



ACEC

Legislative Report April 7, 2025

This week, the Senate elected Senator Michael Lee (R-New Hanover) as their new Majority Leader after the unexpected retirement last week of former Majority Leader Senator Paul Newton, who left to fill the role of General Counsel at The University of North Carolina at Chapel Hill. Senator Lee is currently in his fifth term in the Senate and is currently a Senate Appropriations Chair.

Bills were furiously being filed this week in the House as the House public bill filing deadline approached on Thursday. On Wednesday, Speaker of the House Destin Hall announced a short reprieve – he extended the public bill filing deadline to Thursday, April 10. The Senate public bill introduction deadline passed last week.

This week the House considered and approved its permanent rules that will govern activities in the House for the 2025-2026 legislative session. The rules were prepared with input from House Democrats. This session, lawmakers in the House will have one minute on the floor to speak on issues of collective concern. Personal points of privilege will now require a new process. “They will be limited from here on out to one minute in a matter of immediate importance that concerns the House collectively,” House Rules Chairman Rep. John Bell (R-Wayne) said Monday. The new process outlined in House Bill 563 and approved by the Rules Committee will mirror how the U.S. Congress operates. Chairman Bell said the change was necessary because notices and personal accolades, where lawmakers are allowed to speak up to 10 minutes, can “drag out the end of session” to over an hour at times. North Carolina representatives who wish to share statements or give an accolade will now need to go through the Clerk’s Office to sign up for a maximum of 10 minutes of speaking time. Video cameras will be used to record statements. For special occasions, the North Carolina House Speaker will grant flexibility for certain topics that come before the floor.

The House and Senate adjourned on Thursday and will reconvene on Monday, April 7, 2025.

BILLS OF INTEREST

House Bill 603, Workforce Housing Loans-Preconstruction Costs, enacts GS 122A-5.16 to create the Workforce Housing Preconstruction Revolving Loan Program, administered by the North Carolina Housing Finance Agency, to provide revolving loans for preconstruction costs—such as land surveys, environmental testing, utility connections, permits, and site preparation—for workforce housing projects before developers secure permanent financing. Workforce housing is defined as affordable for households earning 60% to 120% of the higher of county or state median income, with equity requirements for applicants set between 20% and 35% based on local market conditions. Funded through the North Carolina Housing Trust Fund with a \$40 million transfer for 2025-26 from the Economic Development Project Reserve, the program caps loans at \$1 million, reserving 80% for tier one and two (less developed) counties and 20% for

tier three counties. An annual report on loan details is required, aiming to boost affordable housing development by addressing early financing hurdles.

Introduced by Reps. Reives, Alston, Dahle, and Lopez. Referred to the Committee on Appropriations with serial referrals to Finance and House Rules.

House Bill 604, Rural and Downtown Community Economic Development Grants,

appropriates \$40 million for the 2025-26 fiscal year from the General Fund to the North Carolina Department of Commerce (DOC) to establish the Rural Community Development Grant Program under the Rural Economic Development Division (REDD). The funds, which do not revert and remain available until June 30, 2027, aim to support local governments in rural areas by providing grants to attract business investment and foster population and revenue growth. The program’s dual goals are to reverse rural depopulation trends and transform these communities into “commuter towns” or “bedroom communities” that bolster the growth of nearby larger areas. REDD is tasked with creating guidelines, including a local government funding match, a \$2 million cap on individual grants, and a requirement that applicants show how a lack of community amenities has historically hindered business and population growth. Up to 5% of the funds can be used for program administration, ensuring efficient implementation while maximizing community impact.

In a parallel effort, the bill also appropriates another \$40 million for 2025-26 from the General Fund to DOC to create the Downtown Revitalization Grant Program. These funds, similarly non-reverting and available until June 30, 2027, will provide grants to local governments and municipal service district administrators to enhance downtown areas. The DOC must establish guidelines, capping individual grants at \$2 million, with the goal of “amenitizing” downtowns to improve their appeal, functionality, and livability. This includes attracting people, businesses, and investment to revitalize these areas into vibrant places to live, work, and visit. Up to 5% of the allocation can support administrative costs, ensuring the program’s smooth operation.

