2026 reappraisals, but each fell below the 15,000-population limit.

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

- <u>General Exemption</u> – The moratorium does not apply to a county meeting any of the following criteria:
    - Has a population of less than 12,000 according to the latest federal decennial census.
        - Clay County is exempt under this metric; however, Chowan and Pamlico Counties no longer qualify for exemption.
    - Is in the third year following its notice of mandatory reappraisal advancement with a population of less than 150,000 according to the latest federal decennial census.
        - Harnett County is exempt under this metric.
    - Has levied a property tax rate, exclusive of any special tax area, in excess of $0.95 per $100 of property value at any point over the previous four taxable years.
        - Scotland County is exempt under this metric.

- <u>Revenue-neutral property tax rate exemption</u> – The moratorium does not apply to a county that meets all of the following criteria:

- Is in a Helene affected area, as defined in Section 1.4 of S.L. 2025-2.
- Is not otherwise exempt under a general exemption, above.
- For the taxable year beginning July 1, 2026, adopts a property tax rate at or below the rate equal to its revenue-neutral property tax rate rounded up to the next whole cent.
- Buncombe County could have qualified for exemption under these criteria; however, it is subject to the moratorium because it did not adopt a property tax rate at or below the rounded revenue-neutral rate.

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

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

Extend Sunset for Conservation Tax Credit – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 24

Section 24 of S.L. 2026-11 (Senate Bill 401) extends from January 1, 2027, to January 1, 2031, the sunset on the conservation tax credit, which provides a nonrefundable tax credit against State income taxes for certain eligible taxpayers that make a qualified donation of a real property interest to be used only for certain land uses, with prioritization given to credit requests for forestland or farmland preservation.

This section became effective June 22, 2026.

Incentivize Development Finance District Funding.

SL 2026-12 (S695)

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

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

however, it does not include remodeling, renovating, rehabilitating, or refinishing existing structures or buildings.

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

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

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

Clarify Tourism-Related Expenditures.

SL 2026-15 (S484)

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

This legislation was in response to Costanzo v. Currituck County, a North Carolina Supreme Court case issued on May 22, 2026, in which a group of vacation rental property owners, who collect and remit occupancy taxes, challenged the County's use of funds for public safety services arguing that those services are not "tourism-related expenditures." The Court ultimately ruled in favor of the County, in large part because the local act deferred to the judgment of the Board of Commissioners in determining what constitutes a tourism-related expenditure. Moreover, the Court found the Commissioners' reasoning sound and in good faith because seasonal increases in tourists require additional public safety services and because tourists tend to avoid visiting areas that are not perceived to be safe. This legislation effectively overrules the opinion, at least with respect to Currituck County. However, consistent with the exception for explicit authorization, S.L. 2026-7 modifies Currituck County's local act to explicitly allow it to use a portion of occupancy tax proceeds for certain public safety services.

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

Personal Income Tax Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part I

Part I of S.L. 2026-31 (Senate Bill 595) makes various technical, clarifying, and substantive changes to the personal income tax laws, many of which were recommended by the Department of Revenue, including the following:

- Clarifying that the basis limitations for a shareholder's S Corporation stock and the associated State gain or loss are included as an adjustment to federal adjusted gross income on the shareholder's State income tax return. This provision is effective for taxable years beginning on or after January 1, 2026.
- Clarifying that the State net operating loss is only available to individuals, estates, and trusts and that taxed pass-through entities do not qualify. This provision became effective July 2, 2026, and applies retroactively to taxable years beginning on or after January 1, 2022.
- Allowing a taxpayer's federal excess business loss (EBL) to generate a State net operating loss carryforward to mirror the federal treatment of EBLs. This provision is effective for taxable years beginning on or after January 1, 2026.
- Eliminating the income tax on the undistributed income of estates and trusts where the income is not sourced to the State. Income of estates and trusts that is distributed to a resident beneficiary remains taxable because the income is part of federal adjusted gross income. This provision is effective for taxable years beginning on or after January 1, 2026.
- Setting the due dates for semiweekly withholding returns and payments to match the federal due dates. Under current law, semiweekly taxpayers are treated differently from quarterly and monthly taxpayers for the purpose of assessing penalties and interest. This provision became effective July 2, 2026.
- Creating a personal income tax deduction for a timberland casualty loss that occurred between September 24, 2024, and October 31, 2024, as the result of Hurricane Helene in a county that qualified for assistance under FEMA 4827 DR federal major disaster declaration as of September 28, 2024. The amount of the deduction is the difference in fair market value of the timberland before and after the loss less amounts received related to the loss, such as insurance payments, disaster payments, grants or other relief funding. The deduction may only be taken for the 2023 or 2024 tax year. This provision became effective July 2, 2026.
- Extending the waiver of interest afforded to taxpayers located in the counties affected by Hurricane Helene previously provided in S.L. 2024-51 through September 25, 2025, to align with the federal extension announced on April 17, 2025, for individual income tax, corporate tax, franchise tax, and estate and trust tax. The extension also applies to withholdings for the third quarter of calendar year 2024 through the second quarter of calendar year 2025. This provision became effective July 2, 2026.
- Clarifying that a deduction for claim of right income is authorized only if the income was included in a taxpayer's State taxable income in a previous year. This provision is effective for taxable years beginning on or after January 1, 2026.

- Updating and correcting the law to allow certain partnerships to pass through tax credits to a partner. This provision is effective for taxable years beginning on or after January 1, 2026.

Conform to Federal System for Auditing Partnerships – Various Revenue Laws Changes.

SL 2026-31 (S595), Part II

Part II of S.L. 2026-31 (Senate Bill 595) provides a framework to conform the State individual income tax law to the federal system for centralized large partnership audits and allows partnerships to elect to pay tax at the partnership level.

The Bipartisan Budget Act of 2015, Public Law 114-74 (BBA), established new, centralized large partnership audit procedures at the federal level for tax years beginning after December 31, 2017, where partnerships are audited and taxes are collected at the entity level, replacing the prior system where the partners were individually assessed. Unless a partnership has 100 or fewer partners and opts out, the BBA requires an audit at the partnership level for purposes of determining whether an underpayment or overpayment of tax has occurred. However, partnerships with partners that are themselves partnerships, trusts, or disregarded entities cannot opt out.

The Multistate Tax Commission (MTC) developed model legislation for states to create a standardized process applicable to partnerships audited by the IRS under the BBA where, at the state level, the partnership may either transfer partnership items to the partners and have the partners pay the tax or elect to pay State tax at the partnership level. This Part generally follows the MTC model by transferring partnership items to partners and offering an election to pay tax at the partnership level. Specifically, when a partnership doing business in North Carolina receives a final federal partnership adjustment, the default rule is that the partnership has 90 days to file an amended state return reflecting the final federal adjustments with North Carolina modifications. The partnership must notify direct partners of their respective distributive shares of those adjustments, including any information necessary for the partners to prepare their State returns. Each direct partner subject to North Carolina tax has six months from the date the federal adjustment became final to file a State return reporting the partner's distributive share of the federal adjustments and to pay any additional tax due. Additionally, the Part sets out deadlines, makes provisions for tiered partnerships, allows for an election to pay at the partnership level, and provides other administrative guidance.

This Part becomes effective for taxable years beginning on or after January 1, 2026, and applies to federal partnership adjustments that become final on or after that date.

Sales Tax Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part III

Part III of S.L. 2026-31 (Senate Bill 595) makes various technical, clarifying, and administrative changes to the sales tax laws, as recommended by the Department of Revenue (DOR), including:

- Providing a 60-day grace period to remote sellers with regard to registering with DOR upon exceeding the economic nexus threshold, which occurs when a remote retailer makes gross sales sourced to this State in excess of $100,000.
- Allowing DOR to relieve certain taxpayers from the prepayment of sales and use tax requirement in situations where the taxpayer is holding the tax in trust for another person.

This Part became effective July 2, 2026.

Excise Tax Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part IV

Part IV of S.L. 2026-31 (Senate Bill 595) makes various changes to the excise tax laws, including:

- Removing a requirement that nonresident spiritous liquor vendors register with the Department of Revenue because they do not remit tax as they sell directly to ABC stores, who are required to be registered with the Department.
- Clarifying the due date of tax for an intrastate motor carrier as being the last day of the month following the quarter in which the motor fuel or alternative fuel was used by the motor carrier.
- Creating a definition for "renewable diesel," which is a type of diesel fuel subject to motor fuels tax and is consistent with the definition used by the Federation of Tax Administrators, other states, and the industry. This section does not change the taxation of renewable diesel, which is already subject to tax.
- With respect to a supplier who owns tax-paid motor fuel and enters it into the terminal transfer system at a location other than an IRS-approved terminal, the following:
    - Allow the supplier a credit of the tax paid on the fuel, thereby reverting the fuel to non-tax-paid status while in the terminal transfer system. Generally, all fuel in the terminal transfer system is non-tax-paid and taxed at the terminal rack upon sale or export. This provision aligns the tax status of fuel in the terminal transfer system as non-tax-paid so that tax-paid fuel and non-tax-paid fuel are not intermixed.
    - Require the supplier to file a bond or an irrevocable letter of credit with the Secretary in the amount of $2,000,000 as a condition for receiving a license.
- Authorizing the Secretary to cancel a motor fuel exporter license if the Secretary determines the exporter has ceased operating in this State for one year.
- Providing the Secretary with explicit authority to audit records and examine equipment of alternative fuel licensees.

- Excluding motor fuel licensees from the Administrative Procedures Act.
- Clarifying that "gross wagering revenue" includes the cash value of any bonuses or promotional credits when returned to an interactive sports wagering operator ("operator") in the form of a deposit or sports wager. This is consistent with how the Department has advised taxpayers and is consistent with how promotional credits are treated for federal excise tax purposes.
- Clarifying that the tax rate applicable to snuff is not applicable to other smokeless tobacco products. This clarification is needed because the definitions of "snuff" and "smokeless tobacco" overlap. This provision became effective July 1, 2026, and applies to sales occurring on or after that date.
- Clarifying the license that wholesale and retail dealers of alternative nicotine products must obtain.
- Clarifying that a distillery is required to remit excise tax on liquor sales occurring within a distillery estate district.
- Clarifying that a local ABC board must register with the Department of Revenue.
- Relieving resident breweries, resident wineries, and resident wine producers from having to file monthly informational reports with the Department. These permittees will still be required to file an annual informational report with the Department. This provision became effective July 1, 2026.

Except as otherwise stated, these provisions became effective July 2, 2026.

Administrative Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part V

Part V of S.L. 2026-31 (Senate Bill 595) makes various changes with respect to the administration of the tax laws, including:

- Increasing from $500 to $2,000 the penalty for filing a frivolous return.
- Requiring the Secretary to request from an interactive sports wagering operator, no more than one time per calendar year, certain tax-related information for every registered player that received winnings of at least two thousand dollars ($2,000) in the prior calendar year.
- Clarifying that certain tax information contained in an application for licensure is protected from public disclosure, even if a tax is not imposed on the license.
- Postponing from July 1, 2027, to July 1, 2030, the effective date of the graduated failure to pay penalty schedule.

This Part became effective July 2, 2026.

Property Tax Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part VI

Part VI of S.L. 2026-31 (Senate Bill 595) makes the following changes to the property tax laws:

- Clarifies that the property tax exemption for burial property applies only to burial property set apart for human burial purposes. This provision became effective July 2, 2026.
- Authorizes a taxing unit to provide refunds for certain property taxes paid over the last 10 years if the governing body of that taxing unit adopts a resolution stating that the tax was an improperly collected fire tax and indicates the tax years involved and the properties or area where the improper tax was levied. A qualifying taxpayer that paid such a tax is required to request a refund via written statement to the governing body of the taxing unit. This provision became effective July 2, 2026, and expires July 1, 2027.
- Clarifies that a taxing unit may not impose property tax on the same property more than once per tax year. The provision does not impede a taxing unit's authority to correct a tax listing, if needed. This provision became effective July 2, 2026.

Provide Tax Parity for Short-Term Car Rentals to Include Peer-To-Peer Rentals – Various Revenue Laws Changes.

SL 2026-31 (S595), Part VII

Part VII of S.L. 2026-31 (Senate Bill 595) imposes the 8% alternate highway use tax and applicable local taxes to short-term motor vehicle rentals that are rented through a peer-to-peer vehicle sharing provider. Section 32.5 of S.L. 2026-46 (House Bill 1094) made a technical correction to G.S. 105-187.1(a), which was amended by this Part.

Prior to this change, peer-to-peer vehicle rentals were not subject to tax, whereas short-term rentals through traditional car rental companies are subject to an 8% gross receipts tax, plus applicable local taxes ranging from 1.5% to 8%. Additionally, under current law, airport operators charge rental car companies a fee that is a percentage of their airport-related gross revenues, which is usually about 10% for on-property locations, and may charge peer-to-peer vehicle sharing providers a "reasonable fee" for use of the airport's facility.

This Part is effective October 1, 2026, and applies to gross receipts derived from rentals or leases billed on or after that date.

Corporate and Franchise Tax Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part VIII

Part VIII of S.L. 2026-31 (Senate Bill 595) makes various corporate income and franchise tax changes, including:

- With respect to the taxation of an S Corporation, clarifying that regardless of whether a shareholder's income is taxed at the entity level, the income must be taken into account by the shareholder when completing their individual income tax return. The shareholder may be entitled to adjustment deductions for income that was taxed at the entity level.
- Allowing a corporation to make an adjustment to its net worth for purposes of calculating its franchise tax liability by deducting any investment it has, whether direct or indirect, in

an insurance company that is subject to tax under Article 8B of Chapter 105, which imposes a gross premiums tax on insurance companies. This adjustment only applies if the corporation owns, directly or indirectly, more than 80% of the outstanding voting stock, voting capital interests, or ownership interests in the insurance company. This provision became effective retroactively for taxable years beginning on or after January 1, 2019, and is applicable to the calculation of franchise tax reported on the 2018 and later corporate income tax return.

- For taxable years beginning on or after January 1, 2026, establishing a tax credit in the amount of 40% of qualified rehabilitation expenditures for a taxpayer who is allowed a credit under section 47 of the Code for making qualified rehabilitation expenditures of at least $10 million dollars with respect to an eligible corporate campus. An "eligible corporate campus" is one that meets all of the following conditions:
    - Is a certified historic structure or a State certified historic structure.
    - At one time served as a corporate headquarters.
    - Is located on a parcel or commonly-owned parcels comprising a minimum of 20 acres of land.
    - Is subject to a preservation agreement as defined in G.S. 121-35.
    - Has been listed on the National Register of Historic Places and certified as a local landmark by a county or municipality.
    - Has been at least eighty percent (80%) vacant for a period of at least two years immediately preceding the date the eligibility certification is issued.

Except as otherwise stated, this Part became effective July 2, 2026.

Tax Foreclosure Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part X

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

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

Second, it gives local special assessments priority over federal tax liens. Current law states that assessments imposed by counties and by cities are subordinate to federal liens. As subordinate liens, special assessments will be paid from foreclosure sales proceeds after the payment of

federal liens. Sometimes the proceeds are insufficient to reach the local government and are then extinguished and cannot be collected. Federal law provides that local government special assessment liens may come ahead of federal liens if state law provides. This provision is effective October 1, 2026.

Credit Union Update – Various Revenue Laws Changes.

SL 2026-31 (S595), Part XI

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

IRC Update – Various Revenue Laws Changes.

SL 2026-31 (S595), Part XII

Part XII of S.L. 2026-31 (Senate Bill 595) updates from January 1, 2023, to July 5, 2025, the reference to the Internal Revenue Code used in defining and determining certain State tax provisions following the passage of the One Big Beautiful Bill Act (OBBBA) on July 4, 2025. Updating the Code reference results in conformity to changes made by OBBBA to various federal tax provisions that have an insignificant fiscal impact and would otherwise be administratively burdensome for taxpayers, tax preparers, and the Department of Revenue to decouple from.

This Part requires a decoupling adjustment to the allowance of full first-year expensing for domestic research and experimental (R&E) expenditures, which is similar to how the State treats bonus depreciation and Section 179 expensing. Under the Tax Cuts and Jobs Act (TCJA), domestic R&E expenditures were required to be amortized over 5 years. The OBBBA restored the pre-TCJA treatment so that a taxpayer may deduct the entire expenditure in the year in which the expenditure is paid or incurred. Rather than allowing full first-year depreciation, this provision requires a taxpayer to add-back to federal taxable income or adjusted gross income, as applicable, 80% of the amount deducted at the federal level, which reflects the excess of what the taxpayer would have deducted had the taxpayer amortized the expense over five years. The taxpayer is then allowed to deduct 25% of the add-back in each of the succeeding four taxable years. As a result, a taxpayer will be able to deduct the same amount of an asset's basis under State law as under federal law, it is just that the timing of the deduction will differ. This provision applies as follows:

- To taxable years beginning on or after January 1, 2022, for taxpayers who elect for federal income tax purposes the retroactive application of section 174A(a) of the Code for a taxable year beginning in 2022, 2023, or 2024.
- To taxable years beginning on or after January 1, 2025, for taxpayers who do not make the election.

Except as otherwise provided, this Part became effective July 2, 2026.

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

SL 2026-31 (S595), Part XIV

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

Require Gaming Operators to Withhold Taxes on Certain Winnings – Various Revenue Laws Changes.

SL 2026-31 (S595), Part XVI

Part XVI of S.L. 2026-31 (Senate Bill 595) requires gaming operators to withhold State income taxes on winnings when required to withhold federal income taxes under section 3402(q) of the Code. Section 3402(q) of the Code requires withholding when the proceeds from a wagering transaction are more than $5,000 and are at least 300 times the amount wagered.

The individual income tax rate in effect would be used to determine the amount withheld. Interactive sports wagering operators licensed to accept sports wagers under Article 9 of Chapter 18C and advance deposit wagering (ADW) licensees licensed to accept pari-mutuel wagers under Article 10 of Chapter 18C would be responsible for withholding taxes.

This Part is effective January 1, 2027, and applies to winnings paid on or after that date.

Increase Department of Revenue Reimbursement for White Goods Disposal Administrative Expenses – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 36.1

Section 36.1 of S.L. 2026-41 (Senate Bill 257) increases the amount the Department of Revenue may retain for administering the distribution of the white goods disposal tax from $425,000 to $500,000.

This section became effective July 1, 2026.

Scrap Tire Disposal Tax Withholding Increase – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 36.2

Section 36.2 of S.L. 2026-41 (Senate Bill 257) increases the amount the Department of Revenue may retain for administering the distribution of the scrap tire disposal tax from $425,000 to $500,000.

This section became effective July 1, 2026.

Tax Fraud Analytics – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 36.3

Section 36.3 of S.L. 2026-41 (Senate Bill 257) provides that of the funds appropriated to the Department of Revenue (DOR) in the act, DOR must use $5,400,000 in recurring funds for the 2026-2027 fiscal year to continue and to expand DOR's tax fraud analysis contract through the Government Data Analytics Center (GDAC).

This section became effective July 1, 2026.

Personal Income Tax Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.1

Section 44.1 of S.L. 2026-41 (Senate Bill 257) makes changes to the schedule of personal income tax rates by replacing the conditional rate reductions for taxable years 2027 through 2034 with set reduced rates and shifting to future years two additional rate reductions that become effective only if General Fund revenues meet certain thresholds. The revised personal income tax rate schedule is as follows:

- 2026: No change; remains at 3.99%
- 2027, 2028, and 2029: 3.49%
- 2030, 2031, and 2032: 3.24%
- 2033 and after: 2.99%

Beginning with the 2035 taxable year and through 2040, there could be up to two additional rate reductions if General Fund revenues meet the specified revenue trigger amounts. The first rate reduction would reduce the tax rate from 2.99% to 2.74%, and the second rate reduction would reduce the tax rate from 2.74% to 2.49%. In no event could the rate be lower than 2.49% during this time frame. Rate reductions become effective in the tax year following the listed fiscal years upon a trigger amount being exceeded.

This section became effective July 7, 2026.

Income Tax Deduction for Gambling Losses – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.2

Section 44.2 of S.L. 2026-41 (Senate Bill 257) allows an itemized deduction from State taxable income for nonprofessional gambling losses. The provision mirrors the federal deduction; therefore, a taxpayer that itemizes may deduct 90% of their gambling losses during the taxable year or an amount equal to their gambling gains during the taxable year, whichever is less.

This section is effective for taxable years beginning on or after January 1, 2025.

Hospital Sales Tax Refund Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.3

Section 44.3 of S.L. 2026-41 (Senate Bill 257), as amended by Section 11.2(a) of S.L. 2026-42 (House Bill 56), limits the application of the State and local sales and use tax refund caps available to certain nonprofit and public hospitals. The aggregate annual State sales and use tax refund an entity may receive is $31,700,000, and the aggregate annual local sales and use tax refund an entity may receive is $13,300,000.

This provision sought to address a lack of clarity regarding whether these caps were intended to apply at the "parent level," inclusive of purchases by a parent's affiliates, subsidiaries, or related facilities, or whether each of those entities is eligible for its own separate capped amount.

For a nonprofit or a public hospital, other than The University of North Carolina Health Care System, the hospital and all of its affiliates or related facilities are to be treated as one entity for purposes of the application of the sales tax refund caps. In other words, the highest level of the entity's organization, including all of its affiliates or related facilities, is eligible for up to the aggregate annual refund amount, but each affiliate or related facility is not eligible for its own separate capped amount.

The University of North Carolina Health System, each of its component units, each of its system affiliates, and each of its managed entities are treated as separate entities that are each allowed up to the aggregate annual refund amounts.

This provision became effective July 7, 2026, and applies to refunds issued for purchases made on or after that date. However, since the caps are annual amounts based on a fiscal year, and the law did not become effective until several days into the fiscal year, the technical clarification in Section 11.2(a) of S.L. 2026-42 (House Bill 56) provides that for purchases made from July 1, 2026 through July 6, 2026, the portion of the cap attributable to this period must be administered as the law existed prior to July 7, 2026, and for purchases made on and after July 7, 2026, through the end of the fiscal year, the portion of the cap attributable to this period must be administered in accordance with the law as amended and effective as of July 7, 2026.

Repeal Sales Tax Exemption on Electricity for Datacenters – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.4

Section 44.4 of S.L. 2026-41 (Senate Bill 257), as amended by Section 11.3(a) of S.L. 2026-42 (House Bill 56), repeals the sales and use tax exemption for electricity used in datacenters and holds cities harmless with respect to the portion of tax proceeds distributed to cities. To effectuate the hold harmless, the Department of Revenue must identify the amount of tax proceeds that are derived from sales of electricity to datacenters. Therefore, the provision requires purchasers of electricity for use at a datacenter to report within 30 days of the end of each quarter to the Secretary the amount of tax paid on electricity.

This section became effective July 7, 2026, and applies to the first billing period that starts on or after that date and is at least 30 days after that date.

Add the Insurance Regulatory Charge to the Gross Premiums Tax Rate – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.5

Section 44.5 of S.L. 2026-41 (Senate Bill 257), as amended by Section 6 of S.L. 2026-58 (House Bill 562) and expanded upon by Section 7.13 of S.L. 2026-61 (House Bill 268), changes the flow of funding for the Department of Insurance (Department). Currently, an annual Insurance Regulatory Charge (Charge) is levied on each insurance company, other than a captive insurance company, at the rate of 6.5% of a company's premium tax liability. The proceeds of the Charge are credited to the Insurance Regulatory Fund (Fund), which is used to reimburse the General Fund for various appropriations that support the operations of the Department.

This section eliminates the Charge and offsets the elimination by increasing the insurance premiums tax rates of the insurance companies subject to the Charge by a percentage equal to the Charge. It also eliminates the reimbursement of operating costs from the Fund to the General Fund. The effect of this section is to shift special fund revenue to the General Fund. The increased tax rates are as follows:

- Worker's Compensation: 2.6625% (previously 2.5%, a 6.5% increase)
- Prepaid health plans: 2.0235% (previously 1.9%, a 6.5% increase)
- Other insurance contracts: 2.0235% (previously 1.9%, a 6.5% increase)

To spend down the balance in the Fund, this section allows the Department to continue using available funds that were collected and placed in the Fund prior to January 1, 2027, for any of the allowable purposes set out in G.S. 58-6-25(d) prior to its amendment by this section. Moreover, Section 7.13 of S.L. 2026-61 explicitly authorizes the Department to use up to one million two hundred thousand ($1,200,000) in nonrecurring funds from the available cash balance of the Fund for legal expenses incurred by the Department, which is an approved use of the Fund prior to its modification.

Section 44.5 of S.L. 2026-41 (Senate Bill 257), as amended by Section 6 of S.L. 2026-58 (House Bill 562), is effective for taxable years beginning on or after January 1, 2027, and applies to funds collected for those taxable years. For amounts collected from the Charge after January 1, 2027, but attributable to taxable years beginning before that date, those funds must be placed in the Fund and used for the designated Fund purposes prior to the modifications by this section. Section 7.13 of S.L. 2026-61 is also effective January 1, 2027.

