



ACEC

Legislative Report June 13, 2025

This week in North Carolina, lawmakers advanced high-profile legislation while budget negotiations remained unresolved. House and Senate policy committees were hard at work considering and advancing the other chamber's bills. It appears the both the House and Senate will wrap up the majority of their non-budget committee work by June 30. As such, there is a flurry of activity as members attempt to move their bills in the last weeks of the legislative session.

Permitless concealed carry passed both chambers but faces a likely veto from Governor Stein. Immigration measures requiring ICE cooperation and restricting benefits for undocumented individuals were also sent to the Governor's desk, sparking protests across the state and deepening partisan divides.

In education, House Bill 832 drew constitutional scrutiny for shifting oversight of charter schools away from the state superintendent. Concerns also grew over the rise in early high school graduations following a legislative cap on local credit requirements. Meanwhile, bipartisan momentum continued for school cellphone bans, and HBCU advocates pushed for increased funding as the state budget takes shape.

On the economic front, JetZero announced a \$4.7 billion aerospace facility in Greensboro, the largest job commitment in state history. At the same time, FEMA's cancellation of the BRIC grant program jeopardized \$190 million in storm resilience projects, prompting calls for state intervention. Public health leaders also raised alarms over ER wait times and funding cuts, while Governor Stein launched a cannabis policy council and supported efforts to expand access to psychedelic therapy for veterans.

The legislature adjourned on Thursday and will reconvene on Monday, June 16.

BILL STATUS UPDATES

House Bill 126, Revise Voluntary Ag. District Laws, was reported favorable in the Senate Rules Committee, passed the Senate 44-0 and was sent to the Governor.

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

The House committee substitute makes organizational changes and expands local authority under GS 143-214.7 for local governments holding an NCPDES MS4 permit. It allows these governments, when regulating stormwater for redevelopment projects, to require stormwater controls that also capture up to 50% of runoff from existing development. They may also offer

incentives such as fee waivers or tax benefits to encourage additional stormwater capture beyond the required amount. These provisions do not apply to small-scale residential developments—defined as single-family homes, townhomes, or multifamily developments with four or fewer units that disturb less than one acre and are not part of a larger development plan. The bill also removes previously proposed limitations on products containing polycyclic aromatic hydrocarbons and makes conforming changes to the title.

House Bill 402, Limit Rules With Substantial Financial Costs, was reported favorable in the Senate Rules Committee, amended on the Senate floor, passed the full Senate 26-17, was sent to the House and placed on the calendar for concurrence on 6-17-25.

The Senate amendment modifies proposed GS 150B-19.4 by exempting from the new limitations any rules that are required by federal law, including those necessary to maintain compliance with federally delegated programs. This replaces the earlier version, which required a two-thirds vote of board or commission members present to adopt such rules.

House Bill 435, Mod. Bd. of Eng'ers & Surveyors, was reported favorable on the committee substitute in the House Finance Committee, reported favorable in the House Rules Committee, passed on the House floor 106-0 and sent to the Senate.

The House committee substitute makes several changes to the North Carolina Engineering and Land Surveying Act. It reduces the annual renewal fee cap for professional licenses from \$100 to \$75 and lowers the reinstatement fee cap from \$200 to \$100. It also clarifies that unlicensed individuals may not represent themselves as professional land surveyors or offer land surveying services with the intent to practice.

Additionally, the bill repeals GS 89C-19.2 and recodifies its provisions as GS 14-159.15, with modifications. These include removing requirements for surveyors to notify adjoining landowners before entry, eliminating lessee liability for intentional harm to surveyors, and updating definitions. The revised statute also clarifies that surveyors are not authorized to enter railroad property or critical infrastructure sites. These changes apply to actions occurring on or after the act's effective date.

House Bill 694, Reg'l Water Study/IBT Subbasin/TMDL, was reported favorable in the Senate Rules Committee, passed the full Senate 44-0 and was sent to the House for concurrence.

House Bill 831, Comm. Inspect. Efficiency Act, was reported favorable on the committee substitute in the House Committee on Housing and Development and referred to the House Finance Committee.

The House committee substitute makes clarifying, organizational, and technical changes to statutes governing private commercial building inspections. It refines language across several provisions to consistently refer to an “individual” rather than a “person” and clarifies that private commercial inspection firms, not just individuals, may cover certification costs for inspectors they hire or contract.

The bill adjusts requirements for inspection documentation and contractual details, removing the mandate to list whether inspection results were a pass or fail and instead requiring contact information for supervisory personnel, not just the principal inspector. It also revises procedures for demonstrating compliance with payment guarantees by allowing local governments to request information rather than requiring a specific document to be filed with the Commissioner of Insurance.

Additionally, it removes previously proposed changes regarding refunding inspection fees and modifies permit application documentation requirements to simplify the information needed when a private inspection firm is involved. Several statutory references are updated to properly reflect the correct name of the North Carolina State Building Code.

Senate Bill 37, Hertford County Rural Development Authority, was reported favorable in the House State and Local Government Committee and referred to the House Rules Committee.

Senate Bill 205, Swimming Pools/Housing Regulatory Reform, was reported favorable on the committee substitute in the House Regulatory Reform Committee and referred to the House Rules Committee.