To maintain accountability, the bill mandates that DOC submit an annual report by September 15 to a specified NC General Assembly committee and division. This report will detail the activities funded by both programs, providing transparency on how the \$80 million total investment is being used to stimulate economic and community development across rural and downtown areas of North Carolina.

Introduced by Reps. Reives, A. Jones, Willingham, and Carney, referred to the Committee on Appropriations with serial referrals to Finance and House Rules.

House Bill 616, Selectsite Readiness Program Modifications, revises Section 11.12 of SL 2023-134 to refine the North Carolina Selectsite Readiness Program, adjusting how funds in the North Carolina Selectsite Fund (Fund) are utilized. It mandates that all appropriated funds align with the purposes in Section 11.12(a), removing prior restrictions tied to unspent nonprofit allocations and eliminating a nonrecurring fund limit for 2024-25. The grant program’s scope shifts from evaluating up to 15 selectsites to assessing sites under 1,000 acres for preferred development and marketing, without a fixed cap on the number of sites. It expands support for local governments or partnerships by adding engineering design, permitting (including funding support), geotechnical investigations, environmental permitting, and road infrastructure studies to due diligence activities, broadening the preparation process beyond basic evaluations to enhance site readiness.

The bill also modifies funding allocations managed by the Economic Development Partnership of North Carolina (EDPNC). It caps biennial spending at \$150,000 (previously tied to unspent transfers) for hiring a national site selection firm via competitive bidding to produce a biennial

report—starting with the 2026 report—identifying 10 new select sites (down from 15), with 5 under 500 acres and 3 under 100 acres, prioritizing geographic diversity. For local government grants, EDPNC must now focus on sites with the greatest potential to expedite readiness and minimize risks for manufacturing projects (not just advanced manufacturing), adding Phase I environmental and Threatened & Endangered Species studies to required due diligence. These changes apply to appropriations and unencumbered funds in the Fund on or after the act's effective date, aiming to streamline and diversify economic development efforts across North Carolina.

Introduced by Rep. Johnson, referred to Finance with a serial referral to House Rules.

House Bill 626, Housing Choice Act, seeks to incentivize municipalities to adopt zoning and land-use reforms that promote housing affordability and availability. It outlines specific provisions municipalities can adopt to receive priority for water infrastructure funding, with different requirements based on population size. Municipalities with fewer than 100,000 residents may permit multifamily development in residential zones, waive construction fees for affordable housing, allow accessory dwelling units (ADUs), and implement programs supporting low- and moderate-income housing. Larger municipalities must meet broader requirements, including minimum residential densities, elimination of parking requirements, expanded multifamily zoning allowances, and demonstration of increased building permits. The bill also amends the criteria for priority consideration in state water infrastructure funding, adding land-use regulation strategies to the list. Additionally, it directs the Legislative Research Commission to study housing needs through 2050, including estimating shortages and population growth demands. The act becomes effective upon becoming law.

Introduced by Reps. Alston; Dahle and is awaiting committee referral.

House Bill 641, Transportation for the Future Act, would modernize North Carolina transportation spending to put taxpayer dollars to effective use and to give our communities the tools they need to create safe and sustainable multimodal transportation systems for the future. The bill amends the projects that meet the definition of division needs projects to include (1) bus rapid transit (in addition to the already included commuter rail, intercity rail, and light rail) as a public transportation service and (2) bicycle and pedestrian improvements (no longer requiring federal funding). Also removes the specification that the provision including public transportation services as division needs projects does not authorize total State funding in excess of the maximum established elsewhere in the statute for commuter rail and light rail projects. The bill amends the projects that meet the definition of regional impact projects as follows: (1) includes rail lines (was, rail lines that span two or more counties not included as statewide strategic mobility projects and that specifically excluded short-line railroads); (2) includes public transportation services (was, public transportation services that span two or more counties and that serve more than one municipality with a cap on programmed funds of 10% of any distribution region allocation), adding that this also includes bus rapid transit (in addition to the already included commuter rail, intercity rail, and light rail); (3) removes the cap in the public transportation service on total state funding for a commuter rail or light rail project; and (4) includes bicycle and pedestrian improvements.