Vapor Product and Consumable Product Licensing and Registry Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.6

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

Increase Excise Tax on Sports Wagering Operators and Modify Distribution of Proceeds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.7

Section 44.7 of S.L. 2026-41 (Senate Bill 257) makes the following changes to the sports wagering tax:

- Effective July 7, 2026, and applicable to gross wagering revenue received on or after that date, increases the sports wagering excise tax rate from 18% to 23%.
- Effective July 1, 2026, and applicable to distributions of tax proceeds on or after that date, makes various changes to the tax distribution formula, notably limiting the North Carolina Major Events, Games, and Attractions Fund to $30,000,000 annually and reworking the distribution formula as it pertains to State public universities by defining classes of public universities in the State and limiting the amount distributed annually to qualifying universities in each class. Distributions to the newly created classes are made from tax proceeds remaining after all priority distributions are made under G.S. 105-113.128. A university that qualifies under more than one class is eligible to receive distributions from each qualifying class, subject to the class's respective limitation. The classes are as follows:
    - Class I – 2.2% of remaining tax proceeds are distributed to public universities in the State with primarily NCAA Division I athletics. Distributions under this class are limited to $400,000 per university annually.
    - Class II – 19.5% of remaining tax proceeds are distributed to public universities in the State with primarily NCAA Division I or Division II athletics. Distributions under this class are limited to $2,900,000 per university annually.
- Effective July 1, 2027, and applicable to distributions of tax proceeds on or after that date, adds an additional class of public universities to the distribution of remaining proceeds:
    - Class III – 5.7% of remaining tax proceeds are distributed to public universities in the State with football programs that compete in the NCAA Division I Football Bowl Subdivision (FBS). Distributions under this class are limited to $2,500,000 per university annually.

Prediction Market Trading Fees Tax – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.9

Section 44.9 of S.L. 2026-41 (Senate Bill 257) creates a 6% tax on the net trading fee revenue of a prediction market operator that is apportionable to the State. The tax is due annually. A

prediction market is defined as a platform through which a consumer may buy, sell, or exchange event contracts. An event contract is defined as a swap that is based on the occurrence, extent of an occurrence, or contingency for which the event or contingency involves sports.

Net trading revenue starts with prediction market revenue, which is defined as (i) trading or taker fees, (ii) fees charged to liquidity providers placing resting orders, and (iii) commissions charged to certain entities. That amount is reduced by (i) broker or market maker compensation, (ii) promotional incentives, funds, or rebates, (iii) platform fees or clearing fees, and (iv) withdrawal fees. The end result is the net trading revenue of the prediction market operator. Net trading revenue is apportionable to the State if it involves the trading of an event contract by a resident of North Carolina, who is domiciled and present in the State at the time of the trade.

This section is effective January 1, 2027, and applies to net trading fee revenue received on or after that date.

Clarify Trust Qualifications for Present-Use Value – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.10

Section 44.10 of S.L. 2026-41 (Senate Bill 257) removes the present-use value (PUV) classification requirement that land in a trust must have been transferred into the trust by an individual that owned the land and created the trust. Effectively, this allows the transfer of land from any source into the trust. The trust is still required to have the appropriate beneficiaries to qualify, and the land in the trust must otherwise meet the PUV requirements (size, ownership, income, and sound management) to qualify for the benefit.

This section further provides that an owner of property that (1) was removed from PUV between January 1, 2026, and July 6, 2026, and (2) now qualifies for the continued use exception under G.S. 105-277.3(b2)(1) because of the change under this section, may apply for reinstatement into the PUV program. If the application is approved, any deferred taxes paid as a result of the revocation must be refunded.

This section is effective retroactive to January 1, 2026, and applies to property that lost its present-use value classification on or after that date.

Adjust Counties/Reappraisal Moratorium.

SL 2026-47 (S474)

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

Section 1 of S.L. 2026-8 required any county that (i) had a population of 15,000 or greater according to the latest federal decennial census and (ii) conducted a general reappraisal for 2026 and adopted a new schedule of values effective January 1, 2026, to postpone that reappraisal

and instead implement the reappraisal in 2027. Therefore, S.L. 2026-8 subjected nine counties to the property tax reappraisal moratorium: Anson, Bladen, Buncombe, Davidson, Guilford, Harnett, Onslow, Pender, and Scotland. Chowan, Clay, and Pamlico Counties also conducted 2026 reappraisals, but each fell below the 15,000-population limit.

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

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

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

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

This act became effective July 7, 2026.

Voluntary Portable Benefits Act. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 17.6

[For a detailed summary of the provisions of this act, please see the LABOR AND EMPLOYMENT subject area.]

Relief at the Pump.

SL 2026-62 (H3)

S.L. 2026-62 does the following:

- Effective October 10, 2026, immediately suspend through November 30, 2026, the motor fuel tax on all motor fuels, including gasoline, diesel, and alternative fuel. The Department of Revenue and the Department of Agriculture and Consumer Services must notify affected parties as soon as practicable.
- Require that the full benefit of the suspension be passed on to the ultimate purchaser of motor fuel. However, no retailer is required to reduce the price per gallon of motor fuel if the retailer's cost already includes the motor fuel tax because the tax accrued prior to the effective date of the suspension.
- Hold harmless the funds and accounts that would otherwise receive the motor fuel tax proceeds by directing the State Controller to transfer, on a monthly basis, those amounts from the Inflation Reserve.
- Effective October 9, 2026, through December 31, 2026, waive the enforcement of the civil and criminal penalties applicable to a person who uses dyed diesel fuel in a highway vehicle if the use is for farming or agricultural purposes. For purposes of this waiver, farming or agricultural purposes includes crop cultivation, livestock rearing, forestry, aquaculture, and related agribusiness activities. This waiver aligns with the civil penalty relief that the Governor directed the Department of Revenue to provide.
- For the period beginning October 1, 2026, through December 31, 2026, exempt from motor fuel tax the use of dyed diesel used to operate a highway vehicle by farmers, commercial loggers, commercial fishermen, and wildlife managers if those individuals have been issued a sales tax exemption certificate by the Department of Revenue.
- Direct the Secretary of Revenue to disregard the suspension of the motor fuel tax when setting the motor fuel tax rate that becomes effective on January 1, 2027, to the extent the rate is an adjustment of the rate from the preceding calendar year.

Except as otherwise provided, this act became effective October 9, 2026.

Health and Human Services

See full summary documents for additional detail

Health and Human Services – Medicaid & Health and Human Services Adjustments/Other Critical Needs.

SL 2026-1 (H696), Part III

Part III of S.L. 2026-1 (House Bill 696) does the following:

- Definitions: This Part defines the terms "CMS," "NC RHTP," "Public Law 119-21," "RHTP or Rural Health Transformation Program," "SNAP," and "Subrecipient."
- Periodic Reporting on the North Carolina Rural Health Transformation Plan (NC RHTP): This Part requires quarterly reporting from the Department of Health and Human Services (DHHS) to the Joint Legislative Commission on Governmental Operations on the implementation status of the NC RHTP. Report deadlines are set to align with the quarterly and annual reports due from DHHS to the Centers for Medicare and Medicaid Services (CMS) regarding the NC RHTP.
- Division of Health Benefits: This Part implements various budgetary adjustments and makes other various changes to the Medicaid program administered by DHHS, Division of Health Benefits (DHB), as follows:
    - Appropriates $319 million in nonrecurring funds from the Medicaid Contingency Reserve for the Medicaid rebase for the 2025-2026 fiscal year.
    - Provides authority requiring local management entity/managed care organizations (LME/MCOs) to make $18 million in recurring intergovernmental transfers to DHB for each fiscal year of the 2025-2026 fiscal biennium.
    - Makes changes to the statutes establishing Medicaid eligibility categories and income thresholds and the enrollment of eligible individuals in Medicaid managed care to comply with new requirements of Public Law 119-21, also known as the "One Big Beautiful Bill Act" and "H.R. 1" (H.R. 1). The changes (i) clarify statutory language requiring individuals to comply with applicable community engagement (work) requirements in order to be eligible for NC Health Works Medicaid coverage and (ii) make technical updates to conform with federal law changes to the categories of immigrants that are eligible for Medicaid.
    - Adds a statute requiring that DHHS must maintain, to the fullest extent allowable, work requirements as a condition of participation in the Medicaid program so long as work requirements may be authorized by CMS, and that Medicaid applicants must provide proof of compliance with work requirements for three consecutive months immediately preceding initial application and any three of the six months immediately preceding the date of eligibility redetermination.
    - Amends the statute requiring DHHS to review information concerning changes in circumstances that may affect Medicaid eligibility, to direct that review to be done monthly, rather than quarterly. Gambling winnings are added to the list of information that must be reviewed. This statute subsequently was amended in

Section 9E.20 of S.L. 2026-41 to restore quarterly review of information on earned income, unearned income, and financial resources.

- Adds a statute prohibiting DHHS or county departments of social services from accepting self-attestation as the only evidence in verification of Medicaid eligibility requirements, except as required by federal law.
- Adds a statutory requirement that the income of all household members, regardless of immigration status, must be considered when determining an applicant or beneficiary's Medicaid eligibility.
- Amends the statute establishing the confidentiality of records pertaining to applicants for public assistance to add a requirement that DHHS must refer any applicant or beneficiary to the United States Department of Homeland Security if citizenship or satisfactory immigration status cannot be verified.
- Requires the State Auditor to conduct a performance audit of the administration of the Medicaid program and NCWorks Career Center and appropriates $500,000 in nonrecurring funds for this purpose.
- Adds a statute requiring DHHS to annually report to the Joint Legislative Oversight Committee on Medicaid (JLOCM) on (i) improper Medicaid payments that were determined to be fraud, waste, and abuse, (ii) recovered funds, and (iii) the percentage of improper payments that were investigated or reviewed.
- Amends the statute pertaining to Medicaid prepaid health plan (PHP) provider networks, and makes other conforming statutory changes, to authorize PHPs to develop closed networks for designated service categories if an open network for that service category would jeopardize quality of care, program integrity, or cost effective use of Medicaid funds, subject to DHHS approval and a demonstration of ongoing network adequacy. DHHS has 180 days to respond to a PHP's request to close a network or the request is deemed approved.
- Amends the statute pertaining to policies requiring prepayment review of claims submitted by Medicaid providers to (i) authorize PHPs to place a provider on prepayment claims review without approval from DHHS, (ii) eliminate the 20-day notice period given to providers, (iii) increase the prepayment claims review compliance threshold from 70% to 80%, (iv) eliminate the 24-month limit on how long a provider may remain on prepayment claims review, and (v) allow PHPs to remove providers from their provider networks if the provider fails to meet the prepayment claims review thresholds, subject to DHHS approval. DHHS has 90 days to respond to a PHP's request to exclude a provider or the request is deemed approved.
- Requires DHHS to establish a plan for Medicaid program integrity and efficiency that includes (i) reduction of DHHS's administrative expenses, (ii) increased flexibilities for PHPs to manage service utilization, costs, and claims, (iii) alignment of rate schedules for inpatient services that could be provided in an outpatient setting, (iv) flexibilities for PHPs to manage utilization of GLP-1 drugs, (v) improved alignment of PHP and Advanced Medical Home (AMH) contract incentives with cost containment efforts, (vi) improved reporting on AMH care management activities, and (vii) improved network management tools for PHPs. This section

requires DHHS to report to the JLOCM and the Fiscal Research Division on the plan by October 1, 2026, and implement the plan no earlier than July 1, 2027.

- Amends the statute pertaining to the role of DHHS in Medicaid managed care to require that DHHS not prohibit PHPs from requiring itemized bills for certain inpatient hospital outlier claims.
- Adds a statute requiring DHHS to annually implement the highest allowable copayments for all Medicaid services. This statute subsequently was amended by Section 3.1 of S.L. 2026-42 to clarify that this requirement does not apply to dialysis services, Innovations waiver services, or Traumatic Brain Injury waiver services.
- Extends, until June 30, 2027 (was June 30, 2025), the requirement for standard plan PHPs to pay a rate for durable medical equipment (DME) that is 100% of the lesser of the supplier's usual and customary rate and the maximum allowable Medicaid fee-for-service rate for DME.
- Requires DHHS to update Medicaid Clinical Coverage Policy 8F (Research-Based Behavioral Health Treatment for Autism Spectrum Disorder) to (i) prohibit services provided by a paraprofessional via telehealth, (ii) require patient assessments to be conducted in person, (iii) allow services involving the observation and direction of a paraprofessional to be conducted via telehealth, while limiting these telehealth services to no more than 50% of services provided to a beneficiary, (iv) require 10% of services provided by a paraprofessional be observed by a licensed provider, (v) require licensed providers to develop individualized service plans for each beneficiary that include minimum requirements for caretaker involvement, (vi) require individualized service plans involving more than 16 hours of services a week to be approved by a PHP or DHHS, (vii) allow parent, guardian, and caregiver training to be provided via telehealth, (viii) exempt paraprofessionals from Medicaid credentialing, (ix) require paraprofessionals to be certified and allow a 120 day grace period for newly hired paraprofessionals, (x) provide a minimum and maximum percentage of billed hours per patient provided by professionals as a percentage of services provided by a paraprofessional. DHHS may adopt exceptions to these requirements based upon medical necessity or access to care requirements. This section also requires relevant professionals to be enrolled as in-State Medicaid providers.
- Clarifies that, for any modifications to the Medicaid programs in this Part that are not statutory, DHHS is only required to maintain those modifications through June 30, 2027, consistent with DHHS's statutory authority over the Medicaid program.

- Hospital Assessment Adjustments: This Part provides funding to DHB for the next 10 State fiscal years, in the form of increased total receipts from amounts paid by hospitals through assessments and public hospital intergovernmental transfers, for the increased administrative costs of NC Health Works due to new community engagement (work) requirements and six-month eligibility redeterminations required by H.R. 1. This Part also requires certain reporting to the JLOCM and will end the increased funding sooner than 10 years if certain conditions pertaining to hospital funding occur.

- Division of Health Service Regulation: This Part allows adult day care and adult day health facilities to increase their overnight bed capacity from 6 to 12 beds; and directs the Medical Care Commission to amend the rules governing staffing for overnight respite facilities to establish minimum requirements based on the number of program participants. Specifically:
    - Facilities with 6 or fewer participants must have at least one staff member awake and on duty who is qualified to administer medications and trained to provide personal care and supervision to participants.
    - Facilities with 7-12 participants must have at least two staff members awake and on duty, at least one of whom is qualified to administer medications, and both of whom are trained to provide personal care and supervision to participants.
    - Performance of housekeeping or food service duties by staff during any shift the staff is assigned to provide personal care and supervision to participants is prohibited.

- Division of Social Services: This Part does the does the following:
    - Prohibits applicants from receiving SNAP benefits based solely on self-attestation of eligibility requirements unless expressly required by federal law. Eligibility must also be based on the income of all household members. The income and resources of all household members must be counted in determining eligibility, even if those members are themselves ineligible.
    - Requires a third party to study centralization of administration of all federally and State mandated social services. It also allocates $1 million in nonrecurring funds for the 2026-2027 fiscal year to fund the study. The report must be submitted to Joint Legislative Oversight Committee on Health and Human Services, the JLOCM, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by June 30, 2027.

The effective dates of this Part are as follows:

- On July 1, 2025, the Medicaid rebase funding, the LME/MCO intergovernmental transfers to DHB, and the Medicaid DME managed care rate extension became effective retroactively.
- On July 1, 2026, the funding to the State Auditor for the Medicaid program performance audit, certain increased Medicaid receipts from hospitals, the Division of Health Service Regulation provisions, and the Division of Social Services funding became effective.
- On October 1, 2026, the Medicaid eligibility law changes pertaining to information about beneficiaries' changes in circumstance, limitations on the acceptance of self-attestation to verify eligibility, and immigrant eligibility, the referral requirement when citizenship or satisfactory immigration status of public assistance applicants cannot be verified, as well as certain increased Medicaid receipts from hospitals become effective.
- On January 1, 2027, the requirement for DHHS to maintain work requirements to the fullest extent allowable becomes effective.
- July 1, 2027, the requirement for DHHS to annually implement the highest Medicaid copayment becomes effective.

- Except as otherwise provided, this Part became effective April 30, 2026.

Update Certain Workers' Compensation Benefits – Prohibit Litigation Investments/Amend Workers' Compensation Benefits.

SL 2026-14 (H315), Part II

[For a detailed summary of the provisions of this act, please see the LABOR AND EMPLOYMENT subject area.]

Physical Therapy Practice Act Modifications.

SL 2026-16 (H536)

[For a detailed summary of the provisions of this act, please see the OCCUPATIONAL BOARDS AND LICENSING subject area.]

Department of Health and Human Services. – North Carolina Border Protection Act.

SL 2026-19 (S153), Part II

Part II of S.L. 2026-19 (Senate Bill 153) requires the Department of Health and Human Services (DHHS) to do the following:

- Cease providing State-funded benefits and publicly funded housing benefits to noncitizens residing in the United State without legal permission to the extent permitted by federal law. "State-funded benefits" are defined to include various programs administered by DHHS or through a contract with DHHS. The term excludes benefits or services available under the listed programs that help eligible beneficiaries access food or meals.
- Develop a plan, to the extent permitted by federal law, to update and review eligibility criteria for all State-funded benefits and publicly funded housing benefits to ensure noncitizens residing the United States without legal permission are ineligible to receive those benefits.
- Report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division 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, by January 15, 2026.

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

On-Site Wastewater System Changes – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Sec. 7

Section 7 of S.L. 2026-32 (House Bill 376) requires any modifications proposed by a local board of health to rules adopted by the Commission for Public Health (Commission) to be approved by the Department of Health and Human Services (DHHS) after DHHS notices and holds a public hearing on the proposed rules. Local rules must be at least as stringent as rules adopted by the Commission, and necessary to protect the public health.

This section forbids any person from covering or using a system of wastewater collection, treatment, and disposal until a local health department inspects the system and determines that it was installed or repaired in accordance with an Improvement Permit, a Construction Authorization, other rules, and State law.

If a wastewater system is installed or repaired in accordance with an Improvement Permit, Construction Authorization, or other requirements, then the local health department is required to issue an operation permit that authorizes a residence, place of business, or place of public assembly to be occupied, and for the wastewater system to be used or reused.

This section became effective on July 2, 2026, and applies to permits applied for on or after that date.

Private Drinking Water Well Program Changes – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Sec. 8

Section 8 of S.L. 2026-32 (House Bill 376) clarifies conflicts of laws within the North Carolina Well Construction Act.

Additionally, it requires each local health department to implement the private drinking water well permitting and inspection program established and adopted by the Environmental Management Commission and repeals all local boards of health rules concerning permits for private drinking water wells except for the testing standards in G.S. 87-96 and fees adopted pursuant to G.S. 130A-39.

This section became effective July 2, 2026.

Approve Certain Advanced Pretreatment Systems as Innovative Wastewater Systems – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Secs. 9-10

[For a detailed summary of the provisions of this act, please see the ENVIRONMENT, NATURAL RESOURCES, AND ENERGY subject area.]

Department of Environmental Quality/Department of Health and Human Services Private Well Rulemaking Technical Correction – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Sec. 11

[For a detailed summary of the provisions of this act, please see the ENVIRONMENT, NATURAL RESOURCES, AND ENERGY subject area.]

Study on Human Trafficking Reporting – Revise Laws on Minors/Human Trafficking.

SL 2026-34 (H83), Sec. 2

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

Improve Data Collection and Further Study – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 1

Section 1 of S.L. 2026-38 (House Bill 1104) requires the North Carolina Collaboratory (Collaboratory) to study statutes, practices, and available technological resources related to the involuntary commitment (IVC) process and identify areas for improvement in the IVC process. 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.

Pilot Program to Use Telehealth in Jails to Complete Involuntary Commitment First Examination – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 2

Section 2 of S.L. 2026-38 (House Bill 1104) requires the Sheriffs' Association to create a proposal for the implementation of a pilot program to utilize telehealth services to conduct first examinations for individuals in custody of county jails. The Sheriffs' Association must submit this proposal to the Joint Legislative Oversight Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Health and Human Services by March 1, 2027.

This section became effective July 6, 2026.

Plan to Utilize Mobile Crisis Units to Complete Involuntary Commitment First Examinations – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 3

Section 3 of S.L. 2026-38 (House Bill 1104) directs the Local Management Entities/Managed Care Organizations (LME/MCOs) and the Department of Health and Human Services (DHHS) to develop a plan to use mobile crisis units to enhance the efficiency of the involuntary commitment (IVC) process. The LME/MCOs and DHHS are required to consult with relevant stakeholders in developing this plan.

The LME/MCOs and DHHS must submit a report on the plan to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1, 2026.

This section became effective on July 6, 2026.

Increased Training for Involuntary Commitment Examiners – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 4

Section 4 of S.L. 2026-38 (House Bill 1104) directs the Department of Health and Human Services (DHHS) to evaluate the standardized training program for involuntary commitment (IVC) examiners for necessary improvements and to incorporate additional training for IVC first examiners who work in county jails.

DHHS must submit a report on the standardized training program to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1, 2026.

This section became effective on July 6, 2026.

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 Lack of Use of Outpatient Commitment – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 6

Section 6 of S.L. 2026-38 (House Bill 1104) requires the North Carolina Collaboratory (Collaboratory) to conduct a study on how outpatient commitment can be more effectively used and implemented in the State. The Collaboratory must submit to the Joint Legislative Oversight Committee on Health and Human Services a progress report no later than December 1, 2026, and a final report on the study no later than March 1, 2027.

This section became effective July 6, 2026.

Behavioral Health Statewide Central Availability Navigator Updates (BH SCAN) – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 6.5

Section 6.5 of S.L. 2026-38 (House Bill 1104) directs the Department of Health and Human Services (DHHS), in consultation with the Sheriffs' Association and the North Carolina Healthcare Association, to study the practicality of granting law enforcement access to the Behavioral Health Statewide Central Availability Navigator (BH SCAN) and the practicality of implementing real-time data availability within BH SCAN. DHHS must submit a report on this study to the Joint Oversight Committee on Health and Human Services no later than March 1, 2027.

This section became effective July 6, 2026.

Study Legal Standards for Involuntary Commitment and Incapacity to Proceed – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 7

Section 7 of S.L. 2026-38 (House Bill 1104) requires the North Carolina Collaboratory (Collaboratory) to (i) conduct a comprehensive study of the differing legal standards governing involuntary commitment (IVC) and incapacity to proceed, and (ii) identify statutory revisions that would enhance each process's effectiveness. The study must include recommendations for statutory changes to address inconsistent terminology in the General Statutes and clarify procedures for the transition of individuals between IVC and incapacity to proceed proceedings.

The Collaboratory must submit to the Joint Legislative Oversight Committee on Health and Human Services (JLOCHHS) a progress report by December 1, 2026, and a final report to JLOCHHS by March 1, 2027.

This section became effective July 6, 2026.

Working Group to Address Mental Health and Criminal Justice Systems Operating as a "Revolving Door" – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 8

Section 8 of S.L. 2026-38 (House Bill 1104) requires the Department of Health and Human Services (DHHS) to establish a working group composed of representatives from the Administrative Office of the Courts and other stakeholders to examine the systemic factors contributing to the "revolving door" pattern in which individuals cycle through arrest, detention, and involuntary commitment.

Beginning on January 1, 2027, and quarterly thereafter, DHHS must report on the findings and recommendations of the group to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

This section became effective July 6, 2026.

Study the Provision of Medical and Behavioral Health Care in Jails – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 9

Section 9 of S.L. 2026-38 (House Bill 1104) requires the North Carolina Collaboratory (Collaboratory) to study the provision of medical and behavioral health care to individuals in custody of county jails in the State and make recommendations on improving that care. The study must be done in consultation with relevant stakeholders, including the North Carolina Sheriff's Association and the Department of Health and Human Services. The Collaboratory must submit an interim report to the North Carolina Joint Legislative Oversight Committee on Health and Human Services no later than December 1, 2026, and a final report no later than March 1, 2027.

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.

Modify Outpatient Commitment – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 11

Section 11 of S.L. 2026-38 (House Bill 1104) makes several changes to the outpatient involuntary commitment (IVC) process.