The House committee substitute overhauls North Carolina's local land use and development regulation framework under Chapter 160D. It changes the effective date of the bill to October 1, 2025, and applies it prospectively to future applications, actions, and approvals.

Key reforms include:

- **Limiting Local Authority:** Local governments are restricted to only the development regulation powers explicitly granted under Chapter 160D. They cannot enact more restrictive rules unless specifically authorized by state law, except for floodplain management regulations.
- **Zoning Restrictions:** The bill bars local zoning regulations from setting minimum structure dimensions (width, length, square footage) or requiring specific parking standards, except as required by the ADA. It also limits driveway and road design standards to match DOT requirements unless a municipality accepts road maintenance.
- **Density and Lot Size:** Residential zoning districts must be classified by allowable dwelling units per acre, not minimum lot sizes. It also prevents enforcement of unenforceable deed restrictions or extra conditions on development approvals.
- **Vested Rights:** Expands the timeline for site-specific vesting plans from two to five years and allows up to eight years under local option. It tolls discontinuance during declared emergencies and provides broader protections for previously granted vested rights.
- **Application Timelines and Approvals:** Sets firm timelines for action on zoning and development applications, requiring governments to act within specified timeframes or face automatic approval. Prevents local governments from imposing waiting periods before refiling zoning applications.
- **Subdivision Regulation Reforms:** Requires subdivision approvals to be administrative and handled by staff rather than governing boards. Once a plat is approved and signed, the approval does not expire unless a new permit is requested.
- **Appeals and Legal Remedies:** Streamlines appeal procedures and grants standing to associations and organizations. It creates a new cause of action allowing applicants to sue for damages, attorneys' fees, and equitable relief if local governments violate the chapter.
- **Other Provisions:**
 - Requires local governments to publish annual reports on how building inspection fees are used.
 - Directs DOT to accept performance guarantees for street completion as part of development regulation compliance.
 - Adds severability language to preserve the remainder of the act if part is struck down.

Senate Bill 328, Underground Safety Revisions, was referred to the House Committee on Energy and Public Utilities.

Senate Bill 391, DOT Omnibus, was heard for discussion only on the proposed committee substitute in the Senate Transportation Committee and will be voted on in committee next week on 6-17-25.

The Proposed Committee Substitute (PCS) makes comprehensive changes to laws governing the North Carolina Department of Transportation (DOT), the Division of Motor Vehicles (DMV), and related transportation systems. It begins by clarifying the authority of the Commissioner of Motor Vehicles to regulate private driver training schools that offer driver education courses required for teens pursuing a license. It also allows licensed vehicle dealers to maintain their license through ownership changes, provided new owners are qualified and approved by the DMV. The bill revises DOT's financial policies by shifting the cash reserve requirement from 7.5% of annual appropriations to a minimum of 45 days of available cash on hand, with a target of maintaining between 75 and 120 days' worth of funding.

The bill also reforms operations of the Turnpike Authority. It eliminates the cap on the number of toll projects the Authority can undertake, authorizes toll billing via email using addresses from any DMV system, repeals outdated reporting requirements, and allows toll revenues to be used for planned contiguous toll facilities identified in a Metropolitan Planning Organization's (MPO) transportation plan. The PCS limits outsourcing under DOT's bridge program by prohibiting outsourcing of culvert and structure installations on low-volume or non-outlet roads. It exempts DOT's Ferry Division from the state's Temporary Solutions Program during peak seasons or when specific skills are required, and it authorizes the Department to charge a 2% transaction fee on ferry-related electronic payments.

Reporting requirements are updated to require DOT to submit an annual financial and operations report to the General Assembly at the start of each regular session. The PCS also requires criminal background checks for individuals contracted by local school boards to transport students and permits the sharing of results between districts under certain conditions. A major new enforcement tool is authorized: cities and counties may now adopt ordinances allowing the use of speed cameras in school zones to issue \$250 civil citations without license or insurance points. Failure to pay these fines will result in registration blocks by the DMV.

The PCS defines the boundaries of undocumented DOT rights-of-way and easements using the Department's typical maintenance limits and requires coordination with developers when easements cannot be acquired for DOT-required improvements. It bans mowing in state highway rights-of-way during the May growing season and when political signs are permitted. The cap on public-private partnerships is raised from three to ten agreements. Additionally, trucks with a gross vehicle weight rating of 26,001 pounds or more are prohibited from using the leftmost lane on controlled-access highways with six or more lanes, except to enter or exit.

To address licensing delays, the bill temporarily extends the validity of expired Class C driver licenses by up to two years for driving privilege purposes, through December 31, 2027. It also delays DMV's cloud vendor selection deadline from July 1 to October 1, 2025. Environmental provisions include clarification that selective vegetation replanting must comply with native plant rules, along with a directive to study native and invasive species use along roadsides and in state parks. Medical window tint exemptions are expanded from two to four, and the bill eliminates the requirement for window tint inspections during vehicle safety checks. Drivers with tinted windows must now roll them down when approached by law enforcement.

Finally, the bill modifies DOT's Progressive Design-Build pilot program by updating the definition and allowing greater flexibility in the contract process. Unless otherwise noted, the PCS is effective when it becomes law, with certain provisions taking effect in October or December 2025, and some expiring at the end of 2027.

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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