The bill amends GS 136-189.11 concerning the Transportation Investment Strategy Formula (Formula) as follows. Excludes Federal Surface Transportation Program-Direct Attributable funds expended on eligible projects from the Formula; makes a conforming change by deleting

the provision excluding those same funds in the Regional Impact Project category from that category.

The bill removes the requirement that nonhighway projects be evaluated through a separate prioritization process and removes the requirement to provide a written agreement establishing that all non-State funding necessary to construct the project has been committed before expending State funding for a light rail project. The bill amends the allowable variance from the Formulas to require that the percentage amount obligated to Statewide Strategic Mobility Projects, Regional Impact Projects, and Division Need Projects not vary by more than 10% (was, 15%) over any five- year period and 5% (was, 10%) over any 10-year period from the percentage required to be allocated to each of those categories. The bill amends the allowable amount of the variation among the distribution regions or division to allow varying up to 10% (was, 15%) over any five-year period and 5% (was, 10%) over any 10-year period.

The bill amends the provisions governing incentives for local funding and highway tolling as follows:

- Amends the bonus allocation for a project with funding from toll revenue to no longer require the Metropolitan Planning Organization to apply the bonus within the counties where the toll project is located and removes the requirement to withhold or repay funds if a toll is removed or not implemented.
- Amends the categories to which the bonus allocation may be applied by removing the specified caps.

The bill amends GS 105-511.2 by amending the amount of the local sales tax from 1/4% to up to 1%. Removes the specified ballot language for the referendum on whether to levy the tax.

Introduced by Representatives Buansi, G. Brown, T. Brown, Clark and referred to the House Rules Committee.

House Bill 644, DOT Study on Fort Bragg Traffic Congestion, would appropriate \$500,000 from the Highway Fund to the Department of Transportation to be used to study and identify the economic benefits from reducing traffic congestion on the portion of road between the intersection of Vass Road and NC Highway 87 and the entrance to Fort Bragg. The bill directs that the study include examining expanded rail routes and other surface transportation.

Introduced by Representatives F. Jackson, Pike, Colvin, Wheatley and referred to the House Appropriations Committee.

House Bill 649, County Tier Designation Study Bill, directs the North Carolina Collaboratory at UNC-Chapel Hill to study potential changes to the county tier designation system under GS 143B-437.08, focusing on how proposed modifications might affect economic classifications across North Carolina. The study must examine revisions to the criteria used to rank counties, the methodology for assigning tier designations, and the timing of these rankings. It requires collaboration with specified agencies to assess the impacts on county rankings, programs dependent on tier designations (such as funding or development initiatives), and the state's business environment, ensuring a comprehensive evaluation of how these changes could influence economic activity and administrative processes statewide.

The bill mandates that the Collaboratory evaluate whether the proposed changes align with North Carolina's economic development goals, utilize current, reliable, timely, and high-quality data, employ a transparent and straightforward method, and accurately pinpoint economically

distressed areas. A preliminary report is due to a specified NC General Assembly committee and division by December 31, 2025, followed by a final report by December 1, 2026. Effective July 1, 2025, this study aims to refine the tier system to better support economic policy, improve data-driven decision-making, and enhance the state's ability to address regional disparities effectively.

Introduced by Reps. Johnson and Reives, referred to Committee on State and Local Government with a serial referral to House Rules.

House Bill 661, Building Industry Efficiency Act of 2025, proposes a wide-ranging set of reforms aimed at streamlining construction regulations, reducing government burdens on the building industry, and enhancing code enforcement procedures in North Carolina. The bill prohibits inspection departments from charging cancellation fees under certain conditions and restricts local governments from imposing stricter design standards than those used by NCDOT. It mandates that pedestrian improvements required by counties or municipalities outside a construction project must be accepted into public systems or be covered by formal agreements. The legislation also revises the public street abandonment process, eases fire-flow water requirements for model homes under construction, and updates various references in the State Building Code for technical accuracy. It raises examination and licensing fees for plumbing, heating, and electrical contractors, while exempting specific trades from general contractor licensing. Boards overseeing contractors and inspectors are granted expanded confidentiality protections over investigative records and enhanced disciplinary authority.

