



ACEC

Legislative Report May 8, 2025

The legislative “crossover deadline” week brought a familiar scene as well as some surprising results. Over 65 bills went through the House Rules Committee this week in advance of Thursday’s crossover deadline. The May 8 crossover deadline is the date a bill must pass out of the chamber where it was originally introduced, in order to be eligible for consideration the remainder of this year and next year. The crossover deadline does not apply to bills that affect the state budget or impose fees. The Senate passed 20 bills on Wednesday in an attempt to move bills before crossover. In a surprising twist, both the House and Senate completed their business before crossover on Wednesday, a day early. This is a first in recent memory. So, although each chamber held a session on Thursday, no bills were considered.

With the crossover deadline in the rear-view mirror, the House will now turn their attention to the state budget bill. Next week the senior House appropriations chairs are expected to meet to finalize the House version of the state budget bill. The House is expected to pass their version of the budget by the Memorial Day weekend. The bill will then be placed in a conference committee of House and Senate budget negotiators, who will attempt to reach a compromise budget, for passage by both chambers by the June 30 end of the fiscal year. If the legislature does not pass a budget by June 30, the state continues to operate under the budget that is currently in effect. As in past sessions, the budget negotiations could last into the summer.

State Board of Elections Appoints new Executive Director

In its first meeting Wednesday, the new Republican majority on the North Carolina State Board of Elections voted to replace the agency’s longtime director with a lawyer who worked for state Republican House leaders. In a 3-2 vote, the Board appointed Sam Hayes as its executive director, which will end the current tenure of director Karen Brinson Bell, who has served in the position since 2019. Since 2021, Hayes has served as general counsel for the North Carolina speaker of the House, both under Tim Moore and Destin Hall.

Judge Griffin Concedes Contested Supreme Court Election

After contesting his narrow loss in the 2024 North Carolina Supreme Court election, Jefferson Griffin conceded the race on Wednesday following a federal judge’s ruling against his challenge. Griffin, a Republican judge on the state Court of Appeals, lost the election to Democratic incumbent Allison Riggs by 734 votes. Judge Griffin challenged the election results on various grounds, and the challenges have been making their way through state and federal courts since last November. Earlier this week, Chief U.S. District Judge Richard E. Myers ruled against Griffin’s challenge. Rather than appealing that ruling, Griffin conceded the race on Wednesday. “As a judge, I believe everybody, myself included, has a right to their day in court,” Griffin wrote in a statement. “This effort has always been about upholding the rule of law and making sure that every legal vote in an election is counted.” Although Myers had put a hold on his order

to give Griffin a chance to appeal, Griffin chose not to appeal. Griffin will remain in his position as a judge on the state Court of Appeals until 2029.

Appointments to the Board of Transportation

This week Governor Stein has appointed the following individuals to the North Carolina Board of Transportation and/or to Chair of the Board:

- Current member Anthony "Tony" Lathrop of Mecklenburg County as Chair.
- David Womack of Pitt County as a representative of the 2nd Transportation Division.

Governor Stein appointments to the Building Code Council and Residential Code Council

Governor Stein has nominated the following to the North Carolina Building Code Council:

- Brent Sigmon of Durham County as a licensed unlimited plumbing and heating contractor specializing in mechanical contracting.
- Natalie MacDonald of Wake County as a licensed professional engineer specializing in mechanical engineering.
- Russell Williams of Alamance County as a level III code-enforcement official employed by a municipality or county.
- Gloria Carney Shealey of Orange County as a licensed general contractor specializing in the construction of buildings greater than 75 feet in height.
- Christopher Whaley of Davidson County as a level III fire code official.

Governor Stein has nominated the following to the North Carolina Residential Code Council:

- Amy Musser of Buncombe County as a licensed professional engineer specializing in residential construction.
- Gary Hayes of Wilkes County as a level I or level II code-enforcement official employed by a municipality or county.
- Cyril Jefferson of Guilford County as a public member.
- Robert Zapple of New Hanover County as a licensed general contractor specializing in residential foundations or concrete placement.
- Ralph Euchner of Gaston County as a representative of the natural gas industry.
- Nicholas Picariello of Harnett County as a licensed electrical contractor.
- Jason Shepherd of Orange County as a fire service representative.