- The following items are added to the list of required findings necessary to support an outpatient commitment recommendation after the first examination:
    - The respondent is reasonably determined to be capable of surviving safely in the community, without posing a danger to others, when engaged in treatment for the respondent's mental health.
    - The respondent has a history of declining or nonadherence to prescribed treatment, which may be evidenced by the occurrence of one or more of the following in the relevant past:
        - A demonstrated history of prior violent convictions.
        - Repeated violations of civil protective orders.
        - Repeated incarcerations.
        - Repeated involuntary inpatient psychiatric hospitalizations.
    - The respondent is scheduled to be discharged from an inpatient hospital setting or released from a county jail or state prison. An individual residing in a non-institutional setting that meets all other criteria set forth previously may be subject to outpatient commitment within the court's discretion.
- The outpatient treatment provider must examine the respondent and develop an initial outpatient treatment plan. The plan must include specific services to be provided, the recommended frequency of participation in services, the name of the provider, the arrangements made for the initial contact with each provider, and any other relevant information. The plan will be admitted into evidence and incorporated into the outpatient commitment order.
- The outpatient commitment order must show the provider responsible for care and the Local management Entity/Manages Care Organization (LME/MCO) or an alternative as determined by the Department of Health and Human Services (DHHS).
- The initial outpatient commitment timeframe is increased from a maximum of 90 days to a maximum of 180 days.
- The court must obtain the availability and consent of the provider to accept the respondent as a client before ordering outpatient commitment.
- If the respondent fails to comply with any part of the treatment plan, the provider must document efforts to solicit compliance and report these efforts to the LME/MCO, who then reports to the court with a request for supplemental hearing.
- The LME/MCO must maintain a list of all individuals on outpatient commitment and ensure the individual's care manager is aware of the treatment plan. DHHS will have

access to the lists of individuals subject to outpatient orders and must keep this information confidential.

- Grant the LME/MCO, or an alternative, the authority to request the respondent be taken into custody for the purpose of an examination if the respondent fails to comply but does not clearly refuse to comply.
- The LME/MCO, or an alternative, must notify the clerk of superior court if the respondent moves to another state or unknown location.
- Create an additional option for the court when it determines during a supplemental hearing that the respondent has failed to comply with the outpatient commitment order. The court will be able to issue an order for inpatient commitment upon a finding by clear, cogent, and convincing evidence that the respondent is dangerous to himself or to others. A finding of noncompliance with an outpatient commitment order creates a rebuttable presumption that the respondent is dangerous to self or to others.
- If a patient under outpatient commitment in one county moves to another county, the court must designate the LME/MCO, or an alternative, that will be responsible for the monitoring and supervision of the respondent in the respondent's new county of residence. The clerk must provide a copy of the court's order to the LME/MCO or alternative in the new county of residence.
- Increase the outpatient commitment period from 90 days to 180 days when a respondent is transferred from inpatient to outpatient commitment at a supplemental hearing.
- Grant DHHS access to all relevant data, court orders, records or other relevant information related to its duties. DHHS is required to keep all information confidential.

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

Department of Information Technology – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 12

Section 12 of S.L. 2026-38 (House Bill 1104) allows substance use data to be disclosed through the North Carolina Health Information Exchange (HIE) Network when the North Carolina HIE Authority has provided written notice to participating entities that the data can be disclosed. This section also adds the Deputy Secretary for the State's Medicaid program as an ex officio, voting member of the North Carolina HIE Advisory Board.

This section became effective July 6, 2026.

Implement Inpatient Capacity Restoration Program – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 13

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Children's Hospital Antitrust/State Action Immunity. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5.7

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

First Responder Modification. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 5A.20

[For a detailed summary of the provisions of this act, please see the DISASTER RELIEF subject area.]

North Carolina Student Lifeline Information for University Students – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.19

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

North Carolina Collaboratory Report on Health Care Costs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8.26

Section 8.26 of S.L. 2026-41 (Senate Bill 257) directs the North Carolina Collaboratory (Collaboratory) to study health care costs in the State. The study must do the following:

- Identify factors contributing to the rapid increase in health care costs.
- Propose options to mitigate those increases.
- Examine how other states are addressing rising health care costs, including an analysis of recent Medicaid changes made in House Enrolled Act 1004 in Indiana.

The Collaboratory must submit the following two reports to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Commission on Governmental Operations, and the Fiscal Research Division:

- An initial report with (i) actions taken so far in this State to address increasing health care costs, (ii) initial recommendations to mitigate increasing health care costs in the State, and (iii) any funds necessary to complete the study required by this section by April 1, 2027.
- A final report with (i) recommendations to mitigate health care costs and (ii) any corresponding legislative recommendations by April 1, 2028.

This section became effective July 7, 2026.

Authorize Use of Personal Education Student Accounts for One-to-One Classroom Aides – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.16

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Reports by Non-State Entities on the Use of Directed Grant Funds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9B.1

Section 9B.1 of S.L. 2026-41 (Senate Bill 257) requires the North Carolina Department of Health and Human Services (DHHS) to submit all reports received from non-State entities on the use of any directed grant funds allocated through DHHS funding for the 2026-2027 fiscal year.

These reports must be submitted to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than November 1, 2027.

This section became effective July 1, 2026.

Community Health Grant Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9B.2

Section 9B.2 of S.L. 2026-41 (Senate Bill 257) requires the Office of Rural Health (Office) of the Department of Health and Human Services to use funds appropriated under the act for the Community Health Grant Program (Program). The Office is required to make the final decision about awarding grants under the Program, but no single grant award can exceed $150,000 during a fiscal year. Grant recipients are forbidden from using the funds for certain purposes.

The Office is allowed to use up to $200,000 of the appropriated funds for administrative costs for the 2026-2027 fiscal year. It is required to submit a report on the awarded grants for the 2026 -2027 fiscal year to the Joint Legislative Oversight Committee on Health and Human Services by September 1, 2027.

This section became effective July 7, 2026.

Adminsitrative Reorganization of the Functions, Powers, Duties, and Personnel of the Office of Health Equity – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9B.4

Section 9B.4 of S.L. 2026-41 (Senate Bill 257) transfers all the functions, authority, powers, and duties of the Office of Health Equity to the Division of Public Health. The statutory provision vesting the powers of the former Office of Minority Health with DHHS is repealed. The Governor and DHHS are prohibited from creating a new division, office, or section within DHHS that

performs any of the functions or duties transferred from the Office of Health Equity to the Division of Public Health.

This section became effective July 1, 2026.

Expansion of Lapsed Salary Report Provided by the Department of Health and Human Services to the Joint Legislative Oversight Committee on Health and Human Services – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9B.5

Section 9B.5 of S.L. 2026-41 (Senate Bill 257) is expanding the information that the Department of Health and Human Services (DHHS) is required to annually report on the use of lapsed salary funds by each Division within DHHS. This section requires DHHS to report the amount of any lapsed salary funds expended by DHHS, broken down by the original source of funds. "The original source of funds" is defined as (i) the General Fund, (ii) federal funds, or (iii) other departmental receipts, excluding federal funds.

The first report with this additional information is due by November 1, 2026.

This section became effective July 1, 2026.

Funds for SNAP Improvements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9B.7

Section 9B.7 of S.L. 2026-41 (Senate Bill 257) allocates funds appropriated to the Department of Health and Humans Services (Department) to improve the administration of the Supplemental Nutrition Assistance Program (SNAP). The funding amount is $5,358,311 in both recurring and nonrecurring funds and associated receipts. The funds are to be allocated to:

- The Division of Central Management and Support to fund improvements to the NC FAST system. This funding is subject to requirements and limitations that include using the funds to reduce the State's SNAP payment error rate and funding a contract with the Government Data Analytics Center.
- The Division of Child and Family Well-Being to fund four specific efforts to reduce the State's SNAP payment error rate.
- The Division of Social Services to fund seven Continuous Quality Improvement Training Specialist positions, which are meant to increase training and technical assistance to support county departments of social services and their administration of SNAP.

No later than February 1, 2027, the Department is required to submit a report on the use of the funds to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

This section became effective July 1, 2026.

NC Pre-K Programs/Standards for Four- and Five-Star Rated Facilities. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.1

Section 9D.1 of S.L. 2026-41 (Senate Bill 257) requires the prekindergarten programs (NC Pre-K) operating in four- and five-star rated facilities to meet the following requirements:

- Children must be 4 years of age on or before August 31 of the program year and meet one or more of the following additional eligibility criteria:
    - The family's income cannot exceed 75% of the State median income.
        - Up to 20% of enrolled children can exceed this income limitation if those children have other designated risk factors, like developmental disabilities or other chronic health issues. Otherwise, health of the child cannot be considered by the Division in determining eligibility.
    - A child's parent is an active-duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces and was (i) ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months, or (ii) was injured or killed while serving on active duty.
- The staff to child ratio cannot exceed 1 to 10 and classrooms cannot exceed 20 children. There must be at least one teacher and one teacher assistant per classroom. The Child Care Commission (Commission) must adopt any rules and the Department of Health and Human Services, Division of Child Development and Early Education (DCDEE) must revise any rules or policies necessary to implement these requirements.
- Multiyear contracts for licensed private child care centers providing NC Pre-K classrooms must be issued by the NC Pre-K contractor.
- Private child care facilities and public schools operating NC Pre-K classrooms must meet the building standards for preschool students instead of building standards for child care facilities.
- With the exception of building standards requirements, NC Pre-K operators must comply with all DCDEE policies regarding program standards and classroom requirements.
- Local NC Pre-K committees must use the process developed by DCDEE to award NC Pre-K classroom slots and student selection.
- DCDEE must submit an annual report no later than March 15 of each year to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division which includes:
    - The number of children participating in the NC Pre-K program by county.
    - The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
    - The expected NC Pre-K expenditures for the programs and the source of the local contributions.
    - The results of an annual evaluation of the NC Pre-K program.
- Administration of the NC Pre-K program by local partnerships is subject to financial and compliance audits authorized under State law.

DCDEE must continue implementing the NC Pre-K program. Eligibility determinations can continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

This section became effective July 1, 2026.

NC Pre-K Report on Reallocation of Unused Slots – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.2

Section 9D.2 of S.L. 2026-41 (Senate Bill 257) requires the Division of Child Development and Early Education of the Department of Health and Human Services to submit a report on how unused slots are reallocated in the NC Prekindergarten program to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The report must be submitted by March 1, 2027.

This section became effective July 7, 2026.

Subsidized Child Care/Increase Reimbursement Rates, Implement a Rate Floor, and Require Additional Reporting at the 50th Percentile for the Next Market Rate Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.4

Section 9D.4 of S.L. 2026-41 (Senate Bill 257), as amended by Section 3.2 of S.L. 2026-42, increases the child care subsidy market rates for children in three-, four-, and five-star rated centers to the seventy-fifth percentile as recommended by the 2023 Child Care Market Rate Study. Payment rates for child care providers in counties that have a county rate below the State rate for children in three-, four-, and five-star rated centers will also be set at the seventy-fifth percentile statewide market rate as recommended by the 2021 Child Care Market Rate Study. The new rates will be paid beginning October 1, 2026.

The Division of Child Development and Early Education must include in its next market rate study reporting of statewide rates at the fiftieth percentile in addition to reporting at the seventy-fifth percentile.

This section became effective July 1, 2026.

Smart Start Initiatives – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.6

Section 9D.6 of S.L. 2026-41 (Senate Bill 257) does the following regarding the North Carolina Partnership for Children, Inc. (Partnership for Children):

- Ensures funded activities include assisting child care facilities with improving quality and implementing prekindergarten programs. Funding must also be used for evidence-based or evidence-informed programs that follow specified goals for children from birth to 5 years of age.
- Directs administrative costs must be equivalent to, on an average statewide basis for all local partnerships, not more than 10% of the total statewide allocation to all local partnerships and requires participation in a single statewide contract management system.
- Sets salary maximums and provides salary schedule criteria for the Executive Director of the Partnership for Children and the directors of the local partnerships.
- Requires the application of set match percentages to the total budgeted amount for program in the 2026-2027 fiscal year, establishes requirements to meet the private match, and creates a reduction in funds for failure to obtain the required match.
- Creates a prescribed competitive bidding process based on the amount of the bid.
- Prevents the reduction of the allocation below the 2012-2013 funding level for counties with less than 35,000 in population.
- Requires the Department of Health and Human Services to continue to implement the performance-based evaluation system.
- Ensures the allocation of funds for Early Childhood Education and Development Initiatives for 2026-2027 are administered and distributed in a specified manner.
- Allows up to 1% of State funds to be used for fundraising activities and requires the amount of State funds used for fundraising activities to be included in its annual report.

This section became effective July 1, 2026.

Smart Start Literacy Initiative/Dolly Parton's Imagination Library – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.7

Section 9D.7 of S.L. 2026-41 (Senate Bill 257), as amended by Section 4.2 of S.L. 2026-61 (House Bill 268), requires the North Carolina Partnership for Children, Inc. (NCPC) to continue to use a portion of the funds allocated to it by the Department of Health and Human Services (DHHS) to increase access to Dolly Parton's Imagination Library.

NCPC is allowed to use up to 1% of the allocated funding for statewide program management and up to 1% for program evaluation. Funding provided under this section is not subject other administrative costs and match requirements in this act, or the statutory requirements for child care services funding and child care subsidy expansion. Additionally, the funding provided for Dolly Parton's Imagination Library will not revert on June 30, 2027, but will remain available until June 30, 2032, when the funds will revert to the appropriate fund.

NCPC is required to submit a report based on the program evaluation to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1 of each even numbered year.

This section, as amended, became effective July 1, 2026.

Career-Ready Lead Teacher Academy Pilot Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.8

Section 9D.8 of S.L. 2026-41 (Senate Bill 257) appropriates to the Department of Health and Human Services, Division of Child Development and Early Education (DCDEE) $1.5 million in nonrecurring funds from the General Fund for the 2026-2027 fiscal year to be allocated to the North Carolina Partnership for Children, Inc. (NCPC) to provide the State match for implementing the career-ready lead teacher academy pilot program as follows: (i) $1 million for the 2026-2027 fiscal year for the State portion of tuition costs and (ii) $500,000 for the 2026-2027 fiscal year for the stipends described below.

These funds must be used as follows:

- The funds must be allocated equally among the local partnerships selected to participate in the pilot program.
- Local partnerships must provide documentation of a 25% local match to receive State funds.
- Any unexpended and unencumbered funds at the end of the fiscal year from these funds will not revert to the General Fund but will remain available for use in accordance with these provisions.
- The funds cannot be used for administrative costs.
- The funds are not subject to the administrative cost and the match requirements under this act, or the statutory child care services funding and child care subsidy expansion requirements.

NCPC, in collaboration with the North Carolina Community College System Office (NC CCS), must develop a two-year pilot program expanding the child care academies currently operating in Johnston and Wayne counties. The academies must provide free, comprehensive training and support to individuals with no child care experience or education who are interested in a career in child care. They must ensure graduates are able to be credentialled as lead teachers or group leaders in a licensed child care program upon graduation and meet certain requirements regarding program size and length.

NCPC, in collaboration with the NC CCS, must select 10 local partnerships for the program, in addition to Johnston and Wayne counties. There must be at least one in each local partnership region of the statewide Smart Start network. The local partnerships can offer each graduate a one-time stipend of at least $150 for completing the course. Students are eligible to receive an additional $500 stipend if they begin full-time employment as a lead teacher in a licensed child care center or home in the State within three months of graduating from the academy, and complete 12 consecutive months of employment at the same child care program. NCPC and local partnerships must also collaborate with community colleges and make information about the academies available to the public.

NCPC, in collaboration with the local partnerships and community colleges participating in the pilot program, must submit a progress report on the pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by March 31, 2027 which includes any concerns or recommendations for program expansion. A final report must be submitted by December 31, 2027, that includes, at a minimum, the following: (i) the local partnerships and community colleges participating in the pilot program; (ii) the number of students enrolled in each career-ready lead teacher academy (academy), by county; (iii) the number of students who successfully completed the academy, by county; (iv) the number of newly credentialed graduates employed as lead teachers in licensed child care programs, by county; (v) the outcomes achieved from the pilot program, including any recommendations for expanding the program statewide; (vi) the number of new child care slots available as a result of adding the new lead teachers; (vii) total program costs, including any administrative costs borne by the county; and (viii) the amount of funds needed to expand the program statewide.

DCDEE must establish a provisional early childhood credential for individuals who are 16 or 17 years old and are preparing to work in the child care field. The provisional credential will allow these individuals to work in certain out of school child care facilities and summer camps as a group leader when staff to child ratios and group size requirements are met. When the individual turns 18 and receives a high school diploma or its equivalent, the individual will be eligible to receive the full NC Early Childhood Credential and be employed as a lead teacher at any licensed child care program in the State. The NC CCS, the North Carolina Department of Public Instruction, the North Carolina Center for Afterschool Programs, and DCDEE must ensure the required trainings to earn the provisional credential are accessible to interested individuals no later than March 31, 2027.

This section became effective July 1, 2026.

Child Care Mental and Behavioral Health Services Funding/Smart Start Special Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.9

Section 9D.9 of S.L. 2026-41 (Senate Bill 257) allocates $7.3 million in non-recurring funds to the North Carolina Partnership for Children, Inc. (NCPC). The allocation comes from the funds appropriated to the Division of Child Development and Early Education (Division) of the Department of Health and Human Services (Department).

The allocated funds are required to be distributed to local partnerships chosen by the NCPC and are to supplement existing Smart Start partnership behavioral health spending. The funds must be used to expand mental and behavioral health services for children, families, and staff in child care facility settings and out-of-school programs, including on-site services and behavioral health supports.

The NCPC is required to submit a progress report on the mental and behavioral health initiatives to the Joint Legislative Oversight Committee on Health and Human Services, the Secretary of the

Department, and the Fiscal Research Division by March 15, 2027. A final report is due by November 15, 2028.

The section also creates the North Carolina Partnership for Children, Inc., Special Fund (Fund), located in the Department. Funds appropriated from the General Fund to the Department for Smart Start and the NCPC are required to be deposited into the Fund and must be used by the NCPC and local partnerships for purposes laid out in statute. The NCPC is allowed to hold up to $5 million in cash that exceeds incurred expenditures at the end of each fiscal year. The NCPC is required to provide the Division with a financial status report for the preceding fiscal year no later than August 1 of each year.

This section became effective on July 7, 2026.

Child Care Reforms/Expand Career Pathways for Child Care Center Administrators – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.10

Section 9D.10 of S.L. 2026-41 (Senate Bill 257) allows licensed child care centers to use the combined education and work experience of two staff members to meet the requirements for Level II and Level III certificates or designations and receive the same star rating in the same manner as if the requirements were met by one person, provided the following apply:

- One individual must (i) complete EDU 261 and EDU 262 as set out in the Child Care Rules in the Administrative Code, (ii) hold an associate degree or higher in business administration or a related field, or (iii) have at least two years of verifiable business or administrative work experience.
- One individual must (i) hold an associate degree or bachelor's of science degree in early childhood education or child development, (ii) be responsible for the center's curriculum, program delivery, and compliance practices, and (iii) be physically on-site for at least the minimum number of hours required by the child care staffing requirements.

The Department of Health and Human Services must allow an individual to earn the minimum mandatory North Carolina Early Childhood Administration Credential without completing coursework in EDU 261 and EDU 262 when the individual has (i) an associate degree or higher in business administration or a related field or (ii) two years of verifiable business or administrative work experience.

This section became effective July 1, 2026.

Continue Medicaid Annual Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.1

Section 9E.1 of S.L. 2026-41 (Senate Bill 257) continues the requirement for the Department of Health and Human Services, Division of Health Benefits, to publish the Medicaid Annual Report by December 31 each year.

This section became effective July 1, 2026.

Duration of Medicaid Program Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.3

Section 9E.3 of S.L. 2026-41 (Senate Bill 257) clarifies that, unless otherwise specified, the Department of Health and Human Services must only maintain the Medicaid program changes in Subpart E of this act until June 30, 2027. This duration limitation also applies to uncodified language that became law in 2023 requiring certain Medicaid reimbursements to ambulatory surgical centers for a specific dental service. Because that modification to the Medicaid program became law in a bill that was not the budget, it did not contain the standard duration limitation language typically appearing in budget bills, and this section corrects that omission.

This section became effective July 1, 2026.

Change in Hospital Status – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.8

Section 9E.8 of S.L. 2026-41 (Senate Bill 257) makes a technical adjustment to the statutory formula used to calculate the total amount of assessments that hospitals pay to the Department of Health and Human Services for the Medicaid program. This section adjusts how the total assessment amount is distributed between private hospitals and public hospitals. The adjustment accounts for the recent addition of a newly-licensed private hospital as documented in the April 28, 2026, Change of Hospital Status Report submitted by the Department of Health and Human Services to the Joint Legislative Oversight Committee on Medicaid as required by State law.

This section becomes effective October 1, 2026, and applies to hospital assessments imposed on or after that date.

Adjust Hospital Assessments to Account for Work Requirement Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.9

Section 9E.9 of S.L. 2026-41 (Senate Bill 257) adjusts the statutory formula used to calculate the total amount of assessments that hospitals pay to the Department of Health and Human Services for the Medicaid program. This section adds $650,000 per year to the calculation, beginning

January 1, 2027, and ending June 30, 2036, for new State administrative costs of the NC Health Works program. The costs are associated with the requirement in Section 3C.5 of S.L. 2026-1 that certain Medicaid beneficiaries must demonstrate three months of compliance with federally-mandated community engagement eligibility criteria beginning January 1, 2027.

The additional assessment amount becomes effective January 1, 2027, and applies to hospital assessments imposed on or after that date. Other conforming changes in this section have effective dates that are appropriate to the conforming change, with some having a conditional effective date and an expiration date of July 1, 2034, and others having become effective July 7, 2026.

Funds for Medicaid Fraud, Waste, and Abuse Technology – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.13

Section 9E.13 of S.L. 2026-41 (Senate Bill 257) directs the Department of Health and Human Services, Division of Health Benefits (DHB), to use $1.5 million in recurring funds to leverage data available through the Government Data Analytics Center (GDAC) for the prevention of Medicaid fraud, waste, and abuse. This section requires DHB, in collaboration with the GDAC, to submit a report by November 15, 2026, to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division describing how the funds will be expended.

This section is effective July 1, 2026.

Increase Wages of Direct Care Workers / Innovations Waiver – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.14

Section 9E.14 of S.L. 2026-41 (Senate Bill 257) directs the Department of Health and Human Services, Division of Health Benefits (DHB), to use $21.3 million in recurring funds to increase wages and benefits for the direct care workers who provide Medicaid Innovations waiver services. This section directs that this funding be used to increase the Medicaid reimbursement rate for the services provided by these direct care workers and to adjust the capitation rates paid to local management entity/managed care organizations (LME/MCOs) covering those services. Prior to receiving the rate increase, providers must attest to the relevant LME/MCO that the entire amount of the rate increase is being used for the benefit of the direct care workers. LME/MCOs must recoup from a provider any amount of the rate increase that the LME/MCO determines was not used for the benefit of the workers. By February 15, 2027, DHB must submit a report to the Joint Legislative Oversight Committee on Medicaid about how the funding was used.

This section became effective July 1, 2026, and the rate increase is effective on the date approved by the Centers for Medicare and Medicaid Services.

Medicaid Skilled Nursing Facility Cost Containment Pilot – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.16

Section 9E.16 of S.L. 2026-41 (Senate Bill 257) establishes a five-year pilot program, beginning January 1, 2028, that adds a cost containment factor to the methodology used to set the Medicaid reimbursement rate paid to skilled nursing facilities. Until the conclusion of the pilot program, (i) other changes to the skilled nursing facility reimbursement rate methodology are generally prohibited and (ii) beneficiaries residing in skilled nursing facilities would remain excluded from managed care coverage under prepaid health plans. This section specifies the details for calculating the cost containment factor and directs the Department of Health and Human Services, Division of Health Benefits (DHB), to submit a State Plan amendment to the Centers for Medicare and Medicaid Services adding the cost containment factor. This section requires DHB to report to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division (i) as needed during the implementation of the pilot and (ii) by April 1, 2033, on the outcomes of the pilot program and a recommendation whether to continue or expand the pilot program.

This section became effective June 1, 2026.

Medicaid Managed Care Cost Containment – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.17

Section 9E.17 of S.L. 2026-41 (Senate Bill 257) requires the Department of Health and Human Services, Division of Health Benefits, to include in its contracts with prepaid health plans certain terms clarifying the expectations for prepaid health plans with regard to Medicaid cost containment.

This section became effective July 7, 2026, and applies to contracts entered into on or after that date.

Continue CHIPRA 214 Coverage Option – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.18

Section 9E.18 of S.L. 2026-41 (Senate Bill 257) updates the law that establishes Medicaid eligibility categories to ensure the continuation of Medicaid coverage to pregnant women and children under the CHIPRA 214 State Option after the enactment of changes to that law that were made in Section 3C.4 of S.L. 2026-1.

This section becomes effective October 1, 2026.

Quarterly Review of Income and Financial Resources – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.20

Section 9E.20 of S.L. 2026-41 (Senate Bill 257) updates the law pertaining to Medicaid eligibility monitoring to maintain a quarterly review, rather than a monthly review, by the Department of Health and Human Services of certain financial information that determines a Medicaid beneficiary's continued eligibility for Medicaid. Section 3C.6 of S.L. 2026-1 would have changed the frequency of review of all data sources listed in the eligibility monitoring statute from quarterly to monthly beginning October 1, 2026; however, this section restores a quarterly review only for information on earned income, unearned income, and financial resources.