A major component of the bill creates a framework for certifying residential changeout special inspectors and establishes an alternative inspection method for certain HVAC and water heater replacements in single-family dwellings. It also adds a new "Right to Repair" law that requires homeowners to give contractors notice and an opportunity to remedy alleged construction defects before filing lawsuits.

Additionally, the bill modernizes laws around public swimming pools by exempting private pools used via sharing economy platforms and cold baths that meet specific criteria. Most provisions take effect July 1, 2025, with some components, such as the right to repair, effective October 1, 2025.

Introduced by Reps. Brody; Bell; Cunningham; Zenger and referred to the House Committee on Housing and Development.

House Bill 685, Rural NC Reinvestment Act, would appropriate the following to reinvest in rural North Carolina by doing the following:

- \$200 million to the Department of Environmental Quality to be used for water and sewer infrastructure grants to units of local government. The Department shall (i) develop guidelines for an application process by units of local government and the allocation of funds granted pursuant to this section and (ii) prioritize projects based on severity of need, efficiency of use of funding, and number of persons served.
- \$10 million to the Department of Public Safety to be used for grants to municipal and county sheriff and police departments and municipal, county, and volunteer fire departments for needed equipment. The Department shall (i) develop guidelines for an application process by units of local government and eligible departments and for the allocation of funds granted pursuant to this section and (ii) prioritize awarding funds based on age of equipment, severity of need, efficiency of use of funding, and number of persons served by the recipient department.

- \$20 million to the Department of Commerce to be used for grants to units of local government for land acquisition of sites suitable for economic development uses. The Department shall (i) develop guidelines for an application process by units of local government and for the allocation of funds granted pursuant to this section and (ii) prioritize awarding funds based on likelihood of attracting companies to the site, the development area tier ranking applicable to the unit of local government seeking the award, and the availability of alternative sites developed or ready for development.
- \$10 million to the Department of Agriculture and Consumer Services to be allocated to the North Carolina Agricultural Development and Farmland Preservation Trust Fund to be used for purposes consistent with the Fund.
- \$200 million to the Department of Public Instruction to be used for grants to local school administrative units in rural areas for new construction and capital improvement needs. The Department shall (i) develop guidelines for an application process by local school administrative units for the allocation of funds granted pursuant to this section and (ii) prioritize awarding funds based on age and condition of school facilities, use of facilities, anticipated life of facilities to be funded, severity of need, efficiency of use of funding, and number of students using the facilities to be funded.
- \$50 million to the Department of Information Technology to be used as additional, supplemental funding for broadband expansion programs administered by the Department.

Introduced by Representatives Jeffers, Reives, Cohn and Pittman and referred to the House Appropriations Committee.

House Bill 694, Study Water/Wastewater Regionalization, would direct the Environmental Finance Center (EFC) at the School of Government at the University of North Carolina at Chapel Hill to study water and wastewater regionalization and identify areas of the state where the costs of water or wastewater services could be lowered and quality of those services improved. The EFC would report its findings and recommendations no later than April 1, 2026, to the Chairs of the House Oversight Committee, the Chairs of the Senate Committee on Regulatory Reform, and the Joint Legislative Commission on Governmental Operations.

Introduced by Representatives Warren and Ross and referred to the House Agriculture and Environment Committee.

House Bill 708, IRobot – Increasing Robotics Opportunities, would increase robotics opportunities and build our talents by continuing the robotics grant program for high school students.

Introduced by Representatives T. Brown, Willis, Lofton and referred to the House Appropriations Committee.