The House and Senate adjourned on Thursday and will reconvene on Monday May 12.

BILL STATUS UPDATES

House Bill 74, House Budget Technical Corrections, was concurred with on 2nd reading and placed on the House calendar for 5-13-25 for 3rd reading.

House Bill 364, STIP Grant Anticipation Notes, was reported favorable on the committee substitute in the House Finance Committee, passed the full House 100-11, was sent to the Senate and referred to the Senate Rules Committee.

The committee substitute removes the term "STIP project" when referring to capital projects funded as regional impact or division need projects under the transportation funding laws in G.S.

Chapter 136. It also makes some technical and conforming edits to align the language throughout the bill.

House Bill 369, Parking Lot Reform and Modernization Act, was reported favorable on the committee substitute in the House Committee on Housing and Development and referred to the House Committee on State and Local Government.

The committee substitute made the following changes:

- Parking Regulations (Part I): Local zoning and development rules can no longer require off-street parking spaces to be larger than 9 feet wide by 20 feet long, except for handicap, parallel, or diagonal spaces. The prior version prohibited minimum size requirements more broadly.
- It also appropriates \$5,000 in FY 2025–26 to the Department of Commerce to educate property owners about how adjusting parking space numbers can lead to cost savings.
- Flood Control Regulation (Part II): Makes a technical clarification in the section regarding flood risk management (G.S. 143-215.77B).
- Stormwater Regulation (Part III): Deletes the section that would have restricted local governments from imposing stormwater rules on redevelopment projects. Also updates the bill's title to reflect this removal.

House Bill 616, Megasites/Selectsites Program Revisions, was amended on the floor and passed the full House 106-5, was sent to the Senate and referred to the Senate Rules Committee. The amendment places new limits on how the Economic Development Partnership of North Carolina (EDPNC) can use funds from the NC Selectsite Fund. Specifically, it caps spending on hiring a national site selection firm at \$150,000 every two years. It also adds a new requirement that geographic diversity must be a priority when identifying new economic development sites, starting with the 2026 report.

House Bill 765, Save the American Dream Act, was reported favorable on the committee substitute and referred to the House Finance Committee. This is the House's version of a land use reform bill.

The House committee substitute makes significant structural and substantive changes to the bill. It begins by changing both the short and long titles, signaling a shift in scope. The substitute removes numerous sections from the previous version, including those dealing with downzoning procedures, conflicts of interest, outdoor and on-premises advertising regulations, civil liability for local boards, airport zoning rules, requirements for fiscal notes on ordinances affecting housing affordability, and provisions related to nonconforming signs and building design standards. In their place, the revised bill introduces a new legal standard—"the actual and legitimate needs of the community"—which replaces the traditional planning and zoning rationale of protecting "public health, safety, and welfare" across a wide range of statutes. Several key planning and development statutes are rewritten to reflect this new standard, including GS 160D-701, 160D-702, 160D-703, 160D-804, and others. The bill tightens the evidence required to justify zoning requirements, such as mandating credible evidence before requiring sidewalk construction. It also revises permitted residential densities based on population tiers and clarifies that density allowances apply whether units are located on a single lot or multiple lots. Language is added to ensure local governments substantiate their zoning determinations with facts a reasonable person would accept.

In terms of legal process, the bill narrows the standing provisions under GS 160D-1403.3, limiting who can bring private legal challenges. It also requires courts to award attorneys' fees to

any party who successfully challenges an unlawful local government action under GS 160D-1403.1. On infrastructure, the bill modifies how water and sewer capacity allocations are calculated under GS 162A-1001 by requiring local government project allocations to be subtracted from total facility capacity. It also clarifies related definitions and removes a requirement that allocation approvals come with a written reservation amount. Additionally, it increases the NPDES general permit fee from \$100 to \$125, effective July 1, 2025. Finally, the bill includes a new provision stating that nothing in the act affects rights that accrued or vested prior to its enactment.