This section becomes effective October 1, 2026.

Align Rebidding Date for Medicaid Standard Plan and Tailored Plan PHP Contracts – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.21

Section 9E.21 of S.L. 2026-41 (Senate Bill 257) aligns the next procurement date for the prepaid health plan contracts for standard benefit plans and for behavioral health and intellectual/developmental disabilities tailored plans so that the next contracts for both plan types will begin December 1, 2029.

This section became effective July 1, 2026.

Modifications to Applied Behavior Analysis Therapy Medicaid Coverage / Closed Networks – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.22

Section 9E.22 of S.L. 2026-41 (Senate Bill 257) adjusts a requirement pertaining to Medicaid coverage of Research-Based Behavioral Health Treatment (RB-BHT), which includes Applied Behavior Analysis (ABA) therapy. For individualized service plans involving more than 16 hours of RB-BHT per week, this section changes the requirement that those plans be approved monthly by a prepaid health plan (PHP) or the Department of Health and Human Services to instead require reapproval every three months.

This section also amends the statutes pertaining to Medicaid managed care plan provider networks to require all PHPs to develop and maintain closed provider networks for peer support services, RB-BHT services, and community support team services.

This section became effective July 7, 2026.

Extend Durable Medical Equipment Rates in Medicaid Managed Care – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.23

Section 9E.23 of S.L. 2026-41 (Senate Bill 257) extends, through June 30, 2029, the required Medicaid reimbursement rate for durable medical equipment covered by standard benefit plan prepaid health plans.

This section became effective July 1, 2026.

Accreditation for Medicaid Managed Care Entities – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.24

Section 9E.24 of S.L. 2026-41 (Senate Bill 257) requires the Department of Health and Human Services, Division of Health Benefits (DHB), to allow Medicaid managed care entities, also called prepaid health plans, to attain and maintain accreditation through an accrediting organization of their choice that has been approved by DHB.

This section became effective July 7, 2026, and applies to contracts entered into on or after that date.

Extend Primary Care Task Force – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.25

Section 9E.25 of S.L. 2026-41 (Senate Bill 257) extends the authorization of the Primary Care Task Force to December 31, 2028, and clarifies responsibilities and safeguards pertaining to the submission of data and information to the Task Force.

This section became effective retroactively July 1, 2023.

Reducing Use of Inappropriate Settings for Delivery of Behavioral Health Services – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9E.26

Section 9E.26 of S.L. 2026-41 (Senate Bill 257) ends a State law requirement to add Medicaid coverage for services provided to certain beneficiaries who are in the hospital and are waiting to be discharged to a more appropriate setting for the treatment of behavioral health needs, after federal approval of this additional coverage was denied. This section requires a report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid by October 1, 2026, on recent efforts to address the issue of the inappropriate use of acute care hospital settings for the delivery of behavioral health services.

This section became effective July 1, 2026.

Hospital and Ambulatory Surgical Facility Standards on Surgical Smoke Evacuation – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9F.1

Section 9F.1 of S.L. 2026-41 (Senate Bill 257) amends the definition of "smoke evacuation/filtering systems" applicable to hospitals and ambulatory surgical centers to specify that an assistant-held smoke evacuation device qualifies as a smoke evacuation/filtering system.

This section became effective July 7, 2026.

Elimination of Certified Public Accountant Requirement for Adult Care Home Cost Reports – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9F.2

Section 9F.2 of S.L. 2026-41 (Senate Bill 257) prohibits the Department of Health and Human Services (DHHS) from requiring an adult care home to use a certified public accountant or independent accountant to satisfy any part of the actual cost reporting requirements unless DHHS determines that an adult care home has submitted a grossly inadequate report.

This section became effective July 1, 2026, and applies to reports due on or after that date.

Streamlining Adult Care Home Inspections – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9F.3

Section 9F.3 of S.L. 2026-41 (Senate Bill 257) requires State or local departments, agencies, boards, or commissions, in specified circumstances, to accept a passed inspection of an adult care home completed by the Division of Health Service Regulation (DHSR) of the Department of Health and Human Services.

This requirement applies to facility, real property, workplace, or workplace safety inspections, and applies only if the inspection by the other State or local entities is a substantially similar inspection to the one completed by DHSR and occurs within three months of DHSR's inspection.

Authorized agencies retain the authority to conduct an inspection or investigation in response to a complaint, an incident, or for certain other reasons. Authorized agencies retain the authority to conduct an independent inspection when the agency has reasonable cause to believe conditions that affect resident health, safety, and other issues have changed since a prior inspection.

This section becomes effective October 1, 2026, and applies to inspections conducted on or after that date.

Repeal Certificate of Need Review for Inpatient Rehabilitation Services, Facilities, and Beds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9F.4

Section 9F.4 of S.L. 2026-41 (Senate Bill 257) removes rehabilitation facilities and rehabilitation beds from certificate of need review.

This section becomes effective October 1, 2026.

Allow Live-In Direct Support Professionals in Group Homes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9F.5

Section 9F.5 of S.L. 2026-41 (Senate Bill 257) directs the Division of Health Service Regulation (DHSR), Department of Health and Human Services to adopt rules permitting direct support professionals who provide services in supervised living facilities for adults with a primary diagnosis of developmental disability to reside permanently in those facilities

DHSR must report on its progress towards implementing the changes required by this section and any legislative changes requested to the Joint Legislative Oversight Committee on Health and Human Services by July 1, 2027.

This section is effective July 7, 2026.

Local Inpatient Psychiatric Beds or Bed Days – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9G.2

Section 9G.2 of S.L. 2026-41 (Senate Bill 257) allows funds appropriated to the Department of Health and Human Services (DHHS), Division of Mental Health, Developmental Disabilities, and Substance Use Services (Division) to continue to be used for the purchase of local inpatient psychiatric beds or bed days. The payments are based on the acuity of the patient. The purchase rate for the most acute patient cannot exceed the lowest average cost per patient bed day in State psychiatric hospitals. In addition, existing funds allocated to local management entities/managed care organizations (LME/MCOs) may be used to purchase additional local inpatient psychiatric beds or bed days. DHHS may allocate funding to the LME/MCOs for the purchase of facility-based crisis services, nonhospital detoxification services, and peer respite services to support individuals that do not meet the medical necessity for inpatient treatment and can be diverted from an inpatient hospital stay.

DHHS must work to ensure that any local inpatient psychiatric beds or bed days purchased are utilized solely for individuals who are medically indigent, but up to 40% of the funds appropriated may be used for the purchase of local inpatient psychiatric beds or bed days to pay for facility-based crisis services, nonhospital detoxification services, and peer respite services for individuals

in need of these services, regardless of whether the individuals are medically indigent. DHHS must work to ensure that any local inpatient psychiatric beds or bed days purchased are distributed across the State and according to need.

Funds appropriated in this act to DHHS must be held in a statewide reserve at the Division to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs must remit claims for payment to DHHS within 15 working days after receipt of a clean claim from the hospital and must pay the hospital within 30 working days after receipt of payment from DHHS.

If DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for which it has responsibility or (ii) the LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may contract with another LME/MCO to manage the beds or bed days or pay the hospital directly.

LME/MCOs must to report to DHHS regarding the utilization of these beds or bed days.

By December 1, 2026, DHHS must report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following:

- A uniform system for beds or bed days purchased during the preceding fiscal year from (i) existing State appropriations and (ii) local funds.
- An explanation of the process used by DHHS to ensure local inpatient psychiatric beds or bed days are utilized solely for individuals who are medically indigent, along with the number of medically indigent individuals served by the purchase of these beds or bed days.
- The amount of funds used to pay for facility-based crisis services, along with the number of individuals who received these services and the outcomes for each individual.
- The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.
- Other DHHS initiatives funded by State appropriations to reduce State psychiatric hospital use.

This section became effective July 1, 2026.

Competitive Grants to Sheriffs' Offices for Addiction Treatment in Jails – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9G.3

Section 9G.3 of S.L. 2026-41 (Senate Bill 257), as amended by Section 4.5 of S.L. 2026-61 (House Bill 268), requires the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services (DMH/DD/SUS), to allocate $2 million in recurring funds beginning in the 2026-2027 fiscal year to provide competitive grants under the MAT Grant Program (Program). MAT is defined as medication-assisted treatment. The purpose of the Program is to provide grants on a competitive basis to sheriffs' offices to assist in

establishing, maintaining, or expanding MAT programs for alcohol and opioid addiction in jails (categories) and DMH/DD/SUS must use the allocated funds as prorated for each of these categories.

Receipt of a grant is prioritized based upon the following criteria for the county in which that sheriffs' office sits: (i) the rate of opioid-related deaths, (ii) the rate of opioid-related hospital admissions, (iii) the rate of violations of probation or parole due to ongoing opioid or alcohol use, and (iv) the accessibility of mental and physical healthcare. Additionally, no sheriff's office can receive grants in more than one category in any fiscal year nor can a sheriff's office receive grants totaling the entire yearly allotment of funds provided for one of the categories in any fiscal year.

If qualified grant applications do not exhaust the funds allotted for one of the categories in a given fiscal year, the remaining funds for that category for that fiscal year may be redistributed equally between the other two categories.

The Secretary of the Department of Health and Human Services (Secretary) and must convene a working group comprised of (i) the Director of the Division of Community Supervision of the Department of Adult Correction or the Director's designee, (ii) the Director of the Office of Rural Health of the Department or the Director's designee, (iii) the Section Chief for Addictions and Management Operations of DMH/DD/SUS or the Section Chief's designee, and (iv) other relevant stakeholders as determined by the Secretary. The Secretary may assign support staff.

The working group must (i) evaluate applications for each of the categories and may award lower amounts than requested to individual sheriffs' offices in order to assure broader access to funds, (ii) ensure all FDA-approved drugs for the treatment of opioid dependence be considered as options for treatment, including long-acting, injectable medication regimens, and use any operational criteria and application processes for the MAT grant program established by State law in 2021.

This section became effective July 1, 2026.

Funds for Additional Opioid Remediation Activities – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9G.5

Section 9G.5 of S.L. 2026-41 (Senate Bill 257) directs the use of $6 million from the funds appropriated to the Division of Mental Health, Developmental Disabilities, and Substance Use Services (DMH/DD/SUS) of the Department of Health and Human Services from the Opioid Abatement Fund. The $6 million is for the 2026-2027 fiscal year and is nonrecurring, and must be allocated as follows:

- $4 million to the Local Management Entities/Managed Care Organizations, to be spread equally among them and used to support opioid remediation activities in certain counties.
- $1 million for the purchase of intranasal opioid antagonists for distribution within North Carolina.

- $1 million to fund a contract for the purchase of intranasal and intramuscular opioid antagonists for distribution in North Carolina, and related ancillary services, as provided for in Section 9G.6 of this act.

The recipients of these directed grants are required to report to DMH/DD/SUS, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on the use of these grants. The reports must be submitted by September 1, 2028.

This section became effective July 1, 2026.

Local Health Departments/Competitive Grant Process to Improve Maternal and Child Health – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.1

Section 9H.1 of S.L. 2026-41 (Senate Bill 257) requires funds allocated to the Department of Health and Human Services (DHHS) to be used to continue funding competitive grants to local health departments to improve maternal and child health, with the following goals:

- Improving birth outcomes.
- Improving the overall status of children's health from birth to age five.
- Lowering infant mortality.

Administration of the grant process must include the following:

- A request for application allowing local health departments to apply for and receive funds on a competitive basis.
- A requirement that the applications of local health departments who can leverage non-State funds be prioritized.
- Ensuring that funds received by DHHS to implement the grant program do not supplant existing funds.
- Allowing the grants to be awarded for up to three years.

DHHS must award the grants by July 1 of each year. After the grants have been awarded, DHHS must submit a report to the Joint Legislative Oversight Committee on Health and Human Services containing the following:

- The identity and a brief description of each grantee and each program or initiative offered by the grantee.
- The amount of funding awarded to each grantee.
- The number of persons served by each grantee, broken down by program or initiative.

No later than February 1 of each fiscal year, each local health department receiving funds must submit the following to the Division of Public Health:

- A description of the types of programs, services, and activities funded by the grant.

- Statistical and demographical information on the number of persons served by the programs.
- Outcome measures that demonstrate the impact and effectiveness of the programs.
- A detailed program budget and list of expenditures.

This section became effective July 1, 2026.

Report on Recommendations for a Plan to Improve Maternal and Infant Levels of Care in North Carolina – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.2

Section 9H.2 of S.L. 2026-41 (Senate Bill 257) requires the Division of Public Health (DPH), Department of Health and Human Services to report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on recommendations for a plan to establish maternal levels of care and to update neonatal levels of care to reduce maternal and infant mortality rates within the State by April 1, 2027. The plan must be consistent with guidelines of specified organizations, and DPH must consult with specified maternal and infant health stakeholders in the State in developing plan recommendations.

This section became effective July 1, 2026.

Report on Premium Assistance Program within North Carolina HIV Medication Assistance Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.3

Section 9H.3 of S.L. 2026-41 (Senate Bill 257) requires the Department of Health and Human Services (DHHS) to submit a report to the Joint Legislative Oversight Committee on Health and Human Services if the Division of Public Health of DHHS determines that in six months or less it will no longer be feasible to operate the health insurance premium assistance program within the North Carolina HIV Medication Assistance Program on a cost-neutral basis or in a manner that achieves saving to the State.

The report would be required to include notification of the Division's determination, supporting documentation, and a proposed course of action for the participants in the health insurance premium assistance program.

This section became effective July 1, 2026.

Increase to Medical Examiner Fee – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.4

Section 9H.4 of S.L. 2026-41 (Senate Bill 257) increases the fee paid to the medical examiner for investigations and prompt filings of required reports by the State or county to $400.

This section became effective July 1, 2026, and applies to fees imposed for medical examiner reports filed on or after that date.

Carolina Pregnancy Care Fellowship. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.6

Section 9H.6 of S.L. 2026-41 (Senate Bill 257) allocates the funds appropriated to the Division of Public Health (Division) of the Department of Health and Human Services (Department) for Carolina Pregnancy Fellowship (CPCF), a non-profit organization, as follows:

- $3,950,000 for grants for services to pregnancy centers in North Carolina.
- $1 million to pregnancy centers in North Carolina as grants for the purchase of durable medical equipment, training on the use of durable medical equipment, and pregnancy care training.
- $1 million to fund the CPCF Circle of Care Program.

CPCF is required to establish an application process for the grants and any pregnancy center in the State is eligible for them. CPCF is not allowed to use more than 10% of the total funds for administrative purposes, nor can it use them for sectarian or religious purposes.

CPCF is required to submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of the allocated funds. The report is due by July 1, 2027, and July 1 of each odd-numbered year thereafter.

This section became effective July 7, 2026.

Statewide Continuum of Care Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.7

Section 9H.7 of S.L. 2026-41 (Senate Bill 257) allocates $3,291,453 in nonrecurring funds for the 2026-27 fiscal year to the Human Coalition to fund its statewide continuum of care program, as expanded pursuant to Section 9G.6 of S.L. 2021-180. The funds must be used for nonreligious purposes, and only up to 5% of the funds may be used for administrative purposes.

By December 1, 2027, and every six months thereafter, the Human Coalition must report the following to the Department of Health and Human Services (DHHS):

- A detailed breakdown of expenditures for the program.
- The number of individuals served by the program and the types of services provided to each person.
- Any other information requested by DHHS.

By February 1, 2028, DHHS must report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the status and operation of the statewide

Continuum of Care Program. The report must include at least all of the information the Human Coalition is required to report to DHHS.

This section became effective July 1, 2026.

Transfer and Reorganization of Rare Disease Advisory Council – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.8

Section 9H.8 of S.L. 2026-41 (Senate Bill 257) makes the following changes to the Rare Disease Advisory Council (Advisory Council):

- Moves the Advisory Council to within the Department of Health and Human Services (DHHS).
- Expands the membership of the Advisory Council to 19 members with specified credentials. The Secretary of DHHS must appoint 15 members. The President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Governor also must appoint one member each.
- Establishes the terms and term limits of Advisory Council members. The appointing authority may (i) remove members for misfeasance, malfeasance, or nonfeasance, and (ii) fill a vacancy on the Advisory Council.
- Requires the Advisory Council to meet quarterly. The Advisory Council can meet more frequently at the call of the chair or at the request of a majority of the members.
- Creates the following additional powers and duties of the Advisory Council:
    - Advising the Governor, the Secretary, and the General Assembly on (i) the coordination of statewide efforts to increase public awareness and understanding of rare diseases, (ii) the identification of policy issues related to rare diseases and the advancement of policy initiatives related to rare diseases at the State and federal levels, and (iii) the appropriation of State funds to facilitate increased public awareness of and improved treatment for rare diseases.
    - Developing resources or recommendations, in consultation with medical schools, schools of public health, and hospitals, on the quality of and access to treatment and services within the State for people diagnosed with a rare disease.
    - Advising and consulting with DHHS, the North Carolina Drug Utilization Review Board, and the Medicaid Preferred Drug List Review Panel in developing recommendations, resources, and programs relating to the diagnosis and treatment of rare diseases.
    - Identifying additional relevant areas for study and evaluation.
- Clarifies the terms of all members currently serving on the Advisory Council expire on October 1, 2026.

This section appropriates $250,000 in non-recurring funds from the General Fund for the 2026-2027 fiscal year to DPH to cover the operating expenses of the Advisory Council.

This section became effective July 1, 2026.

Alignment of State and Federal Childhood Lead Dust Standards – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9H.9

Section 9H.9 of S.L. 2026-41 (Senate Bill 257) aligns the State childhood lead dust standards with the Federal standards in the State's definition of "lead poisoning hazard" and the State's requirements for lead poisoning hazard remediation plans. For the definition and remediation plans, the lead dust level is reduced to five micrograms per square foot for floors and 40 micrograms per square foot for interior windowsills. For remediation plans, lead dust on windowsill troughs is reduced to 100 micrograms per square foot.

This section becomes effective January 1, 2027.

Intensive Family Preservation Services Funding, Performance Enhancements, and Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.2

Section 9J.2 of S.L. 2026-41 (Senate Bill 257), notwithstanding the provisions of the North Carolina Family Services Prevention Act, requires the Intensive Family Preservation Services (IFPS) Program to provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The IFPS Program must be implemented statewide on a regional basis. Standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement must be applied.

Any program or entity receiving State, federal, or other funding for the purpose of IFPS must provide the following information and data to the Department Health and Human Services (DHHS): (i) an established follow-up system with a minimum of six months of follow-up services; (ii) detailed information on the specific interventions applied, including utilization indicators and performance measurements; (iii) cost-benefit data; (iv) data on long-term benefits associated with IFPS which will be obtained by tracking families through the intervention process; (v) the number of families remaining intact and the associated interventions while in IFPS and 12 months after release from the IFPS; and (vi) the number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

DHHS must continue implementation of a performance-based funding protocol and only provide funding to those programs and entities providing the required information. DHHS must submit an annual report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1 of each year that provides this information and data.

This section became effective July 1, 2026.

Federal Child Support Incentive Payments – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.6

Section 9J.6 of S.L. 2026-41 (Senate Bill 257) allows the North Carolina Child Support Services Section (NCCSS) of the Division of Social Services of the Department of Health and Human Services to retain up to 15% of the annual federal incentive payments it receives for the purpose of enhancing centralized child support services in specified ways.

NCCSS is required to allocate at least 85% of the annual federal incentives payments it receives to county child support services programs to improve effectiveness and efficiency using the federal performance measures. NCCSS is required to examine its methodology for distributing federal incentive funding to county programs and, if it adopts an alternative formula, develop a process to phase in the alternative formula for distributing federal incentive funding over a four-year period.

NCCSS is required to mandate the submission of an annual plan and report from county child support services programs, to ensure that those programs are following NCCSS' guidelines on the appropriate use of the funding.

NCCSS is required to submit a report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year.

This section became effective on July 1, 2026.

Report on Certain SNAP and TANF Expenditures – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.8

Section 9J.8 of S.L. 2026-41 (Senate Bill 257) requires funds allocated to the Department of Health and Human Services for the 2026-27 fiscal year for a report on certain Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) expenditures to be used to pay vendors for generating the data regarding the expenditures of those programs. The vendor data must be submitted to the Division of Social Services (Division) and include at least the following:

- The dollar amount and number of transactions accessed or expended out-of-state for both SNAP benefits and TANF benefits.
- The amount of benefits expended out-of-state from active cases for both SNAP and TANF.
- The dollar amount and number of transactions of benefits accessed or expended in this State, by types of retailers or institutions, for both SNAP and TANF.

The Division must review the data and submit an analysis of the data to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The first analysis must report how this data is used to investigate fraud and abuse in both SNAP and TANF. The analysis must also be posted on the Division's website. The analysis must be

submitted to Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division and posted on the website by June 30 and December 31 of each year. All confidential information must be redacted from any public reports.

This section became effective July 1, 2026.

Inclusion of Eastern Band of Cherokee Indians in Child Advocacy Centers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.10

Section 9J.10 of S.L. 2026-41 (Senate Bill 257) makes the following changes to the statutes governing Child Advocacy Centers:

- Amends the definition of "Department" to include the Eastern Band of Cherokee Indians Department of Public Health and Human Services.
- Expands the definition of "Multidisciplinary team" to include a tribal prosecutor for the Eastern Band of Cherokee Indians.
- Adds a tribal prosecutor for the Eastern Band of Cherokee Indians to the list of individuals to which disclosure of information and records is allowed.

This section became effective July 7, 2026.

Require Status Report on Foster Care Trauma-Informed Assessment – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.11

Section 9J.11 of S.L. 2026-41 (Senate Bill 257) requires the Department of Health and Human Services, Division of Social Services, to provide a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the status of the foster care trauma-informed assessment (assessment) required by State law by September 1, 2026, and continuing every six months until the assessment is fully implemented Statewide.

This section became effective July 1, 2026.

Responsible Fatherhood NC Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.13

Section 9J.13 of S.L. 2026-41 (Senate Bill 257), as amended by Section 4.10 of Session Law 2026-61 (House Bill 268), creates the "Responsible Fatherhood NC Program" (Program).

Of the funds appropriated from the General Fund to the Department of Health and Human Services, Division of Social Services (DSS), the sum of $2,750,000 in nonrecurring funds for the 2026-2027 fiscal year must be used to implement the Program as follows: (i) up to $2 million

must be used to contract for the Program Manager; and (ii) the remainder of the funds must be used for the authorized grants.

DSS must contract with a nonprofit organization to serve as the Program Manager. The nonprofit must have the following: (i) a history of focusing on responsible fatherhood; and (ii) the organizational capacity to manage a statewide initiative and successfully carry out the Program requirements.

The Program Manager has the sole responsibility for developing, implementing, and managing the Program which, at a minimum, must: (i) establish a statewide media campaign that increases the awareness and importance of fathers' involvement in their children's lives; (ii) provide resources and information to increase fathers' and father figures' engagement and involvement in their children's lives; and (iii) promote fatherhood programs provided by the Department of Public Instruction, the Community College System, or The University of North Carolina System. To effectively use the appropriated funds, the Program Manager must identify and use existing media assets, content, and online resources deemed appropriate.

DSS must establish a process to award the following two types of grants to nonprofit community-based organizations to address the needs of fathers: (i) grants that comprehensively address the needs of fathers by providing tailored services and case management services; and (ii) grants that provide evidence-based parenting education specifically for fathers.

DSS must prioritize these grant applicants based on the following: (i) the need in a geographic area and the population to be served by the grant as indicated by certain required data points; (ii) whether an applicant has a primary mission or history of significant and effective work addressing the needs of fathers; (iii) an applicant's involvement in the community being served; (iv) an applicant's commitment and capability to employ competent staff who can effectively engage with the fathers being served, including staff who share a similar background as the fathers; (v) the number of individuals the applicant plans to serve through the grant and the projected costs for the program; and (vi) an applicant's organizational capacity to effectively meet the grant requirements and deliver the programs proposed by the applicant. DSS can offer technical assistance to applicants and grant recipients that have lower organizational capacity as long as those organizations or its leadership have significant experience serving fathers. The grant recipients must submit reports to DSS as prescribed by DSS.

DSS must implement these requirements no later January 1, 2027.

This section became effective July 1, 2026.

SNAP Benefit Cost-Sharing – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.14

Section 9J.14 of S.L. 2026-41 (Senate Bill 257), provides a mechanism to fund the State's fiscal obligation to the federal government for Supplemental Nutrition Assistance Program (SNAP)

benefits costs, as required by federal law. It requires the Secretary of Revenue (Secretary) to withhold a portion of each county's monthly sales tax allocations.