House Bill 735, Modernize STI Transit Funding, amends North Carolina’s Strategic Transportation Investments (STI) funding framework under GS Chapter 136 to enhance flexibility and support for public transportation, effective when it becomes law. Section 1 revises GS 136-189.10(2)e to clarify that public transportation services like commuter rail, intercity rail, and light rail fall under this category without implying funding caps from other subdivisions, removing ambiguous language about maximum limits tied to subdivision (3). Section 2 updates GS 136-189.10(3)g, which covers transit spanning two or more counties and multiple municipalities, to cap state funding for commuter or light rail projects at the lesser of 10% of the distribution region allocation or 10% of estimated project costs used in prioritization, mandating

these limits in state funding agreements, thus streamlining funding clarity. Section 3 adds GS 136-189.10(4)i, expanding the Regional Impact Projects category to include public transportation spanning four or more counties and serving over three municipalities, broadening eligibility for larger-scale transit initiatives. Section 5 repeals GS 136-189.11(d1), eliminating outdated or restrictive prioritization rules, collectively aiming to modernize and increase adaptability in transit funding allocation across the state.

Introduced by Reps. Belk, Morey, T. Brown, and Lopez, referred to House Rules.

House Bill 740, Constituent Portal/Contractor Liability Limit:

Part I: Disaster Focused Constituent Portal

House Bill 740 directs the Department of Information Technology to issue a request for proposals to develop a disaster-focused constituent engagement portal, effective July 1, 2025, aimed at centralizing critical updates and services for North Carolinians affected by natural disasters. This portal will consolidate information and programs from relevant state agency websites into a single platform, enabling citizens to engage with agencies, access resources, and receive real-time disaster response information. To fund this initiative, Section 1.2 appropriates \$500,000 in nonrecurring funds from the General Fund to the Department for the 2025-2026 fiscal year, enhancing state responsiveness and constituent support during emergencies.

Part II: Contractor Liability Limits in State Contracts

Part II, effective when the act becomes law and applicable to contracts awarded, renewed, or amended on or after that date, adds GS 143-49.2 to limit contractor liability in state procurement contracts under Articles 3 and 8 of Chapter 143. Section 2.1 establishes a presumptive liability cap at twice the contract value for damages from any cause, adjustable to three times the value if the Secretary of Administration or designee conducts a pre-bid risk assessment deeming it necessary and includes this in the solicitation. The Secretary must verify contractors' financial capacity to meet these limits, though liability for intentional misconduct, tangible property damage, or personal injuries remains uncapped, preserving third-party rights and joint tortfeasor obligations under Chapter 1B. Annual reports on contracts exceeding the twice-value limit are required by March 1 to legislative oversight committees, ensuring transparency in higher-liability agreements.

Introduced by Rep. Johnson, referred to State and Local Government with serial referrals to Appropriations, Finance, and House Rules.

House Bill 748, Funds/Greensboro Water and Wastewater, appropriates \$5 million in nonrecurring funds from the General Fund for the 2025-2026 fiscal year to the Department of Environmental Quality's Division of Water Infrastructure, effective July 1, 2025, to be allocated to the City of Greensboro for planning and preliminary work on water and wastewater system extensions supporting an economic development site at Piedmont Triad International Airport.

Introduced by Reps. Clark, Blust, Branson, and Quick, referred to the Committee on Appropriations with a serial referral to House Rules.

House Bill 752, Transportation Economic Development Funding, appropriates significant funding to strengthen North Carolina's transportation infrastructure with a focus on economic development. It creates two special economic development funds—one for rail and one for airports—and provides targeted funding for the Port of Morehead City.

Key provisions include:

1. **Railroad Development Fund** – Renamed the Special Economic Development Fund for Rail, this fund will be administered by the Division of Rail to support construction,

improvement, and expansion of rail infrastructure, including industry connections and rolling stock. It includes:

- a. A \$50 million nonrecurring appropriation.
 - b. Up to 60% for federal grant matches, 30% for project prep work.
 - c. Competitive allocations based on job creation, capital investment, and projected economic impact.
2. **Airport Development Fund** – A new Special Economic Development Fund for Airports will be created to support airport capital improvements and incentivize strategic flights.
 - a. A \$100 million nonrecurring appropriation.
 - b. Funding caps include 80% for capital projects, 17% for flight incentives, and 20% for airport safety improvements.
 - c. A 50% cost-sharing requirement with local or private partners.
 - d. Competitive grants will be awarded based on economic development potential, including tourism and jobs.
 3. **Port of Morehead City** – The bill allocates \$30 million to the NC Ports Authority for construction of a roll-on-roll-off (RoRo) facility at the Port of Morehead City to expand shipping capacity, enhance efficiency, and create jobs.