House Bill 909, State Infrastructure Bank Board, was reported favorable on the committee substitute in the House Committee on Commerce and Economic Development, reported favorable in the House Rules Committee, passed the full House 108-1, sent to the Senate and referred to the Senate Rules Committee.

The House committee substitute significantly revises and expands the structure and function of the proposed State Infrastructure Bank. It moves the provisions from GS Chapter 143B to GS Chapter 147, Article 6, and shifts the administrative oversight from the Department of Commerce to the Department of the State Treasurer. The bill refines definitions, specifying that eligible infrastructure projects must be publicly owned or public-private partnerships essential to the state's health, safety, and economic vitality.

Key financial provisions include capping loan terms at 30 years unless unanimously approved by the Board, and setting a minimum loan interest rate at 50% of the AAA municipal bond rate, unless exceptions are met. The Board is authorized to offer below-market or even zero-interest loans when justified by compelling public interest, and can blend public and private funding to attract private investment under specific safeguards. Councils of governments may now access bank assistance if they are acting under joint agreements that ensure repayment.

The Bank may be capitalized by state appropriations, federal grants, and private contributions, and may issue revenue bonds with approval from the Local Government Commission and the State Treasurer. It must propose a standing appropriation to the General Assembly annually. However, funds under GS Chapter 159G—including the Clean Water and Drinking Water State Revolving Funds—must remain separate and cannot be used to capitalize the Bank.

The Board expands from six to ten members, with new appointments by the Governor, Speaker, and Senate leader, each requiring appointees with at least ten years of experience in relevant fields. A Stakeholder Advisory Committee must also be formed to provide input on priorities and private-sector involvement, with required public meetings and formal responses to committee recommendations.

Transparency and accountability measures are strengthened: the Board must disclose conflicts of interest, publicly post all loans and terms, and contract with third parties for regular financial and performance audits. Reporting requirements are expanded, with multiple legislative committees and the Fiscal Research Division receiving detailed reports, and an initial report due by February 1, 2026, ahead of the first annual report on July 1, 2026.

House Bill 926, Regulatory Reform Act of 2025, was reported favorable on the committee substitute in the House Regulatory Reform Committee and referred to the House Rules Committee.

The House committee substitute makes organizational and conforming edits and introduces two substantive changes:

In Section 3, it expands the exemption from continuing education requirements under GS 87-10.2 to include contractors who hold a special builder designation and meet the requirements of GS 87-15.4. It also includes technical and structural adjustments.

In Section 17, it enacts GS 136-17.2B, granting the Board of Transportation (BOT) the authority—after a public hearing—to set reasonable fees for fifteen specific services provided by the Department of Transportation (DOT). The BOT cannot delegate this authority to the Secretary of Transportation. Related statutes (GS 136-18.02, GS 150B-1(d), and GS 136-93.1) are amended accordingly, including removing fee caps on express project review applications. Any overlapping fees currently imposed under administrative code (Title 19A) will be repealed when new BOT-set fees take effect.

Senate Bill 69, Henderson County Local Omnibus, was reported favorable on the committee substitute in the Senate State and Local Government Committee, reported favorable on the Senate Rules Committee, passed the Senate and was sent to the House.

The Senate committee substitute to Senate Bill 69 reorganizes the bill into parts and adds several new provisions affecting Henderson County and its municipalities, while also updating the bill's titles.

- Part I: Retains the original content from the first edition.
- Part II: Authorizes the Town of Mills River to adopt its proposed unified development ordinance by October 1, 2025, even if it conflicts with general state law.
- Part III: Allows Henderson County to amend its unified development ordinance to eliminate or revise by-right uses in all zoning districts, provided the amendments are generally consistent with GS Chapter 160D.
- Part IV: Prohibits any municipality in Henderson County from exercising planning and development authority outside its contiguous corporate limits after July 1, 2025. Jurisdiction over these areas will transfer to the County, with a 60-day transition period or sooner if the County adopts new regulations. The County may continue processing development actions and apply its regulations to those areas.
- Part V: For Henderson County and its municipalities only, any property annexed on or after July 1, 2025, under GS Chapter 160A cannot be rezoned unless both the municipality and county governing boards approve.
- Part VI: States the act becomes effective when it becomes law, unless otherwise specified.