The amount to be withheld (SNAP benefit cost-share amount) is equal to the sum of a flat assessment, which is applicable to every county, plus a proportional assessment, which applies to every county for which a payment error rate (PER) dollar amount is attributable. Using this formula, the Department of Health and Human Services (DHHS) must, on or before October 1 of each year, calculate and notify the Secretary of each county's SNAP benefit cost-share amount, which will be withheld from sales tax allocations in equal monthly installments and remitted to DHHS to pay the State's fiscal obligation.

DHHS must submit a report on the assessment amounts, by county, to the Joint Legislative Oversight Committee on Health and Human Services (JLOC HHS) by February 1 of each year.

DHHS is required to use the State PER for the 2024-2025 federal fiscal year for the first federal fiscal year that the cost-sharing is implemented, unless the 2025-2026 federal fiscal year results in a lesser cost-sharing fiscal obligation for the State, in which case the PER for the 2025-2026 federal fiscal year must be used. DHHS is required to submit, by February 1, 2027, an initial report to JLOC HHS and the Fiscal Research Division that includes the status of the implementation of this provision, the assessment amounts by county, and any recommendations.

The provisions requiring the county sales tax withholdings and the annual reporting requirement, other than the initial report, and specifying the applicable State PER for the first federal fiscal year the cost-sharing obligation is in place, become effective October 1, 2027. The provision requiring the initial report due February 1, 2027, became effective July 1, 2026.

Dominique Moody Safety Act – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.15

Section 9J.15 of S.L. 2026-41 (Senate Bill 257) requires the Division of Social Services to create a child welfare escalation team (Team) to conduct escalation assessments of children who have a history of child protective services attention because of safety and risk factors. The team will (i) support county departments of social services, (ii) provide an additional level of review to ensure child safety statewide, and (iii) provide quality assurance of the child protective services history of a family who has returned to the attention of child protective services. Additionally, the section creates definitions necessary to implement its provisions.

A county director of social services will send an escalation notice to the Team upon receiving a report of abuse or neglect of a child residing in a high-risk home. The county department of social services must assist the Team in getting access to the entire case file for the child and forward any records in its possession on request of the Team.

Once all necessary information is received, the Team will do the following:

- Assess child welfare history.

- Identify gaps in services and other areas that impact safety of the child.
- Review the overall safety planning for the child.
- Create a chronological time line of child protective services intervention to understand the maltreatment factors of concern related to the family to aid in decision making.

The Team will be involved in determining case decisions for the child and services needed for the child and will be required to discuss any concerns with the involvement of child welfare services related to the child and family with the director and the assigned regional child welfare team.

A combination of State and federal funding is appropriated for the creation of six full time positions for the creation of the Child Welfare Escalation Team to include five hundred fifty thousand dollars ($550,000) in recurring funds beginning in the 2026-2027. $100,000 in nonrecurring funds allocated to DHHS for the 2026-27 fiscal year must be spent on training county social service employees to recognize abuse and neglect.

The Division of Social Services must explore means and resources needed to for counties to alert the Team.

The Division of Social Services must amend protocols and rules necessary for the Team's entry into a private residence.

The appropriation provisions became effective July 1, 2026. The provisions creating the Team and its procedures become effective October 1, 2026. The remaining provisions became effective July 7, 2026.

Modification of North Carolina Medical Board Licensing and Registration Fees – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9L.1

Section 9L.1 of S.L. 2026-41 (Senate Bill 257) raises the North Carolina Medical Board fees as follows:

<u>License Fees:</u>

- $550 for licensure to practice medicine and surgery.
- $125 for a limited license to practice in a medical education and training program.
- $200 for initial and annual licensure of an anesthesiologist assistant.
- $325 for initial licensure of a physician assistant.

<u>Registration Fees:</u>

- $350 annual registration fee for every licensee, except $150 annual registration fee for those who have a limited license to practice in medical education or training program and $200 annual registration fee for physician assistants.

Fees:

- $400 for license application.
- $400 for biennial renewal of license.
- $200 for provisional license.

This section becomes effective October 1, 2026.

Study on Division of State Operated Healthcare Facilities and Local Management Entities/Managed Care Organizations – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9L.2

Section 9L.2 of S.L. 2026-41 (Senate Bill 257) requires the Office of State Budget and Management (OSBM), in consultation with the Department of Health and Human Services (DHHS), to develop and issue a request for proposal by September 1, 2026, to contract with a third-party organization to examine specified criteria, including the following:

- Opportunities to improve efficiencies by (i) selling or leasing State operated healthcare facilities to another entity to achieve State savings while requiring they continue to provide the same services or (ii) eliminating local management entities/managed care organizations and having the duties performed by a private entity.
- Benefits and risks of requiring an annual report on the number of North Carolina employers with at least 50 employees enrolled as Medicaid beneficiaries.

OSBM and DHHS must submit a report by March 31, 2027 to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division containing the findings and recommendations based on the study.

OSBM is appropriated $1 million dollars in nonrecurring funds for the 2026-2027 fiscal year to contract with a third party to conduct the study.

The funding in this section became effective July 1, 2026, and the remainder of this section became effective July 7, 2026.

Family Child Care Home Direct Support Pilot. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9M.2

Section 9M.2 of S.L. 2026-41 (Senate Bill 257) creates the Family Child Care Home Direct Support Pilot Program (the Pilot), a two-year program coordinated by the Pilot participants to build child care capacity in their respective counties. The Pilot is funded through funds appropriated from the federal Child Care and Development Block Grant to the Department of Health and Human Services, Division of Child Development and Early Education (DCDEE), for quality and availability

initiatives, in the amount of $3,250,000 for the 2026-2027 fiscal year. These funds are allocated in equal amounts to three councils of governments (councils) located in one county from the following: (i) Coastal Plain Region, (ii) Mountain Region, and (iii) Piedmont Region.

A request for application must be issued by each council for a vendor to contract with to administer the Pilot. To receive funds, the vendor must partner with the council to (i) increase the number of child care programs by recruiting and coaching prospective providers through the planning and implementation stages, and (ii) ensure sustainability of the new programs by providing a two-year mentorship. A participating council can use (i) a portion of its funds to provide additional solutions through the vendor to meet local early childhood education needs within their member communities, and (ii) up to 5% of its funds for administrative costs.

To be chosen, a vendor must have several qualifications, including: (i) experience establishing new family child care homes in at least three other states; (ii) technology which meets certain required criteria; (iii) experience successfully establishing family child care homes in rural communities and addressing child care access in underserved areas; and (iv) demonstrated success in establishing new family child care homes at scale on time lines of six months or less.

Selected vendors must: (i) determine where child care providers and substitute teachers are needed, and recruit new potential child care providers and substitutes; (ii) implement the technology requirements above; (iii) develop informational materials for in-home family child care providers to assist with marketing, advertising, and parental outreach; (iv) create child care slots and implement a substitute teacher pool; (v) craft an implementation strategy to meet community and workforce needs, including care during nontraditional hours and days; (vi) provide a dashboard that allows for government leaders to track vendor progress, get feedback from child care providers, and obtain real-time reporting; (vii) provide support, resources, coaching, and training for in-home family child care providers for a minimum of two years; and (viii) report all information required by this section.

Participating councils must submit an initial progress report by March 1, 2027, and additional progress reports every six months thereafter for the duration of the Pilot, to the Joint Legislative Oversight Committee on Health and Human Services, the Fiscal Research Division, and DCDEE. At a minimum, the reports must include the following Program data: (i) the number of programs created by county; (ii) the number of child care centers and family child care homes created; (iii) the number of new child care slots; and (iv) the costs associated with creating the child care programs, including any administrative costs.

This section became effective July 1, 2026.

Amend Inmate Medical Cost Containment Reporting Requirement – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.9

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

School Safety Grants – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.9

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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

SL 2026-41 (S257), Sec. 24.3

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Victim Compensation Changes – Department of Public Safety/Other Changes.

SL 2026-53 (H206), Sec. 5

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

Clarify Exemption for Stretching Services at Massage and Bodywork Therapy Establishments. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 8

[For a detailed summary of the provisions of this act, please see the OCCUPATIONAL BOARDS AND LICENSING subject area.]

Allow Private Swim Lessons in Private Pools. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 11

S.L. 2025-94 rewrote a 2024 exemption for private swimming pools serving a single-family dwelling used only by residents and their guests to apply regardless of whether the guests gain use of the private pool through a sharing economy platform or pay a fee. In cases where a fee is exchanged for pool access, the private pool must be "maintained in good and safe working order." S.L. 2025-94 also prohibited local health departments from regulating these exempted private pools.

Section 11 of S.L. 2026-59 (Senate Bill 445) expands that exemption to also apply to people providing private swimming instruction, regardless of whether the swim instructor gains use of the private pool through a sharing economy platform or by paying a fee. This section also prohibits local health departments from adopting rules regulating any recreational or instructional use of these exempted private pools.

This section became effective August 11, 2026.

Collaboratory Report on Recovery Court Study Results – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 3.19

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Clarify ASL Interpreter Payments – 2026 Court Changes.

Ratified (H377), Sec. 7

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Update Safe Babies Court Language to Allow Children Up to Age 5 to Participate. – 2026 Court Changes.

Ratified (H377), Sec. 13

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Information Technology

See full summary documents for additional detail

Direct Agriculture and Forestry Awareness Study on Low-Hanging Communication Lines. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 14

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Behavioral Health Statewide Central Availability Navigator Updates (BH SCAN) – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 6.5

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Department of Information Technology – Improve Involuntary Commitment Process and Enhance Public Safety.

SL 2026-38 (H1104), Sec. 12

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

AI Environmental Permit Review Pilot Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.23

[For a detailed summary of the provisions of this act, please see the ENVIRONMENT, NATURAL RESOURCES, AND ENERGY subject area.]

Exempt the State Bureau of Investigation from Department of Information Technology Article – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.6

Section 20.6 of S.L. 2026-41 (Senate Bill 257) amends G.S. 143B-1320(b) to exempt the State Bureau of Investigation from Article 15 of Chapter 143, which covers the Department of Information Technology.

This section became effective July 1, 2026.

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

SL 2026-41 (S257), Sec. 24.1

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Internal Service Fund Rate Limitation – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 40.2

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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.

Modify Technical Requirements for Electronic Monitoring/Satellite-Based Monitoring – Support the Department of Adult Correction.

SL 2026-44 (S355), Sec. 1.2

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Exclude DAC Investigations from Certain Information Technology Restrictions – Support the Dept. of Adult Correction.

SL 2026-44 (S355), Sec. 5.2

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Virtual Currency Kiosk Consumer Protection Act.

SL 2026-45 (H920)

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

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.

Allow Office of Indigent Defense Services Attorneys Electronic Access to Files – 2026 Court Changes.

Ratified (H377), Sec. 9

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Insurance

See full summary documents for additional detail

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Study Insurance Program For Child Care Providers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32.2

Section 32.2 of S.L. 2026-41 (Senate Bill 257) requires the Department of Insurance (DOI) to study the feasibility of establishing liability insurance coverage for North Carolina child care providers and, no later than May 1, 2027, report to the Joint Legislative Oversight Committee on General Government with the findings of the study. Of the funds appropriated in the act from the General Fund to DOI, $350,000 in nonrecurring funds for the 2026-2027 fiscal year must be used to conduct the study. In conducting the study, DOI must do the following:

- Collect loss data and operational information from child care providers statewide.
- Evaluate the viability of a program that is designed primarily to provide general liability coverage, including a focus on sexual abuse and molestation coverage.
- Determine the amount of public funding needed to initially capitalize the insurer and explore potential alternative solutions to that funding.
- Analyze the conditions in traditional, excess and surplus, and unauthorized foreign reinsurance markets.
- Determine whether commercial insurance carriers would be willing to participate in this program.
- Recommend a design for the most viable program for North Carolina child care providers.
- Identify any legislative changes necessary to implement any recommendations contained within the report.

The Department of Health and Human Services must cooperate with DOI, and any entity that DOI has contracted with, to supply any information necessary to do the study.

This section became effective July 1, 2026.

Require Payment Of Motor Vehicle Damage Claim Within 10 Days – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32.3

Section 32.3 of S.L. 2026-41 (Senate Bill 257) requires auto insurers to mail or deliver payments for covered claims within 10 business days of settling the claim.

This section becomes effective October 1, 2026, and applies to claims arising on or after that date.

Workers' Compensation Fund for Certain Safety Workers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32A.2

[For a detailed summary of the provisions of this act, please see the LABOR AND EMPLOYMENT subject area.]

Volunteer Fire Department Fund Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32A.3

Section 32A.3 of S.L. 2026-41 (Senate Bill 257) increases the maximum grant amount from the Volunteer Fire Department Fund from $40,000 to $50,000 for equipment purchases and $100,000 for all other eligible purchases. The Volunteer Fire Department Fund provides matching grants to volunteer fire departments to purchase equipment and make capital improvements.

This section became effective July 1, 2026, and applies to grants applied for on or after that date.

State Public Education Property Insurance Fund Modification – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32A.4

Section 32A.4 of S.L. 2026-41 (Senate Bill 257) extends the authority of public education boards to insure public education property titled to the board by also authorizing boards to insure public education property titled to the county or unit of local government where the board is located.

This section became effective July 1, 2026.

Add the Insurance Regulatory Charge to the Gross Premiums Tax Rate – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.5

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

Provide Additional Time to Respond to Insurance Lapse Notices – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 5

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

SL 2026-46 (H1094), Sec. 23

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Department of Insurance Licensing Programs. – General Statutes Commission Update Funeral Board and Department of Insurance Licensing.

SL 2026-48 (S857), Part III

[For a detailed summary of the provisions of this act, please see the OCCUPATIONAL BOARDS AND LICENSING subject area.]

Labor and Employment

See full summary documents for additional detail

Worker Safety Act of 2026.

SL 2026-13 (H258)

S.L. 2026-13 (House Bill 258) amends the Retaliatory Employment Discrimination Act (REDA) to do all of the following:

- Provide specific requirements for a complaint alleging a violation.
- Require written authorization for a third party to submit a complaint.
- Require the destruction of any extraneous materials submitted with a complaint.
- Allow a respondent to submit a position statement containing affirmative defenses within seven days of receipt of the complaint.
- Allow the Commissioner of Labor to open an investigation prior to receiving a response from the respondent.
- Provide that computation of time under REDA follows Rule 6 of the Rules of Civil Procedure.

This act became effective June 22, 2026.

Update Certain Workers' Compensation Benefits – Prohibit Litigation Investments/Amend Workers' Compensation Benefits.

SL 2026-14 (H315), Part II

Part II of S.L. 2026-14 (House Bill 315) increases benefits payable under the Workers' Compensation Act as follows:

- The minimum weekly rate of compensation payable for total disability is increased from $30.00 to $50.00.
- The maximum compensation of $20,000 payable for serious facial or head disfigurement and for loss of, or permanent injury to, important organs or parts of the body, is increased to $40,000.
- The maximum compensation of $10,000 payable for serious bodily disfigurement not compensable under any other provision is increased to $20,000.

This Part becomes effective July 1, 2027, and applies to claims arising on or after that date.

Unemployment Compensation – North Carolina Border Protection Act.

SL 2026-19 (S153), Part IV

Part IV of S.L. 2026-19 (Senate Bill 153), as amended by Section 5.9(b7) of S.L. 2026-41, requires the Department of Commerce, Division of Employment Security, to the extent permitted by

federal law, to adopt and implement a policy to verify that all applicants for unemployment benefits are legally authorized to reside in the United States before receiving the first unemployment benefit payment. The policy must be adopted by January 15, 2027.

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

Public Workforce Modernization Act.

SL 2026-40 (S1041)

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Job Maintenance and Capital Development Fund Project – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.8

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

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.

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

SL 2026-41 (S257), Sec. 14.2

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Workers' Compensation Fund for Certain Safety Workers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32A.2

Section 32A.2 of S.L. 2026-41 (Senate Bill 257) requires the Office of the State Marshal's annual actuarial study to calculate how much revenue from the State and member premiums would be required to meet the needs of the workers' compensation fund for certain safety workers under the following scenario: setting member premiums, by job classification, at the lowest amount needed to maintain the fund's cash balance at the optimal amount determined by the actuary.

This section became effective July 1, 2026.

Labor Organization Agreement Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.7

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

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.

Amend Commercial Drivers License Laws to Conform with Federal Motor Carrier Safety Administration Regulations – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 10

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Voluntary Portable Benefits Act. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 17.6

Section 17.6 of S.L. 2026-59 (Senate Bill 445) authorizes a person or entity who hires an independent contractor (hiring party) to voluntarily contribute funds into a portable benefit account to be owned and used by the independent contractor to purchase a variety of benefits traditionally provided to employees, such as health insurance, life insurance, disability insurance, and retirement benefits. The provision creates a framework for the administration and use of portable benefit accounts, including defined terms, permitted uses of funds, and safeguards for the independent contractor while explicitly stating that the making of contributions is not evidence of an employer-employee relationship.

This section does the following as it relates to the tax implications of portable benefit accounts:

- Creates an income tax deduction for independent contractors for contributions they receive in a portable benefit account to the extent the amount is included in the independent contractor's adjusted gross income.
- Requires an add-back to an independent contractor's adjusted gross income if the independent contractor used money from the account for purposes other than permitted use.
- Exempts a hiring party from having to make any withholdings for contributions to a portable benefit account for an independent contractor who meets the definition of a payee. A payee is a nonresident contractor, an Individual Taxpayer Identification Number (ITIN) contractor, a person who fails to provide a taxpayer identification number, or a person who fails to provide a valid taxpayer identification number.
- Allows the Secretary of Revenue to request, no more than once per calendar year, information from a portable benefit provider, including a portable benefit account owner's name, tax identification number, records of contributions and distributions from any portable benefit account owned by an account owner, and other information as deemed necessary for compliance purposes.

This section is effective January 1, 2027, and applies to taxable years beginning on or after that date.

Local 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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Constitutional Amendment Property Tax Levy Limit.

SL 2026-5 (H1089)

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

Property Tax Reappraisal Moratorium.

SL 2026-8 (S889)

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

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

SL 2026-11 (S401), Sec. 10

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

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

SL 2026-11 (S401), Sec. 19

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Incentivize Development Finance District Funding.

SL 2026-12 (S695)

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

Clarify Tourism-Related Expenditures.

SL 2026-15 (S484)

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

Housing Benefits Eligibility Verification – North Carolina Border Protection Act.

SL 2026-19 (S153), Part III

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-19 (S153), Part V

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

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

Tax Foreclosure Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part X

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

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

SL 2026-31 (S595), Part XV

[For a detailed summary of the provisions of this act, please see the OCCUPATIONAL BOARDS AND LICENSING subject area.]

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

SL 2026-32 (H376), Sec. 5.5

[For a detailed summary of the provisions of this act, please see the ENVIRONMENT, NATURAL RESOURCES, AND ENERGY subject area.]

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

SL 2026-39 (H162), Sec. 1

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

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

This section becomes effective January 1, 2027.

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

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

SL 2026-39 (H162), Sec. 2

[For a detailed summary of the provisions of this act, please see the ENVIRONMENT, NATURAL RESOURCES, AND ENERGY subject area.]

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

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-41 (S257), Sec. 5.11

Section 5.11 of S.L. 2026-41 (Senate Bill 257) provides that counties and cities may operate public enterprises for water supply and distribution systems of all types, including dams, reservoirs, water intakes, water treatment facilities, and any infrastructure associated with that service or

system. It also makes conforming changes to the definition of "water" in specific property tax statutes for counties and cities.

This section became effective July 1, 2026.

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

SL 2026-41 (S257), Sec. 16.2

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Revise Magistrates in Various Counties – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.3

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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

SL 2026-41 (S257), Sec. 16.4

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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

SL 2026-41 (S257), Sec. 22.6

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-41 (S257), Sec. 35.4

[For a detailed summary of the provisions of this act, please see the MILITARY, VETERANS, AND INDIAN AFFAIRS subject area.]

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

SL 2026-41 (S257), Sec. 39.2

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

- Modifies local government authority to invest idle funds in a mutual fund for local government investment if a fund qualification factor is met.
- Provides that a fund qualification factor is either a fund that is (i) certified by the Local Government Commission or (ii) registered with the United States Securities and Exchange Commission as a government money market fund that:
    - Invests primarily in United States government securities, cash, or repurchase agreements collateralized by government securities.
    - Seeks to maintain a stable one dollar net asset value per share.
    - Bears one of the two highest ratings of at least one nationally recognized rating service and does not bear a rating below one of the two highest ratings by any nationally recognized rating service which rates the particular fund.

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

This section became effective on July 1, 2026.

Local Economic Development Expenditure Controls – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.3

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

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

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

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

Annexation/Prohibited Area Characteristics – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.4

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

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

This section became effective July 7, 2026.

Local Land Development Regulatory Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.5

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

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

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

This section became effective July 1, 2026.

Labor Organization Agreement Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.7

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

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

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

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

This subsection does all of the following:

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

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

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

SL 2026-41 (S257), Sec. 43.27

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

SL 2026-46 (H1094), Sec. 17.5

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

SL 2026-46 (H1094), Sec. 17.6

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

SL 2026-46 (H1094), Sec. 19

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

SL 2026-46 (H1094), Sec. 21

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

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

This section became effective July 7, 2026.

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

SL 2026-46 (H1094), Sec. 23

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

SL 2026-46 (H1094), Sec. 24

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

SL 2026-46 (H1094), Sec. 25

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Adjust Counties/Reappraisal Moratorium.

SL 2026-47 (S474)

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

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

SL 2026-50 (H1126), Part VI

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-53 (H206), Sec. 3

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

This section became effective July 7, 2026.

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

SL 2026-59 (S445), Sec. 2

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

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

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

This section became effective August 11, 2026.

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

SL 2026-59 (S445), Sec. 4

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

This section became effective August 11, 2026.

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

SL 2026-59 (S445), Sec. 6

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

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

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

SL 2026-59 (S445), Sec. 9

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

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

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

SL 2026-59 (S445), Sec. 21

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

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

SL 2026-59 (S445), Sec. 24

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

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

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

SL 2026-59 (S445), Sec. 25

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

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

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

SL 2026-59 (S445), Sec. 41

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

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

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

SL 2026-59 (S445), Sec. 43

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

This section became effective August 11, 2026.

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

SL 2026-59 (S445), Sec. 44

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

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

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

The local government can still require the ADU to:

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

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

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

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

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

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

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

[For a detailed summary of the provisions of this act, please see the ENVIRONMENT, NATURAL RESOURCES, AND ENERGY subject area.]

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

SL 2026-59 (S445), Sec. 48

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

This section became effective August 11, 2026.

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

SL 2026-59 (S445), Sec. 49

Section 49 of S.L. 2026-59 (Senate Bill 445) requires local governments to prominently display their development fee schedules on their official websites and annually report their fee schedules to the Local Government Commission, who must compile a statewide report of local government fee schedules.

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

This section became effective August 11, 2026.

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

SL 2026-59 (S445), Sec. 50

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-59 (S445), Sec. 51

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

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

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

Clarify Jury Commission Appointments – 2026 Court Changes.

Ratified (H377), Sec. 14

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H437), Sec. 1

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H437), Sec. 2

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Military, Veterans, and Indian Affairs

See full summary documents for additional detail

Expand and Revise Existing Flexibility for the Children of Wartime Veterans Scholarship Funds Program to Include the 2026-2027 and 2027-2028 Academic Years – Medicaid & Health and Human Services Adjustments/Other Critical Needs.

SL 2026-1 (H696), Sec. 2.5

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Codify North Carolina Patriot Star Family Scholarship Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 8A.8

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

NC Pre-K Programs/Standards for Four- and Five-Star Rated Facilities. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9D.1

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Inclusion of Eastern Band of Cherokee Indians in Child Advocacy Centers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9J.10

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Adjutant General Confirmation – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.8

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-41 (S257), Sec. 22.9

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-41 (S257), Sec. 24.4

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Purple Heart Homes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 26.1

Section 26.1 of S.L. 2026-41 (Senate Bill 257) appropriates $1 million in nonrecurring funds to the Office of State Management and Budget for the 2026-2027 fiscal year to be allocated to Purple Heart Homes, Inc., as a directed grant to provide personalized housing solutions for service-connected disabled and aging veterans and their families across the State.

Purple Heart Homes, Inc., is prohibited from using more than 9% of the grant funds in each fiscal year for administrative costs.

By September 1, 2027, Purple Heart Homes, Inc., must provide a report on the use of these funds, including the number of individuals or families served, the types of services provided to those individuals or families, and the outcomes to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division.

This section became effective July 1, 2026.

The Independence Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 26.2

Section 26.2 of S.L. 2026-41 (Senate Bill 257), notwithstanding State law regarding the North Carolina Veterans Home Trust Fund, provides to the Office of State Budget and Management one million dollars ($1,000,000) in nonrecurring funds for the 2026-2027 fiscal year to provide a directed grant to The Independence Fund, Inc., a nonprofit corporation, to continue to expand the Veterans Justice Intervention (VJI) program by working with law enforcement agencies all across the State. These funds can be used to contract with a subject matter expert for the

assessment, coordination, and implementation of the VJI in each of the law enforcement departments.