Senate Bill 266, Historic Flood Event Bldg. Code Exemption, was amended twice on the floor, passed the full Senate and was sent to the House.

The Senate amendments to Senate Bill 266 make several detailed changes to the environmental regulatory waivers in Section 2 and add a new provision, Section 2.1, related to disaster debris management.

Amendment #1 modifies the regulatory waivers granted to the Department of Environmental Quality (DEQ), Department of Agriculture and Consumer Services (DACS), and local governments. It now requires entities undertaking permitted activities (e.g., solid waste composting) to notify DEQ at least 10 days in advance, and removes the full waiver for stormwater and erosion controls. Instead, it allows limited waivers for erosion and sediment control plan approvals—but only when tree or ground cover removal is not involved. The amendment caps site volume at 25,000 cubic yards, sets limits on mulch depth for erosion control, and requires compliance with all other applicable regulations. It also defines procedures for determining safe application rates of soil amendments and mandates that all material covered

under these provisions be removed from the site by July 1, 2027. The entire section is effective immediately and expires on July 1, 2027.

Amendment #2 adds Section 2.1, requiring local governments in counties declared federal disaster areas due to Hurricane Helene to prioritize transporting vegetative debris to composting sites rather than landfills, if costs are equal or less. DEQ and DACS must support these efforts. This provision is also effective immediately and expires July 1, 2027.

Senate Bill 328, Underground Safety Revisions, was referred to the House Rules Committee.

Senate Bill 387, Brownfields Property Reuse Act Revisions, was reported favorable in the Senate Rules Committee, passed the full Senate 44-0, was sent to the House and referred to the Senate Rules Committee.

Senate Bill 416, Personal Privacy Protection Act, was reported favorable on the committee substitute in the Senate Judiciary Committee, reported favorable in the Senate Rules Committee, amended on the floor and passed the full Senate.

The Senate committee substitute and amendment to Senate Bill 416 reorganize and refine the Personal Privacy Protection Act, now codified as Article 18 of GS Chapter 55A.

Key updates include:

- Codifying the original uncoded bill text into numbered statutory sections (GS 55A-18-01 to 55A-18-07).
- Clarifying that “supporter” and “volunteer” do not include board members, officers, directors, or staff of a nonprofit.
- Narrowing the definition of “public agency” by removing institutions of higher education.
- Clarifying that the Article does not override required disclosures under GS Chapter 163, Article 22A (election laws).
- Preserving the authority of the Secretary of State and Attorney General to request donor-related information for audits or investigations under specific statutes, provided certain conditions are met.
- Adding technical and clarifying edits throughout.

The Senate amendment further establishes that knowingly violating the act is a Class 2 misdemeanor (replacing a more general penalty), and changes the effective date to December 1, 2025, applying to offenses committed on or after that date.

Senate Bill 472, Amend 401 Certification Process, was referred to the House Rules Committee.

Senate Bill 493, Land Use Clarification and Changes, was reported favorable in the Senate Rules Committee, was amended on the floor, passed the full Senate 33-12, was sent to the House and referred to the House Rules Committee.

The Senate amendment to Senate Bill 493 makes two changes:

1. It removes the new definition of “landowner” that had been proposed in GS 160D-203(d).
2. It modifies the existing definition of “landowner or owner” in GS 160D-102(18) to include all holders of record of title in fee simple, rather than just the holder.

For more information about legislation described in the legislative reports, feel free to contact us at chorton@maynardnexsen.com, dferrell@maynardnexsen.com, criemer@maynardnexsen.com or at (919) 573-7421. Information is also available on the General Assembly's website: www.ncleg.gov.

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