To receive the funds, The Independence Fund, Inc. must comply with several requirements including providing education to veterans on crisis intervention and resources available to them, monitoring and assessing each county's initial response to veterans in crises, and reporting to the Joint Legislative Committee on General Government, the Joint Legislative Committee on Justice and Public Safety, and the Fiscal Research Division on the effectiveness of the program by June 30, 2027.

This section became effective July 1, 2026.

Codify North Carolina Veterans Cemetery Trust Fund/Veterans' Cemeteries Upgrade & Maintenance – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 35.1

Section 35.1 of S.L. 2026-41 (Senate Bill 257) does the following:

- Codifies the establishment of the North Carolina Veterans Cemetery Trust Fund (Fund), a special fund administered by the Department of Military and Veterans Affairs (Department) that is used to operate and maintain the State's veterans' cemeteries.
- Repeals uncodified provisions related to the Funds' interest earnings and allows the Department to annually use up to $400,000 of the Funds' interest earnings to create up to 4 full-time equivalent positions to maintain and operate the existing State veterans' cemeteries and up to $350,000 of the Funds' interest earnings to contract with a vendor to maintain and operate the State veterans' cemeteries.
- Codifies the Department's State veterans' cemeteries reporting requirements. No later than September 15 of each year, the Department must submit a report to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division on all of the following:
    - The overall condition of each State veterans' cemetery.
    - The total funds spent at each State veterans' cemetery in the prior State fiscal year and the source of the funds.
    - The number of full- and part-time employees assigned to work at each State veterans' cemetery in the prior State fiscal year.
    - The number of veterans, legal spouses, and eligible dependents who were interred at each of the State veterans' cemeteries in the prior State fiscal year and the type of interment they received.
- Requires the Department, for the 2026-2027 fiscal year, to use the vendor funds allocated above to contract with a vendor to maintain and operate solely the Sandhills State Veterans Cemetery and submit a report detailing improvements and care to the House

Appropriations Committee on General Government and the Senate Appropriations Committee on General Government and Information Technology.
- Requires the Investment Authority to invest excess cash of the Fund.
- Requires the Department to spend up to $40,000 of the funds appropriated to it for the 2026-2027 fiscal year for maintenance and improvements to install a plaque in a prominent location on the grounds of each State veterans' cemetery. Each plaque must be inscribed with President Abraham Lincoln's promise to veterans and their families made during his Second Inaugural Address, which is as follows: "To care for him who shall have borne the battle, and for his widow, and his orphan." Each plaque must also be of substantially similar size and material to the existing Western Carolina State Veterans Cemetery plaque commemorating the Gettysburg Address.

This section became effective July 1, 2026.

DMVA/Statutory Changes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 35.2

Section 35.2 of S.L. 2026-41 (Senate Bill 257), as amended by Section 7.18 of S.L. 2026-61 (House Bill 268), makes the following modifications to the laws governing the Department of Military and Veterans Affairs (Department):

- Authorizes the Veterans' Affairs Commission (Commission) to delegate its authority to expend funds held in the Veterans Home Trust Fund to the Secretary of the Department, instead of the Assistant Secretary of the Department. However, the Commission's delegation of this authority can only apply to the Secretary holding office at the time a vote was taken to delegate this authority. A new vote to delegate this authority must be taken by the Commission each time a new person is appointed to serve as either (i) the Secretary of the Department or (ii) the Chair of the Commission.
- Requires the Department to expend funds for the management and maintenance of the State's veterans nursing homes in accordance with appropriations made by the General Assembly, except for funds expended from the Veterans Home Trust Fund for the State's veterans nursing homes.
- Authorizes the Department to enter into contracts for the management and maintenance of the State's veterans nursing homes and veterans cemeteries in accordance with the provisions of Articles 3, 3C, 3D, and 8 of Chapter 143 of the General Statutes and procedures established by the Division of Purchase and Contract and the Office of State Construction, instead of the Commission.
- Requires the Department to submit a 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 within 24 hours of the Department receiving an assessment report by the Office of State Construction or another entity that causes the Department to determine that a State veterans home requires repair in order to maintain the home in a safe and habitable condition. At a minimum, the report must

include the name of the State agency or other entity that conducted the assessment, the reason for the assessment, the dangerous conditions found, the Department's recommendations for remedying the dangerous conditions, and the estimated costs of remedying the dangerous conditions.

- Authorizes the Department to use funds held in the Veterans Home Trust Fund to pay the cost to remodel, repair, construct, modernize, or add improvements to buildings and facilities at veterans nursing homes.
- Authorizes the Department to contract with third parties to operate veterans nursing homes, instead of the Commission.
- Authorizes the Department (i) to appoint and fix the salary for a Program Director for the State veterans home program who does not have to be a veteran and (ii) to hire additional staff.
- Requires the Department to submit an annual report to the Joint Legislative Oversight Committee on General Government and Fiscal Research Division on the activities of the State Veterans Home Program and on ways to improve the services provided by the homes.
- Requires the Department to include information about facility condition assessments, including any structural, mechanical, plumbing, electrical, or other issue that affects the integrity of the facility that should be repaired or replaced within the 12 months, in its annual report on the condition of each facility which is a part of the State Veterans Home Program.
- Removes the Secretary of the Department's Authority to call a meeting of the Commission.
- Limits the maximum amount of State funds which can be disbursed to the Veterans Life Center to $750,000 in nonrecurring funds for the 2026-2027 fiscal year.

This section became effective July 1, 2026.

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

SL 2026-41 (S257), Sec. 35.4

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

This section became effective July 1, 2026.

Tribal Sports Wagering Technical Correction – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 39.6

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

Increase Benefits Payable under North Carolina National Guard Pension Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 41.28

[For a detailed summary of the provisions of this act, please see the RETIREMENT subject area.]

Veterans Special Registration Plate Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.13

Section 43.13 of S.L. 2026-41 (Senate Bill 257) exempts Military Veteran special registration license plates from the requirement that all license plates issued by the Department of Motor Vehicles (DMV) for private passenger vehicles and private hauler vehicles be either (i) a "First in Flight" plate, (ii) a "First in Freedom" plate, or (iii) a "National/State Mottos" plate.

This section also requires that Military Veteran special registration license plates issued by the DMV must (i) bear the words "U.S. Military Veteran" across the top of the plate and (ii) bear the name and insignia of the branch of service in which the individual served on the left side of the plate.

This section becomes effective October 1, 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.

Authorize Tribal Police Chiefs to Enter Into Mutual Aid Agreements With Other Law Enforcement Agencies – Department of Public Safety/Other Changes.

SL 2026-53 (H206), Sec. 7

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

NC Farmland and Military Protection Act.

SL 2026-54 (H133)

S.L. 2026-54 (House Bill 133) prohibits a prohibited foreign party from purchasing, acquiring, leasing, or holding any interest, except for a de minimums direct interest, in (i) agricultural land, or (ii) property that is within a 50-mile radius of a military installation.

Definitions – The following definitions apply to this Act:

- An "adversarial foreign government" is a nation that is prohibited by the federal government from importing or exporting defense items under the International Traffic Arms Regulations.
- A "prohibited foreign party" is any of the following, unless the entity is approved by the Committee on Foreign Investments in the United States:
    - An adversarial foreign government or a foreign government formed within an adversarial foreign government.
    - An entity or trust, other than a government, that is created or organized under the laws of a foreign government within an adversarial foreign government.
    - An entity or trust, other than a government, that meets certain criteria.
    - An agent, trustee, or other fiduciary of any entity in the above categories.

Land Held by a Prohibited Foreign Party Prior to April 1, 2027 – This Act allows a prohibited foreign party that holds any interest in either (i) agricultural land, or (ii) property that is within a 50-mile radius of a military installation prior to April 1, 2027, to continue to hold those lands. However, a "prohibited foreign party" cannot acquire any new interest in such lands and must register with the Secretary of State. Failure to register is punishable by a civil penalty of at least $1,000 per day, and any unpaid balance would constitute a lien against the land.

Land Acquired by a Prohibited Foreign Party After April 1, 2027 – A prohibited foreign party that acquires either (i) agricultural land, or (ii) property that is within a 50-mile radius of a military installation after April 1, 2027, must divest itself of the land within one year of the acquisition. If the prohibited foreign entity fails to divest itself, the Attorney General must commence a receivership proceeding in the county where the property is situated seeking the appointment of a general receiver.

Affidavit Required – At a time no later than the time of closing, a buyer of either (i) agricultural land, or (ii) property that is within a 50-mile radius of a military installation, must provide an affidavit, which would be attached as an exhibit to a deed, attesting that the buyer is not a prohibited foreign party and is in compliance with this Act. Failure to obtain or maintain the affidavit would not affect the title or insurability of the title. A county's Register of Deeds must record affidavits as an exhibit to the deed.

Liability – No person, other than a prohibited foreign party, bears any civil or criminal liability for any of the following:

- Failing to determine or make inquiry of whether any entity is a prohibited foreign party.
- Failing to obtain, maintain, or otherwise comply with the affidavit requirement.

However, if a person knowingly sold either (i) agricultural land, or (ii) property that is within a 50-mile radius of a military installation to a prohibited foreign party, that person is guilty of a Class 2 misdemeanor.

Map – The North Carolina Real Estate Commission, in coordination with the Department of Military and Veterans Affairs, must develop and publish a map outlining the boundaries of certain military facilities by April 1, 2027, and maintain the map by annually publishing an updated version.

The requirement that the North Carolina Real Estate Commission develop and publish a map outlining the boundaries of certain military facilities by April 1, 2027, became effective July 7, 2026. Additionally, a severability clause and the effective date requirements for this Act became effective July 7, 2026.

The remainder of this Act becomes effective April 1, 2027.

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.

Military World Games Funding – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 5.7

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

Clarify the Application of Limitations on Compensation for Services Related to Veterans' Benefits Matters – 2026 Court Changes.

Ratified (H377), Sec. 14.1

Section 14.1 of House Bill 377 would have excluded agents, attorneys, or other representatives accredited and regulated by the United States Department of Veterans Affairs or the North Carolina Department of Military and Veterans Affairs from State law requirements regarding compensation for services related to veterans' benefits matters.

House Bill 377 was ratified by the General Assembly on August 6, 2026, but was vetoed by the Governor and is not current law. If the General Assembly overrides the veto, this section would be effective when it becomes law.

Occupational Boards and Licensing

See full summary documents for additional detail

Physical Therapy Practice Act Modifications.

SL 2026-16 (H536)

S.L. 2026-16 (House Bill 536) makes the following changes to the Physical Therapy Practice Act:

- Changes the definition of "physical therapy" to include "the standards of acceptable and prevailing physical therapy practice."
- Updates the statute detailing how North Carolina Board of Physical Therapy Examiners (Board) members are appointed to reflect the current name of the American Physical Therapy Association of North Carolina.
- Allows the Board to encumber licenses of individuals who depart from the standards of acceptable and prevailing physical therapy practice.
- Updates the statute detailing qualifications for licensure to reflect the current name of the Council for Higher Education Accreditation.
- Updates the statute dealing with licensure requirements for graduates of foreign physical therapy education programs to reflect that those programs are not accredited by the Commission on Accreditation in Physical Therapy Education.
- Extends the window to apply for license renewal to November 1 through January 1.
- Establishes a fee of $150 for continuing education course approval.
- Allows licensure applicants to practice physical therapy while completing clinical practice requirements.

This act becomes effective October 1, 2026.

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

SL 2026-31 (S595), Part XV

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

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

On-Site Wastewater Board Changes – Water/Wastewater Affordability & Capacity Act.

SL 2026-32 (H376), Sec. 6

Section 6 of S.L. 2026-32 (House Bill 376) makes changes to the certification requirements for on-site wastewater professionals, which includes a requirement that they hold sufficient liability coverage for the project undertaken. It clarifies that a grade II contractor cannot be certified as an inspector without meeting the experience requirements and requires the complete renewal package to be submitted by the annual renewal date.

This section becomes effective January 1, 2027, and applies to applications for certification or certificate renewal on or after that date.

Modification of North Carolina Medical Board Licensing and Registration Fees – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 9L.1

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

North Carolina Engineering and Land Surveying Act Update – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 38A.1

Section 38A.1 of S.L. 2026-41 (Senate Bill 257) does all of the following:

- Reenacts land surveyor intern provisions that were previously repealed.
- Allows for the award of reasonable attorney's fees and costs in situations where the North Carolina State Board of Examiners for Engineers and Surveyors (Board) prevails in actions to enforce certain violations that were committed with fraudulent intent.
- Allows the Board to expend its funds to support nonprofit engineering and surveying professional societies, as well as nonprofit foundations dedicated to advancing the engineering and surveying professions, for the purpose of encouraging licensure and providing continuing education to licensees.
- Requires that a roster showing the names and places of business and of residence of all licensed professional engineers and all licensed professional land surveyors be published on the Board's website.
- Eliminates the requirement for three character references, including one professional engineer, for licensure as an engineer intern or land surveyor intern.
- Removes outdated options to satisfy the professional land surveyor licensing requirements.
- Removes the procedures for reexamination or reapplication for a candidate that fails an examination required for licensure as a professional engineer or professional land surveyor.

- Allows the Board to enact a multiyear license renewal cycle.
- Makes various changes to the expiration and renewal of licenses.
- Provides that any person who unlawfully practices engineering or land surveying or unlawfully uses certain titles or terms is guilty of a Class 2 misdemeanor.
- Clarifies that an unlicensed person must not represent themselves as a professional engineer or a professional land surveyor or hold out to the public any engineering or land surveying expertise with the intent of practicing engineering or land surveying.
- Clarifies that Chapter 89C does not prevent an individual from testifying as a lay or expert witness at a deposition or trial as well as the preparation and drafting of an expert report in preparation for testifying as an expert at a deposition or trial.
- Repeals an outdated reporting requirement on programs of licensure by discipline.

The reenactment of land surveyor intern provisions that were previously repealed became effective retroactively to July 1, 2022, and applies to certificates or licenses issued on or after that date. The remainder of this section becomes effective October 1, 2026.

Modify Dental Management Arrangement Approvals – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 38A.2

Section 38A.2 of S.L. 2026-41 (Senate Bill 257) requires the North Carolina Board of Dental Examiners (Board) to modify its rules regarding the approval of dental management arrangement contracts to remove any provisions requiring the Board to review and approve the contracts before they are executed. The Board can review the contracts after they have been executed as part of the normal course of an investigation into a valid complaint.

This section became effective July 7, 2026, and applies to contracts executed, modified, or renewed on or after that date.

Update Funeral Board Statutes and Conforming Changes. – General Statutes Commission Update Funeral Board and Department of Insurance Licensing.

SL 2026-48 (S857), Parts I and II

Part I of S.L. 2026-48 (Senate Bill 857) makes substantial changes to the Board of Funeral Service (Board) statutes, as recommended by the General Statutes Commission. Substantive changes include:

- Clarifies that a funeral service licensee is licensed to practice both funeral directing and embalming.
- Defines a "principal funeral establishment" as the operation of an ancillary branch funeral establishment, embalming facility, or chapel.
- Adds definitions.
- Lists application requirements for applicants for the practice of funeral service.

- Allows the Board to recognize examinations not prepared by the Board, and the Board can contract with a third party to administer examinations.
- Requires the Board to register applicants who meet qualifications for licensure and requires licensees who supervise resident trainees to register with the Board.
- Adds that a resident trainee can place their traineeship on inactive status.
- Requires an initial funeral establishment permit application to be submitted by the intended manager of the establishment.
- Requires a funeral establishment to register the name under which it operates with the Board. If the name includes the name of an individual, that individual must have been a licensee and owner or manager of the establishment when the establishment was issued its initial permit.
- Requires certain funeral establishments to contain a preparation room and applies a refrigeration requirement to unembalmed human remains.
- Requires individuals to treat human remains with respect, forbids photography or video recording of human remains without the consent of the decedent's family, and requires licensees to handle human remains consistently with State law.
- Enacts a new statute that discusses the business permit for transportation and removal of human remains. The statute includes requirements related to notification of the Board, display of permits, and professional liability insurance requirements.
- Enacts a new statute that discusses the issuance and display of licenses, permits, and certificates.
- Rewrites a statute that creates criminal penalties for practicing without authorization (Class 2 misdemeanor), abusing human remains (Class 2 misdemeanor), and the sale of embalming fluid by licensees outside of the scope of their activities as a licensee to certain individuals (Class I felony, imprisonment, and a fine between $100 and $500).
- In relation to Preneed Funeral Funds:
    - Requires a preneed licensee who purchases a prearrangement insurance policy to notify the Board of the name and address of the insurance company.
    - Requires the Board to order a contract to be transferred to a substitute preneed licensee if a preneed licensee is unable or unwilling to perform a preneed funeral contract.
    - Clarifies the duties of a substitute preneed licensee.
- Requires the Board to revoke a burial association's license and order its dissolution if it violates Article 13E of Chapter 90 of the General Statutes.
- Requires an order of liquidation of a burial association by the Board to direct the termination of all agreements for members' benefits and the liquidation of all records, property, and funds of the association. The association is required to file a final report with the Board no later than 30 days after the liquidation is completed.
- In relation to Article 13F ("Cremations and Alkaline Hydrolysis") of Chapter 90 of the General Statutes:
    - Incorporates the concept of alkaline hydrolysis.
    - Discusses the requirements for a cremation license and hydrolysis license.
    - Requires the reduction of human remains to only occur in a reduction facility.
    - Discusses the qualifications of a reduction facility manager.
    - Discusses required information on a reduction authorization form.

- Discusses preneed reduction arrangements, including separate disclosures for cremation and alkaline hydrolysis.
- Discusses record keeping, reduction containers, reduction procedures, the final disposition of reduced human remains, limitation of liability, fees, and reduction licensee rights.
- Discusses rulemaking and cremation societies.

Part II makes related conforming changes throughout the General Statutes.

Parts I and II become effective October 1, 2026.

Department of Insurance Licensing Programs. – General Statutes Commission Update Funeral Board and Department of Insurance Licensing.

SL 2026-48 (S857), Part III

Part III of S.L. 2026-48 (Senate Bill 857) makes several technical and conforming changes to licensing programs operated by the Department of Insurance, as well as the following substantive changes:

- Amends definitions related to the North Carolina Professional Employer Organization Act.
- Requires applicants for licensure as a professional employer organization who deposit securities to concurrently deliver to the Commissioner of Insurance a power of attorney authorizing the sale or transfer of those securities.
- Revises grounds for denial of professional employer organization licenses.
- Adds insurance producers, adjusters, appraisers, bail bondsmen, runners, and others licensed under Chapter 58 to the list of exceptions not subject to automatic licensure recognition for individuals licensed in neighboring states.

The exclusion for Chapter 58 licensees became retroactively effective October 1, 2025, and applies to licensure applications submitted on or after that date. All substantive changes became effective July 7, 2026. The remainder of this Part becomes effective October 1, 2026.

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.

Clarify Exemption for Stretching Services at Massage and Bodywork Therapy Establishments. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 8

Section 8 of S.L. 2026-59 (Senate Bill 445) defines "stretching services" and clarifies that a person who provides only stretching services, including a person who is employed by or contracts with a massage and bodywork therapy establishment, is not required to be licensed by the North Carolina Board of Massage and Bodywork Therapy.

This section became effective August 11, 2026.

Plumbing License Exemption for Certain Water and Sewer Line Connections Serving Mobile Homes. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 47

Section 47 of S.L. 2026-59 (Senate Bill 445) expands the limited exemptions from the licensure requirement of the State Board of Examiners of Plumbing, Heating, and Fire Sprinkler Contractors for a person who installs or connects (i) a sanitary sewer line that serves a manufactured home and (ii) a water line serving a manufactured home that is not more than 100 linear feet between the existing water meter and point of connection so long as certain conditions are met, including compliance with the State Building Code.

This section of the act became effective August 11, 2026, and applies to work occurring on or after that date.

Property, Trusts, and Estates

See full summary documents for additional detail

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

SL 2026-59 (S445), Sec. 4

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

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

SL 2026-59 (S445), Sec. 5

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-59 (S445), Sec. 44

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

Modify Certain Bond Requirements. – 2026 Court Changes.

Ratified (H377), Sec. 3

Section 3 of House Bill 377 would have removed the requirement that the form of a first mortgage or deed of trust securing a bond in a decedent's estate be approved by the administrative officer of the courts. It also would have updated a statutory reference related to a guardian's bond.

House Bill 377 was ratified by the General Assembly on August 6, 2026, and vetoed by the Governor on August 17, 2026.

Modify Safekeeping Statute Related to Wills. – 2026 Court Changes.

Ratified (H377), Sec. 10

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Clarify Use of Summonses in Caveat Proceeding. – 2026 Court Changes.

Ratified (H377), Sec. 12

Section 12 of House Bill 377 would have provided that upon the filing of a caveat in a probate proceeding, the caveat must be served on all interested parties in accordance with the rules of civil procedure but that a summons is not required.

House Bill 377 was ratified on August 6, 2026, but was vetoed by the Governor on August 17, 2026.

Amend Procedure for Determining Elective Share. – 2026 Court Changes.

Ratified (H377), Sec. 27.1

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Technical Corrections to Estate Planning Statutes. – 2026 Court Changes.

Ratified (H377), Sec. 27.4

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Retirement

See full summary documents for additional detail

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.

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

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

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

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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.

Increase Benefits Payable under North Carolina National Guard Pension Fund – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 41.28

Section 41.28 of S.L. 2026-41 (Senate Bill 257) increases the monthly pension benefit for qualifying members and former members of the North Carolina National Guard from $105.00 to $110.00, with an additional $11.00 per month for each additional year of creditable military service. The total amount of the benefit is not to exceed $220.00 per month.

This section becomes effective January 1, 2027, and applies to pension benefit amounts payable from the North Carolina National Guard Pension Fund (Pension Fund) due to a qualifying member on or after January 1, 2027. If a member becomes eligible to receive a pension benefit from the Pension Fund on or before December 31, 2026, but the pension benefit amount is paid from the Pension Fund on or after January 1, 2027, then the pension benefit amount due to the member must be the amount applicable to the pension benefit amount that was effective for each respective month to which the benefit applies.

Enhance Benefits Under North Carolina Firefighters' and Rescue Squad Workers' Pension Fund and Make Changes to the Related Statutes – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 41.29

Section 41.29 of S.L. 2026-41 (Senate Bill 257) increases the monthly pension benefit under the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund (Fund) from $175 per month to $184 per month. It also recodifies several provisions relating to monthly dues for membership in the Fund and made other technical changes.

This section becomes effective January 1, 2027, and applies to benefits payable after that date. Fund members who received monthly benefits prior to January 1, 2027, will receive the increased monthly benefit amount for all benefits paid on or after that date.

Administrative Changes/Retirement Systems – 2026 Department of State Treasurer Administrative/Technical/Clarifying Changes.

SL 2026-50 (H1126), Part I

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

- Allows the forfeited armed service retirement credit to be reclaimed.
- Exempts State Employees' Retirement System (TSERS) and Local Governmental Employees' Retirement System (LGERS) death benefits from overpayment offsets.
- Allows TSERS and LGERS pension-spiking restoration payments to offset after a return to service and subsequent re-retirement.
- Clarifies that the TSERS benefit pause does not apply to service as a member of Legislative Retirement System (LRS.) As of July 1, 2026, LRS members continue to receive benefits if they become members of TSERS or Consolidated Judicial Retirement System (CJRS); however, LRS members whose benefits had already been suspended would not have benefits reinstated until withdrawing from TSERS or CJRS.
- Requires submissions to the Firefighters' and Rescue Squad Workers' Pension fund to be made electronically.
- Pauses the withdrawal of Supplemental Income Retirement Plan contributions by State and local law enforcement officers convicted of a felony while the administrator determines if the officer is subject to felony forfeiture.
- Allows the State Treasurer and the Boards of Trustees of TSERS and LGERS to establish compensation plans for designated employees of each retirement system, who would be exempt from many of the provisions of the State Human Resources Act.
- Allows the State Treasurer to retain private counsel to represent the retirement systems.
- Allows $100 per diem payments to various Board of Trustees members.
- Clarifies that if there is more than one designated and living beneficiary when a TSERS or LGERS member dies, and a beneficiary elects to renounce the share of the accumulated contributions, that renunciation will not result in another beneficiary becoming eligible to receive the accumulated contributions.

- Clarifies that Legislative Enactment Implementation Arrangement (LEIA) assets can be used (i) to implement retirement-related legislation and (ii) for administrative and information technology purposes necessary to prevent interruption of normal operation of the retirement systems.

The provisions of Part I pertaining to armed service credited restoration become effective January 1, 2027. The provisions regarding LRS benefit suspension became effective July 1, 2026. The provisions regarding LEIA assets became effective July 1, 2026. The provisions related to per diem payment became effective July 7, 2026, and apply to sessions of the Board of Trustees on or after that date. The remainder of Part I became effective July 7, 2026.

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

SL 2026-50 (H1126), Part III

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

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

SL 2026-50 (H1126), Part IV

Part IV of S.L. 2026-50 (House Bill 1126) makes technical and clarifying changes to retirement provisions and statutes related to the North Carolina Department of State Treasurer. These changes are spread throughout the General Statutes. Section 4.1 of Part IV removes references to obsolete benefits and funds and makes other technical changes to related statutes.

The provisions removing references to obsolete benefits and funds and making technical changes to related statutes becomes effective on January 1, 2027. The rest of this Part became effective on July 7, 2026.

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

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

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

SL 2026-11 (S401), Sec. 2

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

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

SL 2026-11 (S401), Sec. 22

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

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

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

Pay Exceptions/Special Separation Allowance.

SL 2026-33 (H481)

[For a detailed summary of the provisions of this act, please see the RETIREMENT subject area.]

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

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

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

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

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 filing 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 $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

[For a detailed summary of the provisions of this act, please see the DISASTER RELIEF subject area.]

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

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

North Carolina - Ireland Trade Commission – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.17

[For a detailed summary of the provisions of this act, please see the COMMERCIAL LAW AND CONSUMER PROTECTION subject area.]

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

[For a detailed summary of the provisions of this act, please see the LABOR AND EMPLOYMENT subject area.]

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 Geneal 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

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Allow SBI to Assist State Auditor – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 20.13

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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 contacts 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, OFSM 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

[For a detailed summary of the provisions of this act, please see the INFORMATION TECHNOLOGY subject area.]

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

[For a detailed summary of the provisions of this act, please see the RETIREMENT subject area.]

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

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

North Carolina Railroad Reports – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.18

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Department of Labor Positions – 2026 Budget Technical Corrections.

SL 2026-42 (H56), Sec. 4.3

[For a detailed summary of the provisions of this act, please see the LABOR AND EMPLOYMENT subject area.]

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

SL 2026-42 (H56), Sec. 5.2

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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

SL 2026-44 (S355), Sec. 2.2

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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

SL 2026-44 (S355), Sec. 4.1

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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

SL 2026-46 (H1094), Sec. 1

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

SL 2026-46 (H1094), Sec. 2

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

[For a detailed summary of the provisions of this act, please see the INFORMATION TECHNOLOGY subject area.]

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

SL 2026-46 (H1094), Sec. 14

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

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

[For a detailed summary of the provisions of this act, please see the MILITARY, VETERANS, AND INDIAN AFFAIRS subject area.]

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

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

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

SL 2026-59 (S445), Sec. 7

[For a detailed summary of the provisions of this act, please see the OCCUPATIONAL BOARDS AND LICENSING subject area.]

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

[For a detailed summary of the provisions of this act, please see the MILITARY, VETERANS, AND INDIAN AFFAIRS subject area.]

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

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

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

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

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

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H377), Sec. 18

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Modify Rotation of Superior Court Judges – 2026 Court Changes.

Ratified (H377), Sec. 21

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H377), Sec. 26

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

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

Ratified (H377), Sec. 28

[For a detailed summary of the provisions of this act, please see the VETOED LEGISLATION subject area.]

Transportation

See full summary documents for additional detail

Provide Tax Parity for Short-Term Car Rentals to Include Peer-To-Peer Rentals – Various Revenue Laws Changes.

SL 2026-31 (S595), Part VII

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

Revise Motor Vehicle Emissions Inspection Requirements – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.13

Section 12.13 of S.L. 2026-41 (Senate Bill 257) revises the current county-based motor vehicle emissions inspection requirement to be an area-based requirement for areas:

- Classified by the United States Environmental Protection Agency as not attaining the National Ambient Air Quality Standards for ozone or carbon monoxide (CO) and where the Environmental Management Commission (Commission) of the North Carolina Department of Environmental Quality determines that a motor vehicle emissions inspection program is required by federal law to achieve attainment with National Ambient Air Quality Standards
- That are currently attaining the National Ambient Air Quality Standards for ozone or CO, but where the Commission finds that motor vehicle emissions inspection programs are necessary to preclude a violation of a current or pending revision to National Ambient Air Quality Standards for ozone or CO.

The county-based to area-based emission inspection requirement change becomes effective 15 days after the date that the United States Environmental Protection Agency approves an amendment to the North Carolina State Implementation Plan that removes Mecklenburg County from the State's motor vehicle emissions inspection and maintenance program.

Modify Civil Revocation Fee – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 16.22

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Further Delineate Reimbursement Procedures for Roadway Cleanup Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 17.8

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Repeal Law Enforcement Traffic Statistics Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 19.4

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Department of Transportation, Construction - Contingency Funds – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.2

Section 43.2 of S.L. 2026-41 (Senate Bill 257) allocates non-reverting funds appropriated to the Department of Transportation, Construction – Contingency Budget Fund for the 2026-2027 fiscal year for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that enhance highway safety approved by the Secretary of Transportation. This section also requires the Department of Transportation to report to the members of the General Assembly on projects funded in each member's district prior to construction, and report quarterly on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

This section became effective July 1, 2026.

Disaster Reimbursement Reports – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.3

Section 43.3 of S.L. 2026-41 (Senate Bill 257) requires the Department of Transportation (DOT) to submit a detailed report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on disaster expenditures that qualify for federal reimbursement. This report is due no later than the end of each month.

No later than the end of each quarter, DOT must submit a summary report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division for all disaster expenditures resulting from a disaster that occurred on or after January 1, 2016, and that qualify for federal reimbursement.

If DOT fails to submit either report within 60 days of the required submission date, the Secretary of DOT must provide an explanation for not submitting the report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

This section became effective July 1, 2026.

Department of Transportation Capital Infrastructure Plan – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.7

Section 43.7 of S.L. 2026-41 (Senate Bill 257) requires the Department of Transportation to prepare a cash flow financing plan to fund capital replacement needs for all divisions of the Department over an eight-year period based on the building replacement schedule found in the 2024 Report on the NCDOT Facilities Management Division Capital Projects. The Department shall submit the plan to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by March 15, 2027.

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.

Eliminate Motor Vehicle Registration Cards and Stickers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.10

Section 43.10 of S.L. 2026-41 (Senate Bill 257), as amended by Section 11.6 of S.L. 2026-61 (House Bill 268), does the following with the intent of reducing administrative costs, streamlining vehicle registration processes, and enhancing efficiency:

- Eliminates motor vehicle registration cards and motor vehicle registration renewal stickers and requires the Division of Motor Vehicles (DMV) to instead primarily utilize electronic means to administer registration records.
- Requires the DMV to develop, implement, and maintain an electronic vehicle registration system that allows vehicle owners, law enforcement agencies, and other authorized entities to access and verify registration status.

This section becomes effective October 1, 2026, and applies to motor vehicle registrations and registration renewals applied for on or after that date.

Division of Motor Vehicles In-Home License Renewal Pilot Program – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.11

Section 43.11 of S.L. 2026-41 (Senate Bill 257) authorized the Division of Motor Vehicles (DMV) to implement a pilot program within Forsyth County to provide in-home license renewal services. However, Section 11.1 of S.L. 2026-61 (House Bill 268) repealed this section and replaced the pilot program authorization with a study evaluating the feasibility of the pilot program.

Extend Duration of Safety Inspections for Large Volume Rental Car Companies – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.12

Section 43.12 of S.L. 2026-41 (Senate Bill 257) amends the laws that relate to safety and emissions inspections to require less frequent safety inspections for motor vehicles rented or leased to the public by large volume rental companies, to three years instead of annually, and also creates a separate authorization fee that applies to those large volume rental company motor vehicles.

This section also amends the standard motor vehicle authorization fee distribution that applies to all other motor vehicle inspections to remove the Division of Air Quality of the Department of Environmental Quality as a recipient and redistribute that fee portion to the Highway Fund.

This section became effective July 1, 2026.

Veterans Special Registration Plate Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.13

[For a detailed summary of the provisions of this act, please see the MILITARY, VETERANS, AND INDIAN AFFAIRS subject area.]

Ferry Dry Dock Use of Funds Report – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.14

Section 43.14 of S.L. 2026-41 (Senate Bill 257) requires the Ferry Division to submit a progress report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the use of funds appropriated by S.L. 2026-41 to the Ferry Division for marine vessel dry docking. The report is due no later than October 1, 2026, and quarterly thereafter until the funds are expended.

This section became effective July 1, 2026.

Ferry Tolls – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.15

Section 43.15 of S.L. 2026-41 (Senate Bill 257) requires the Board of Transportation, in consultation with the Ferry Division, of the Department of Transportation to establish tolls for all ferry routes, which must include passenger vessel replacement considerations. Certain school buses will be exempt from ferry tolls. The Department must also provide a commuter pass option for local coastal area residents and active military personnel for a $150 fee, which would authorize valid holders to utilize the ferry at no additional costs. Beginning July 1, 2028, the commuter pass fee will be set by the Board of Transportation, in consultation with the Ferry Division. The Ferry Division may implement necessary tolling technology and infrastructure accordingly.

The Ferry Division must begin collecting tolls for all routes no later than January 1, 2027.

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.

Extend Tabor City Participation in Railroad Revitalization Programs – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.19

Section 43.19 of S.L. 2026-41 (Senate Bill 257) extends Tabor City's authorization to (i) participate in State and federal railroad revitalization programs and (ii) enter into contracts with the North Carolina Department of Transportation to provide for the nonfederal matching funds for revitalization programs. This authorization now expires December 31, 2029.

This section became effective July 7, 2026.

Outdoor Advertising Sign Relocation, Vegetation Removal, and Other Revisions – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.20

Section 43.20 of S.L. 2026-41 (Senate Bill 257), as amended by Section 11.7 of S.L. 2026-61, amends the laws that regulate outdoor advertisements adjacent to certain interstate and federal-aid primary highways by:

- Amending lawfully existing sign relocation conditions and site criteria.
- Creating a timeline for permit review and creating additional procedures to address permit holder violations.
- Prohibiting the Department of Transportation from pursuing amendments or modifications to the agreement between this State and the United States Department of Transportation implementing the federal Highway Beautification Act of 1965 without General Assembly approval,
- Prohibiting the delegation or transfer of permitting, enforcement, or other core regulatory authority under the Outdoor Advertising Control Act to any county, municipality, or other political subdivision of the State.
- Amending outdoor advertising vegetation cutting and removal permit processes.

This section became effective July 1, 2026.

Authorize Board of Transportation to Set Fees – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.21

Section 43.21 of S.L. 2026-41 (Senate Bill 257), as amended by Section 11.4 of S.L. 2026-61 (House Bill 268), statutorily authorizes the Board of Transportation to set fees for various listed services provided by the Department of Transportation. The Board must hold a public hearing prior to fees becoming effective, but these fees are exempted from rulemaking processes otherwise. Any fee imposed under Title 19A of the North Carolina Administrative Code that corresponds to a fee adopted by the Board of Transportation pursuant to this statutory authority is repealed upon the effective date of the fee set by the Board.

This section became effective July 1, 2026.

Pavement Preservation Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.22

Section 43.22 of S.L. 2026-41 (Senate Bill 257), as amended by Section 11.3 of S.L. 2026-61, directs the Department of Transportation (DOT) to conduct a study to evaluate each of the statutorily authorized pavement preservation treatments. The study shall address all of the listed criteria.

The DOT must initiate the study within 90 days after July 7, 2026, and report its findings and recommendations for legislative action to the Joint Legislative Transportation Oversight Committee and Fiscal Research Division on or before the convening of the 2027 Regular Session of the 2027 General Assembly.

This section became effective July 7, 2026.

Unit Pricing Cost – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.23

Section 43.23 of S.L. 2026-41 (Senate Bill 257) amends the Department of Transportation unit pricing data collection baseline for transportation goods used in highway maintenance and construction projects utilized to set annual future cost targets, originally based on the 2015-2016 fiscal year, to a rolling average of the three previous fiscal years that is adjusted for inflation using the National Highway Construction Cost Index.

This section became effective July 1, 2026.

Synchronized Streets Study – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.25

Section 43.25 of S.L. 2026-41 (Senate Bill 257) requires the Department of Transportation (Department) to study the effectiveness and implementation of synchronized streets. The term

"synchronized streets" means a street where traffic signals are coordinated to allow vehicles to move through multiple intersections with minimal stops. By July 1, 2027, the Department shall report the findings to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

This section became effective July 1, 2026.

License Plate Readers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 43.26

Section 43.26 of S.L. 2026-41 (Senate Bill 257) codifies an authorization for the Department of Transportation (DOT) to enter into agreements with the North Carolina State Bureau of Investigation (SBI) to place automatic license plate readers (ALPR) within land or rights-of-way owned by the DOT, provided all of the listed conditions are met.

The SBI may enter into agreements on its own behalf or as an administrative agent of a federal, State, or local law enforcement agency.

No later than March 1 of each year, the SBI shall submit a report to the Joint Legislative Oversight Committee on Justice and Public Safety containing the listed information with respect to each law enforcement agency that places an ALPR system on land or rights-of-way owned by the DOT.

This section became effective July 7, 2026.

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

SL 2026-41 (S257), Sec. 43.27

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

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

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

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

Authorize the Division of Motor Vehicles to Issue Lifetime Conservationist and Wildlife Resources License Plates – 2026 Wildlife Resources Changes.

SL 2026-43 (H747), Sec. 2

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

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.

Allow Early Renewals of Drivers Licenses – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 3

Section 3 of S.L. 2026-46 (House Bill 1094) amends the current law, which prohibits a person with a regular drivers license from applying for renewal earlier than 180 days prior to the expiration date of the license, to remove the 180-day window for renewal and allow a person to renew a drivers license at any time during the period of validity, resetting the renewal cycle. However, for renewals occurring more than 180 days prior to expiration, a person must pay the fee for a duplicate license in addition to the prorated license fee.

This section becomes effective October 1, 2026.

Authorize Division to Provide Electronic Unredacted Crash Reports to Persons Directly Involved in a Crash – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 4

Section 4 of S.L. 2026-46 (House Bill 1094) authorizes the Division of Motor Vehicles to provide an unredacted copy of a crash report, by secure electronic means, to a person directly involved in the crash. Currently, a person may only get an unredacted copy of the crash report for a permissible use in person at one of two State-run Division offices or by mail.

This section became effective July 7, 2026.

Provide Additional Time to Respond to Insurance Lapse Notices – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 5

Section 5 of S.L. 2026-46 (House Bill 1094) increases the amount of time a vehicle owner has to respond to the notice from the Division of Motor Vehicles of an insurance lapse from 10 days to 30 days.

This section becomes effective October 1, 2026, and applies to notices issued on or after that date.

Eliminate Mandatory Dealer License Plate Replacement – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 6

Section 6 of S.L. 2026-46 (House Bill 1094) eliminates the current statutory requirement that the Division of Motor Vehicles replaces motor vehicle dealer license plates every four years, which are plates issued to motor vehicles dealers for use on dealer inventory.

This section became effective July 7, 2026.

Eliminate Mandatory License Plate Replacement and Additional Reflective Standards – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 6.5

Section 6.5 of S.L. 2026-46 (House Bill 1094) eliminates the current requirements that the Division of Motor Vehicles (i) develop certain standards for reflectivity and (ii) replace license plates every seven years.

This section became effective July 7, 2026.

Fee Adjustment and Commission Contractor Clarifications – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 7

Section 7 of S.L. 2026-46 (House Bill 1094) clarifies that the repeal of the one-day title fee and its recodification were effective simultaneously on July 1, 2024, and it was the intent of the General Assembly that it would continue to be subject to the quadrennial adjustment for inflation that occurred on July 1, 2024. The Division of Motor Vehicles (DMV) is directed to adjust the fee accordingly.

This section further clarifies that the DMV may not require a business entity applying for a commission contract to contract as an individual, and if a commission contractor has been required by the DMV to apply for or renew a contract as an individual, the contractor must be provided an opportunity to amend the application or contract. This section also clarifies that upon sale of a commission contractor's business operation, all contractual rights transfer to the new commission contractor.

This section became effective July 7, 2026.

Amend Eligibility Requirements for International Association of Fire Fighters Special Registration Plate – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 8

Section 8 of S.L. 2026-46 (House Bill 1094) removes the current requirement that a person present documentation to prove active International Association of Fire Fighters membership to be eligible for an International Association of Fire Fighters special registration plate.

This section became effective July 7, 2026.

Eliminate Driving Eligibility Certificate Requirement for the Issuance of Learner's Permits and Provisional Drivers Licenses – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 9

Section 9 of S.L. 2026-46 (House Bill 1094) eliminates the requirement that drivers subject to graduated drivers licensing obtain and maintain driving eligibility certificates, which are signed by an appropriate school official and indicate that the student is making appropriate academic progress and is not subject to disciplinary action for certain conduct. This section also repeals statutes that relate to school authorities issuing certificates and notifying the Division of Motor Vehicles when a student becomes ineligible, repeals provisions related to the Division revoking permits and licenses for ineligibility, and further directs the Division to restore licenses revoked due to ineligibility.

This section becomes effective October 1, 2026.

Amend Commercial Drivers License Laws to Conform with Federal Motor Carrier Safety Administration Regulations – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 10

Section 10 of S.L. 2026-46 (House Bill 1094) amends North Carolina commercial drivers license statutes to align with processes and regulations related to the Federal Motor Carrier Safety Administration Commercial Driver's License Drug and Alcohol Clearinghouse.

This section became effective July 1, 2026, and applies to commercial drivers license and commercial drivers permit disqualifications initiated on or after that date.

Adjust Administrative Hearing Report Deadline – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 11

Section 11 of S.L. 2026-46 (House Bill 1094) amends statutory due dates for a Division of Motor Vehicles report detailing the number of administrative hearings, revenue collected, fee waivers granted, counties where hearings were held, and average time required to conduct hearings, to allow the Division to submit its quarterly report within 30 days after the end of an applicable quarter rather than immediately after the close of the quarter.

This section became effective July 7, 2026.

Expand Prepaid Toll Discount to Include New Payment Technologies – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 13

Section 13 of S.L. 2026-46 (House Bill 1094) gives the North Carolina Turnpike Authority additional flexibility to apply the prepaid discount for vehicles paying tolls using newer payment technologies, such as connected vehicle platforms and digital payment systems.

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.

Deposit Logo Program Revenue into the Reserve for General Maintenance – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 15

Section 15 of S.L. 2026-46 (House Bill 1094) requires that the revenue generated by the current Department of Transportation logo sign program, which provides for placement of logo signs within fully- and partially-controlled access highways to direct motorists to fuel, gas, food, lodging, camping, and attraction facilities along those highways, be deposited into the Reserve for General Maintenance in the Highway Fund.

This section became effective July 7, 2026.

Amend Truck Lane Restriction – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 16

Section 16 of S.L. 2026-46 (House Bill 1094) amends a recently enacted prohibition on certain trucks travelling in the left lane by eliminating the passing exception and provides that the restriction does not apply if the Department of Transportation imposes different restrictions by ordinance.

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

Speed Limit in Residential Areas – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 17

Section 17 of S.L. 2026-46 (House Bill 1094) sets a lower default speed limit of 25 mph Statewide for roadways that are unpaved or that are not marked with a centerline.

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

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

SL 2026-46 (H1094), Sec. 17.5

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

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

This section became effective July 7, 2026.

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

SL 2026-46 (H1094), Sec. 17.6

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

This section became effective July 7, 2026.

Increase Project Limit for Project Delivery Method Pilot Program – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 18

Section 18 of S.L. 2026-46 (House Bill 1094) increases the number of transportation projects allowed under the Department of Transportation construction manager-general contractor delivery method pilot program from 10 to 15 projects.

This section became effective July 7, 2026.

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

SL 2026-46 (H1094), Sec. 19

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

- Amends the definition of "electric assisted bicycle" to align with the federal definition, delineating three classes based on when the motor assists the rider and the speed at which the motor ceases to assist.
- Authorizes the operation of electric assisted bicycles on roadways and bicycle lanes Statewide, except as regulated by cities under their general authority to regulate traffic on city streets and by the Department of Natural and Cultural Resources on properties within its jurisdiction.
- Authorizes the operation of electric assisted bicycles on multiuse paths Statewide, except as otherwise regulated by local governments and by the Department of Natural and Cultural Resources on properties within its jurisdiction.

- Requires helmets for operators and passengers under age 18 on Class 3 electric assisted bicycles Statewide.
- Authorizes local governments to regulate the use of electric assisted bicycles every four years within their jurisdictions on multiuse paths and sidewalks.
- Authorizes local governments to require helmets for operators and passengers under age 18 on Class 1 and Class 2 electric assisted bicycles.

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

Personal Delivery Device Amendments – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 20

Section 20 of S.L. 2026-46 (House Bill 1094) amends provisions applicable to personal delivery devices by (i) increasing their allowable size from 40 to 55 inches long and from 30 to 36 inches wide, (ii) allowing their use on highways (currently only allowed as necessary to cross or when a sidewalk is not accessible), (iii) allowing their use on highways with speed limits up to 55 mph (currently 35mph), and (iv) applying, to personal delivery devices, rights and duties of a pedestrian in pedestrian areas and the operator of a bicycle in other areas (e.g., highways, bicycle lanes, shoulders, parking lots).

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

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

SL 2026-46 (H1094), Sec. 21

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

Require Private Entity to Administer Tourist-Oriented Directional Sign Program – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 22

Section 22 of S.L. 2026-46 (House Bill 1094) directs the Department of Transportation (DOT) to contract with a private vendor to administer the tourist-oriented directional signs program and implement market-based fees for signs in the same manner as was done for the logo sign program.

This section became effective July 7, 2026.

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

SL 2026-46 (H1094), Sec. 23

Section 23 of S.L. 2026-46 (House Bill 1094) provides for the following additional statutory insurance requirements for taxis permitted to operate at international airports: (i) liability insurance in the amount of $1 million per occurrence, (ii) proof of financial responsibility must be provided to the airport at which the taxi business is permitted, and (iii) the airport must be designated on the policy for purposes of receiving notices concerning the policy.

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

This section became effective July 1, 2027.

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

SL 2026-46 (H1094), Sec. 24

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

This section becomes effective October 1, 2026.

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

SL 2026-46 (H1094), Sec. 25

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

This section became effective July 7, 2026.

Developer Flexibility for Performance Guarantees – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 26

Section 26 of S.L. 2026-46 (House Bill 1094) allows a Department of Transportation driveway or encroachment permit applicant to provide additional forms of performance guarantee, including an irrevocable letter of credit, surety bond, or other instrument that provides equivalent security to a surety bond or irrevocable letter of credit. Currently, before granting a permit for a driveway or other highway encroachment, the Department requires the applicant to file a bond.

This section became effective July 7, 2026, and applies to permit applications filed on or after that date.

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.

Require the Division of Motor Vehicles to Establish or Amend Rules to Restructure Enrollment Contract Refunds for Commercial Truck Driver Training Schools – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 28

Section 28 of S.L. 2026-46 (House Bill 1094) requires the Division of Motor Vehicles (DMV) to amend its rules on enrollment contract refunds to provide for a 100% refund if the student withdraws at any time before the first instruction hour, a 75% refund, minus nonrefundable fees, after receiving 10% of the scheduled instruction hours, and no refund thereafter. For purposes of determining the number of hours received, home study or digital course materials are counted but do not preclude a 100% refund if the student withdraws within 5 days of having access to the materials and before in-person instruction begins.

This section became effective July 7, 2026, and expires on the date rules required by this section become effective.

Require the Division of Motor Vehicles to Establish or Amend Rules to Develop an 80-hour Class B CDL Curriculum for Commercial Truck Driver Training Schools – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 29

Section 29 of S.L. 2026-46 (House Bill 1094) requires the Division of Motor Vehicles to amend its rules to provide for an additional 80-hour course of instruction for prospective Class B commercial drivers license applicants covering all topics mandated by federal law.

This section became effective July 7, 2026, and expires on the date the required rules become effective.

Amend Collegiate Insignia Plate Authorization to Include Community Colleges – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 30

Section 30 of S.L. 2026-46 (House Bill 1094) amends the existing statutory authorization for collegiate insignia special registration plates to include community colleges. The additional $15 fee for an in-state collegiate insignia plate for a community college is transferred to the State Board of Community Colleges to be used for academic enhancement.

This section became effective July 7, 2026.

Authorize Guy Harvey Foundation Special Registration Plate – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 32

Section 32 of S.L. 2026-46 (House Bill 1094) authorizes a Guy Harvey Foundation special registration plate, which bears the phrase "Protect Our Oceans." The plate has an additional $20 fee that will be transferred equally to the University of North Carolina at Wilmington, North Carolina State University, the University of North Carolina at Chapel Hill, and East Carolina University, to be used to support their marine biology programs.

This section became effective July 7, 2026, but the Division is not required to issue plates in accordance with the authorization until 180 days after the date the Division has received the required number of paid applications and the final artwork for the plate has been approved.

America's Semiquincentennial License Plate – Budget Technical Corrections Modifications.

SL 2026-58 (H562), Sec. 5

Section 5 of S.L. 2026-58 (House Bill 562) repeals Section 31 of S.L. 2026-46 which authorized the Department of Transportation to create a new "America's Semiquincentennial" special registration plate, and instead authorizes the Department to create an "America's Semiquincentennial" standard license plate. The "America's Semiquincentennial" standard plate will have the words "America 250" at the top of the plate above all other letters and numerals. The background of the "America's Semiquincentennial" plate will depict the mountains to the coast with a cardinal, dogwood flowers, the Blue Ridge Mountains, the North Carolina State Capitol, the Wright Brothers' plane, and the Cape Hatteras Lighthouse.

This section became effective July 7, 2026, but the Division is not required to issue plates with an "America's Semiquincentennial" background until 180 days after the Division has finalized the background design.

ATV Rider Restriction Modification. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 10

Current law prohibits any parent or legal guardian of a person less than 16 years of age from knowingly permitting that person to operate an all-terrain vehicle (ATV) in violation of the Age Restriction Warning Label affixed by the manufacturer as required by the applicable American National Standards Institute/Specialty Vehicle Institute of America design standard.

Section 10 of S.L. 2026-59 (Senate Bill 445) creates an exception to this prohibition if the person under 16 years of age meets certain rider fit requirements, as determined by a certified ATV safety course instructor, and the person operating the ATV is under the direct supervision of the instructor while participating in the course or an adult after completing the course, and complies with all other applicable requirements, including helmet and eye protection requirements.

This section became effective August 11, 2026.

Private Road and Bridge Program Modification – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 17.5

The Private Road and Bridge Repair and Replacement Program (Program) was established in Part II-C of S.L. 2025-2 within the Department of Public Safety, Division of Emergency Management (NCEM), to assist with the repair and replacement of private roads and bridges damaged or destroyed by Hurricane Helene.

Section 17.5 of S.L. 2026-59 (Senate Bill 445) directs NCEM to develop a private bridge design standard no later than October 10, 2026. This section further amends the Program to allow for qualified design-build delivery of certain low-cost private bridges in conjunction with a licensed general contractor and professional engineer.

This section is retroactively effective July 1, 2026.

Division of Motor Vehicles License Renewal Pilot – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 11.1

Section 11.1 of S.L. 2026-61 (House Bill 268) repeals Section 43.11 of S.L. 2026-41 to replace the Division of Motor Vehicles (DMV) in-home license renewal pilot program with a study evaluating the feasibility of the pilot program.

The DMV must report its findings and recommendations to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than January 1, 2027.

This section became effective July 1, 2026.

Relief at the Pump.

SL 2026-62 (H3)

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

Utilities

See full summary documents for additional detail

Liquid Petroleum Gas Enforcement Authority. – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 12

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Propane Assessment Amendments – NC Farm Act of 2025-2026.

SL 2026-11 (S401), Sec. 18

[For a detailed summary of the provisions of this act, please see the AGRICULTURE AND WILDLIFE subject area.]

Modification of Subsistence Allowance for Members of the Utilities Commission. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.12

Section 11.12 of S.L. 2026-41 (Senate Bill 257) requires payment of a daily per diem of $180 to members of the Utilities Commission, in addition to their regular salary, for each day an overnight stay is required to conduct official Commission business, not to exceed 10 overnight stays per calendar month.

This section became effective July 1, 2026.

Allow Utilities Commission Court Reporters 10 Days for Transcripts – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 11.14

Section 11.14 of S.L. 2026-41 (Senate Bill 257) eliminates references to daily transcripts of evidence in hearings before the Utilities Commission and allows court reporters to provide transcripts of evidence and testimony in rate cases by the tenth business day after the taking of the evidence and testimony, rather than the third business day, and on the tenth business day in a hearing on an application for a certificate of public convenience and necessity for the construction of a facility for the generation of electricity, rather than the second business day.

This section became effective July 1, 2026.

North Carolina Utilities Commission Water/Wastewater Revolving Loan Program. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.4

[For a detailed summary of the provisions of this act, please see the ENVIRONMENT, NATURAL RESOURCES, AND ENERGY subject area.]

Department of Environmental Quality Fixing America's Surface Transportation-41 Permitting Process for Critical Energy Infrastructure. – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.7

[For a detailed summary of the provisions of this act, please see the ENVIRONMENT, NATURAL RESOURCES, AND ENERGY subject area.]

Violations Reporting To Utilities Commission – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 12.8

Section 12.8 of S.L. 2026-41 (Senate Bill 257) requires the Department of Environmental Quality (DEQ) to report to the Utilities Commission (Commission) whenever a water or wastewater public utility has three or more violations within a 12-month period of either an environmental permit or a law administered by DEQ. DEQ must collaborate with the Commission in developing and maintaining an online reporting system that contains up-to-date information about each water or wastewater public utility's compliance with any applicable environmental permits or laws. This section also gives the Commission authority to investigate and inspect a water or wastewater public utility in violation of any environmental permit or law and order any remedial actions necessary to reasonably and adequately serve the public convenience and necessity.

This section became effective July 1, 2026.

Repeal Sales Tax Exemption on Electricity for Datacenters – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.4

[For a detailed summary of the provisions of this act, please see the FINANCE subject area.]

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

SL 2026-46 (H1094), Sec. 25

[For a detailed summary of the provisions of this act, please see the TRANSPORTATION subject area.]

Increase Civil Penalty for Water Theft. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 18

[For a detailed summary of the provisions of this act, please see the CRIMINAL LAW AND PROCEDURE subject area.]

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

SL 2026-59 (S445), Sec. 51

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

Authority for Landlords of Mobile Home Parks Sited Prior to 1989 to Bill Tenants for Master-Metered Water Service. – Regulatory Reform Act of 2026.

SL 2026-59 (S445), Sec. 52

Section 52 of S.L. 2026-59 (Senate Bill 445) authorizes a landlord of a leased mobile home located within a mobile home park sited prior to 1989 to allocate the cost for water and sewer service to the tenant using equipment that measures the lessee's hot water usage, if the landlord determines that the measurement of the lessee's total water usage is impractical or not economical. Prior to this change only landlords of contiguous dwellings built prior to 1989 were authorized to allocate the cost of water and sewer service in this manner.

In addition, the section authorizes the use of a ratio utility billing system or other allocation billing system that does not rely on individually submetered hot water usage to determine the allocation of water and sewer costs for both leased premises that are contiguous dwellings built prior to 1989 and leased mobile homes located within a mobile home park sited prior to 1989.

This section became effective August 11, 2026.

North Carolina Utilities Commission Emergency Loan Program – Rulemaking Modification. – 2026 Budget Technical Corrections - II.

SL 2026-61 (H268), Sec. 5.12

Section 5.12 of S.L. 2026-61 (House Bill 268) modifies the North Carolina Utilities Commission Emergency Loan program, as enacted by Section 12.4 of S.L. 2026-41 (Senate Bill 257), to give the Department of Environmental Quality permissive rulemaking authority regarding disbursement of loan proceeds.

This section of the act became effective July 1, 2026.

Vetoed Legislation

See full summary documents for additional detail

Educational Choice for Children Act (ECCA).

SL 2026-6 (H87)

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Cooperation with Federal Immigration Officials – North Carolina Border Protection Act.

SL 2026-19 (S153), Part I

[For a detailed summary of the provisions of this act, please see the COURTS, JUSTICE, AND CORRECTIONS subject area.]

Department of Health and Human Services. – North Carolina Border Protection Act.

SL 2026-19 (S153), Part II

[For a detailed summary of the provisions of this act, please see the HEALTH AND HUMAN SERVICES subject area.]

Housing Benefits Eligibility Verification – North Carolina Border Protection Act.

SL 2026-19 (S153), Part III

[For a detailed summary of the provisions of this act, please see the STATE GOVERNMENT subject area.]

Unemployment Compensation – North Carolina Border Protection Act.

SL 2026-19 (S153), Part IV

[For a detailed summary of the provisions of this act, please see the LABOR AND EMPLOYMENT subject area.]

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

SL 2026-19 (S153), Part V

[For a detailed summary of the provisions of this act, please see the LOCAL GOVERNMENT subject area.]

UNC Constituent Institutions to Comply with Laws Related to Immigration – North Carolina Border Protection Act.

SL 2026-19 (S153), Part VI

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Eliminating "DEI" in Public Education.

SL 2026-20 (S227)

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Eliminating "DEI" in Public Higher Education.

SL 2026-21 (S558)

[For a detailed summary of the provisions of this act, please see the EDUCATION subject area.]

Amend Adoption Law to Facilitate E-Filing – 2026 Court Changes.

Ratified (H377), Sec. 1

Section 1 of House Bill 377 would have modified certain laws relating to adoption to facilitate the electronic filing of adoptions with courts and electronic transmission of adoption records to the Division of Social Services for indexing.

House Bill 377 was ratified by the General Assembly on August 6, 2026, and vetoed by the Governor on August 17, 2026.

Clarify How a Renter-Defendant Appellant Maintains a Stay of Execution of Judgment – 2026 Court Changes.

Ratified (H377), Sec. 2

Section 2 of House Bill 377 would have clarified how a defendant renter maintains a stay of execution pending appeal. If the defendant continued to pay periodic rent, that payment would have satisfied and maintained the stay of execution during the 30-day time period for taking an appeal.

House Bill 377 was ratified by the General Assembly on August 6, 2026, and vetoed by the Governor on August 17, 2026.

Modify Certain Bond Requirements. – 2026 Court Changes.

Ratified (H377), Sec. 3

[For a detailed summary of the provisions of this act, please see the PROPERTY, TRUSTS, AND ESTATES subject area.]

Amend Default Judgment Provision in Divorce Proceedings – 2026 Court Changes.

Ratified (H377), Sec. 5

Section 5 of House Bill 377 would have clarified that the clerk of superior court can enter judgment, upon request of a plaintiff, in cases where a plaintiff's only claim against the defendant is for absolute divorce, or absolute divorce and resumption of a former name, when the defendant failed to appear.

House Bill 377 was ratified by the General Assembly on August 6, 2026, and vetoed by the Governor on August 17, 2026.

Repeal Obsolete Provision – 2026 Court Changes.

Ratified (H377), Sec. 6

Section 6 of House Bill 377 would have repealed an obsolete provision regarding electronic filing in certain court cases.

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

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.

Clarify Certain Filings – 2026 Court Changes.

Ratified (H377), Sec. 8

Section 8 of House Bill 377 would have made a clarifying change regarding the filing of documents with the courts.

House Bill 377 was ratified by the General Assembly on August 6, 2026, and vetoed by the Governor on August 17, 2026.

Allow Office of Indigent Defense Services Attorneys Electronic Access to Files – 2026 Court Changes.

Ratified (H377), Sec. 9

Section 9 of House Bill 377 would have modified G.S. 7A-452 which provides that when an indigent person has entered notice of appeal and appellate counsel has been appointed by the Office of Indigent Defense Services (IDS), the clerk of superior court is required to make a copy of the complete trial division file for the IDS counsel. This law would have been modified to clarify that clerks may electronically provide this file access to IDS counsel.

House Bill 377 was ratified by the General Assembly on August 6, 2026, but was vetoed by the Governor on August 17, 2026, and is not current law. If the General Assembly overrides the veto, Section 9 of House Bill 377 would become effective October 1, 2026.

Modify Safekeeping Statute Related to Wills. – 2026 Court Changes.

Ratified (H377), Sec. 10

Section 10 of House Bill 377 would have modified the statute governing the safekeeping of wills by the clerk of superior court. It would have allowed the clerk of superior court to receive a will for safekeeping from a testator's agent if the agent had authority under a valid power of attorney. It also would have required the will to remain in the clerk's receptacle or depository until the will was offered for probate or filed with the clerk without probate.

House Bill 377 was ratified on August 6, 2026, but was vetoed by the Governor on August 17, 2026.

Clarify Use of Summonses in Caveat Proceeding. – 2026 Court Changes.

Ratified (H377), Sec. 12

[For a detailed summary of the provisions of this act, please see the PROPERTY, TRUSTS, AND ESTATES subject area.]

Update Safe Babies Court Language to Allow Children Up to Age 5 to Participate. – 2026 Court Changes.

Ratified (H377), Sec. 13

Section 13 of House Bill 377 would have increased eligibility to participate in Safe Babies Court to include families who have at least one child who is no more than 5 years of age.

House Bill 377 was ratified by the General Assembly on August 6, 2026, and was vetoed by the Governor on August 17, 2026.

Clarify Jury Commission Appointments – 2026 Court Changes.

Ratified (H377), Sec. 14

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

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

Make Certain Changes Related to Juvenile Court Records. – 2026 Court Changes.

Ratified (H377), Sec. 15

Section 15 of House Bill 377 would have done the following:

- Clarified that in an abuse, neglect, or dependency action:
    - A presiding district court judge and designated court staff can inspect confidential juvenile court records.
    - The recording of a hearing in the action can only be copied by order of the court.
    - A person not authorized to examine the juvenile's court record without a court order could file a written motion setting out why the information is needed. A district court judge would have been authorized to issue an order to disclose the information upon finding that the order is appropriate under the circumstances and in the best interest of the juvenile or necessary for the protection of the public.
- Clarified that in a proceeding for emancipation:
    - Court records in the action are confidential, except the certificate of emancipation.

- A party, required participants, or their attorneys can access written records in the file without a court order.

House Bill 377 was ratified by the General Assembly on August 6, 2026, and was vetoed by the Governor on August 17, 2026.

Change Effective Date for Judicial Access to Expunction Records – 2026 Court Changes.

Ratified (H377), Sec. 17

Section 17 of House Bill 377 would have clarified that a judge can request access to confidential expungement records maintained by the Administrative Office of the Courts to determine whether a defendant has been previously granted a discharge or an expungement regardless of when the expungement petition was filed.

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

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.

Clarify Appeal Filing Language – 2026 Court Changes.

Ratified (H377), Sec. 19

Section 19 of House Bill 377 would allow for electronic filing, in addition to mail or hand delivery, of an appeal as of right to the Court of Appeals from a decision by a Statewide panel on a candidate challenge for elective office.

House Bill 377 was ratified by the General Assembly on August 6, 2026, and vetoed by the Governor. House Bill 377 is not current law. If the General Assembly overrides the veto, Section 19 of House Bill 377 would become effective on October 1, 2026.

Modify Laws Related to Frivolous Lawsuits – 2026 Court Changes.

Ratified (H377), Sec. 20

Section 20 of House Bill 377 would have provided that whenever a motion to proceed as an indigent is filed pro se by an inmate in the custody of the Department of Adult Correction or any sheriff in North Carolina, or whenever a motion to proceed as an indigent is filed pro se by any person or entity and the complaint is brought against a federal, State, or local government entity, or government employee in their official capacity, or government employee in their individual capacity but based on the employee's work for the government, the motion to proceed as an indigent and the complaint must be presented to any superior court judge of the judicial district. The court would have been required to dismiss the action if it was frivolous or malicious, failed to state a claim on which relief could be granted, or sought relief against a defendant who was immune from such relief. The proceeding would have been automatically stayed until the judge ruled on the motion to proceed as indigent. This section would also have allowed the clerk to reject certain filings unless the filing was accompanied by any necessary fees or a motion to proceed as indigent.

House Bill 377 was ratified by the General Assembly on August 6, 2026, and vetoed by the Governor on August 17, 2026.

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.

Amend Procedure for Determining Elective Share. – 2026 Court Changes.

Ratified (H377), Sec. 27.1

Section 27.1 of House Bill 377 would have amended the procedure for determining the elective share to provide that the summons and claims in the petition must relate back to the date of the filing of the petition. It would have specified that the requirement that a summons be issued within five days of the filing of the petition under Rule 4(a) of the Rules of Civil Procedure does not apply. This section also would have made other technical and organizational changes.

House Bill 377 was ratified on August 6, 2026, but was vetoed by the Governor on August 17, 2026.

Technical Corrections to Estate Planning Statutes. – 2026 Court Changes.

Ratified (H377), Sec. 27.4

Section 27.4 of House Bill 377 would clarify that revocation of provisions in a revocable trust by divorce or annulment do not apply when the settlor executes a subsequent amendment to the revocable trust, which makes express references to the revocable trust, and which modifies the revocable trust.

House Bill 377 was ratified on August 6, 2026, but was vetoed by the Governor on August 17, 2026.

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.

Add Trial Court Administrator and Staff to Definition of Court Officer – 2026 Court Changes.

Ratified (H377), Sec. 29

Section 29 of House Bill 377 would have added trial court administrators and judicial support staff to the definition of "court officer." This would have made Article 5A of Chapter 14 of the General Statutes (Endangering Executive, Legislative, Court, and Local Elected Officers) apply to these individuals. Article 5A provides for increased punishments for assaulting or threatening covered individuals.

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, House Bill 377 would become effective December 1, 2026, and apply to offenses committed on or after that date.

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

Ratified (H437), Sec. 1

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

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

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

Ratified (H437), Sec. 2

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

- Defined "public camping or sleeping."
- Prohibited a local government from authorizing or otherwise allowing any person to regularly engage in public camping or sleeping on any public property.
- Permitted, by majority vote of the local government's governing board, the designation of property owned by the local government to be used for a continuous period of no longer than one year for the purposes of public camping or sleeping. The local government would have been required to establish and maintain minimum standards and procedures for the purposes of:
    - Ensuring the safety and security of the designated property and the people lodging or residing on the property.
    - Maintaining sanitation.
    - Coordinating with the appropriate department, agency, or entity to provide access to behavioral health services, which must include substance abuse and mental health treatment resources.
    - Prohibiting illegal substance use and alcohol use.
- Provided that the local government's designation of property for camping or sleeping would not have become effective until certified by the Department of Labor (Department). To obtain certification, the local government would have been required to submit a request to the Commissioner of Labor documenting proof of certain conditions.
- Required the Department to certify the designated property within 45 days after the receipt of complete submission from the local government. If the Department took no action, the designated property would have been deemed certified on the 45th day.
- Required that the local government publish the required minimum standards and procedures on the local government's website within 30 days after certification of the designated property.
- Provided that the Department could inspect any designated property at any time and had to provide notice to the local government recommending closure of the designated property if the requirements for public camping and sleeping on designated property were no longer satisfied. A local government would have been required to publish any notice recommending closure on the local government's website not later than five business days after receipt of the notice.
- Provided that any resident or business owner of the local government, or the Attorney General, could bring a civil action against the local government to enjoin a violation of the requirements for public camping or sleeping on designated property.
- Required that an application for an injunction be accompanied by an affidavit attesting to certain information.

- Provided that the prohibition on public camping or sleeping without designation of property for that purpose would not apply during a period in which the Governor or a local government has declared a state of emergency.
- Required the Department, by June 30, 2027, to adopt rules necessary to implement these provisions.

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

Administrative Matters – Election Law Changes.

Ratified (H958), Part I

Part I of House Bill 958 would have made the following changes with respect to election administration matters:

- Clarify that a county board of elections (county board) can suspend or remove precinct officials at any time, including throughout the day of a primary or election, authorize a county board to prohibit a precinct official from serving in any subsequent election, specify training requirements for precinct officials, and require county boards to appoint at least four emergency election-day assistants. (Section 1.1)
- Authorize a nonpartisan candidate to designate one registered voter to serve as an observer at each voting place where the candidate would appear on the ballot for a municipal election, special district election, or local board of education election. (Section 1.2)
- Require the primary for any municipal nonpartisan primary and election and the first election for any municipal nonpartisan election and runoff to be held on the second Tuesday after Labor Day of the odd-numbered year, with the election or runoff, if needed, to be held in November of that odd-numbered year. (Section 1.3)
- Require a candidate filing in a party primary to be affiliated with that political party for at least 365 days as of the date of filing rather than 90 days, unless a waiver is granted by the State executive committee of that political party or the political party has been recognized by the State for less than two years. (Section 1.4)
- Clarify that counties, cities, and local boards of education must use only the most recent federal decennial census data when establishing or revising electoral district boundaries. (Section 1.5)

House Bill 958 was ratified on August 6, 2026, but was vetoed by the Governor on August 17, 2026, and is not current law. If the General Assembly overrides the veto, Part I of House Bill 958 would become effective on January 1, 2027.

Registration of Voters – Election Law Changes.

Ratified (H958), Part II

Part II of House Bill 958 would have made the following changes regarding maintaining a list of eligible voters in this State:

- Require the Department of Motor Vehicles to provide full social security numbers to the State Board of Elections on a routine basis of no later than the fifteenth day of each month. (Section 2.1)
- Require the State Board of Elections to forward any voter registration applications to the appropriate county board of elections in a timely manner, or within 5 business days of receipt if received by the State Board of Elections within 100 days before an election. (Section 2.2)
- Require the Executive Director of the State Board of Elections to use information received from a federal agency to identify registered voters who are deceased and provide those identified names to the county boards of election within one week of receipt. The county boards of elections would be required to remove the names of the deceased voters from their voter registration records within one week of receipt of the names, and the State Board of Elections must confirm that those names were removed. (Section 2.3)
- Provide that any voter registration received from other states pursuant to a data sharing agreement with that state is not a public record. (Section 2.3)
- Require the State Board of Elections to create a process for removing non-eligible citizens from the voter registration records if the registered voter appears on information received by the State Board of Elections from a federal database on or after January 1, 2026, and a challenge has not yet been entered against the registered voter. (Section 2.3)
- Prohibit any employee of the Department of Motor Vehicles or a public agency offering voter registration services from proceeding with a voter registration application unless the applicant affirmatively indicates that he or she is a citizen of the United States. (Section 2.4)
- Require that a county board of elections only process a voter registration application that affirmatively indicates that the applicant is a citizen of the United States. If a county board of elections receives a voter registration application with no answer indicated as to the question of whether the applicant is a citizen of the United States, the county board of elections would be required to send the applicant a form, to be completed under penalty of perjury, for the applicant to indicate whether he or she is a citizen of the United States. If the form is completed and returned by the applicant within 30 days of the mailing, the county board of elections would proceed with the voter registration application accordingly. (Section 2.4)

House Bill 958 was ratified on August 6, 2026, but was vetoed by the Governor on August 17, 2026, and is not current law. If the General Assembly overrides the veto, Part II of House Bill 958 would become effective on January 1, 2027, and apply to voter registration applications processed on or after that date.

Conduct of Elections – Election Law Changes.

Ratified (H958), Part III

Part III of House Bill 958 would make the following changes with respect to the conduct of elections:

- Reduce the number of early one-stop voting days for primaries, second primaries, and runoff elections, from 17 days to 10 days, and set the number of early one-stop voting days for congressional vacancies, special elections, and municipal elections (if early voting is authorized by the municipality) at 10 days. (Section 3.1)
- Allow ballots cast during early one-stop voting to be challenged no later than 5:00 P.M. on the third business day after the election (Friday). (Section 3.2)
- Require the State Auditor to randomly select counties to conduct post-election audits of election systems and controls after each general election, with all county boards of elections being audited at least once every six years; authorize election officials to be present during the audit; and require the State Auditor to produce annual reports of the audits conducted and make them accessible on the Office of the State Auditor's website in perpetuity. (Section 3.3)

House Bill 958 was ratified on August 6, 2026, but was vetoed by the Governor on August 17, 2026, and is not current law. If the General Assembly overrides the veto, Part III of House Bill 958 would become effective on January 1, 2027, and apply to elections held on or after that date.

Campaign Finance Revisions – Election Law Changes.

Ratified (H958), Part IV

Part IV of House Bill 958 would have made the following changes to campaign finance reporting requirements:

- Increase the reporting thresholds as follows:
    - For nonmedia expenditures and monetary contributions to be made with a verifiable form of payment: from $50 to $100. (Section 4.1)
    - For candidates for county office, municipal office, local school board office, soil and water conservation district board of supervisors, or sanitary district board with contributions, loans, and expenditures to be exempted from reporting requirements: from $1,000 to $5,000. (Section 4.2)
    - For when independent expenditures must be reported: from $100 to $1,000. (Section 4.3)
    - For when 48-hour reports are required: from $1,000 to $2,000. (Section 4.4)
- Provide that the exemption for campaign sales would include political party committees. For this purpose a political party committee would be defined as a political party executive committee or any group established by a political party including men, women, college, teen, senior, young, African American, and Hispanic clubs or organizations. The purchase price of goods or services sold by a political party executive committee or an

affiliated party committee is not considered a campaign contribution, in that these are not subject to the account-keeping or reporting requirements required for campaign contributions and are not subject to the limit on campaign contributions. (Section 4.5)

House Bill 958 was ratified on August 6, 2026, but was vetoed by the Governor on August 17, 2026, and is not current law. If the General Assembly overrides the veto, Part IV of House Bill 958 would become effective on January 1, 2027, and apply to the purchase price of goods or services sold by a political party committee or an affiliated party committee on or after that date.