The act becomes effective July 1, 2025.

Introduced by Reps. Reives; Carney; Belk; Cervania and referred to the House Appropriations Committee.

House Bill 763, Neighbor State License Recognition Act, creates a streamlined path for occupational licensure in North Carolina for individuals already licensed in five neighboring states: Georgia, South Carolina, Tennessee, Virginia, and West Virginia.

Key Provisions:

1. Applicability

- Applies to all occupational licensing boards and State agency licensing boards except those regulating:
 - Certain healthcare professions (e.g., physicians, dentists, chiropractors, veterinarians)
 - The legal profession (attorneys)

2. Licensure Recognition

Licensing boards must issue licenses, certifications, or registrations to applicants who:

- Establish residence in North Carolina
- Have been licensed in one of the five specified neighboring states for at least one year
- Have passed any exam required in the original licensing state
- Are in good standing in all jurisdictions
- Have no pending disciplinary actions or relevant criminal history
- Demonstrate competency via education or experience from the originating state
- Pay all required fees

3. Additional Provisions

- Boards must pause the application process if there are unresolved disciplinary actions elsewhere
- Boards must publish licensure criteria and documentation requirements on their websites
- Does not override existing reciprocity agreements, and allows new ones
- Licenses issued under this law are valid only in North Carolina unless extended via other agreements

4. Reporting Requirement

Beginning October 31, 2026, all applicable boards must include in their annual reports:

- Number of applicants under this law
- Number approved and denied
- Reasons for denials

Effective Date

- The act becomes effective October 1, 2025 and applies to applications received on or after that date.

Introduced by Reps. Zenger; Tyson; Moss; Pless and is awaiting committee referral.

House Bill 765, Local Gov. Development Regulations Omnibus, is an omnibus proposal aimed at reforming local government development regulations. The bill requires fiscal notes, known as housing affordability impact statements, for any state or local legislation or ordinance that could affect the cost of constructing or purchasing single-family homes. It limits local development authority strictly to powers expressly granted in Chapter 160D of the General Statutes and prevents local governments from imposing regulations more restrictive than state law, except in matters of floodplain management. The bill extends the vesting period for site-specific development plans from two to five years, or up to eight years under special circumstances, and further restricts a local government’s ability to alter approved development rights once vested. It broadens conflict-of-interest standards for local board members, streamlines jurisdictional control of parcels split between multiple local governments, and mandates that development-related fees be cost-based and used only for the purposes outlined in Chapter 160D. Cities with populations over 125,000 must issue decisions on use-by-right applications through administrative staff and process all rezoning and site plan applications within 90 days, or else those applications are deemed approved. The bill limits zoning regulation authority by prohibiting minimum dwelling sizes, restricting design standards, banning most parking requirements, and mandating that residential zoning districts be based on dwelling unit density per acre rather than lot size. It also requires local governments to allow small-scale housing types—such as duplexes, triplexes, and multifamily housing—in specified areas, particularly in large cities, and removes many barriers to constructing tiny homes and accessory dwelling units (ADUs). The bill strengthens protections for applicants by clarifying that conditional zoning cannot include terms or concessions not authorized by law and provides for administrative approval of subdivisions. It increases the threshold for creating local historic districts by requiring 75% of affected property owners to petition for designation and mandates the issuance of a single shell permit for multifamily developments, with certificates of occupancy granted unit-by-unit. The bill expands the right to sue for improper or unlawful land use interpretations, adds new private remedies and standing provisions, and makes members of local decision-making boards personally liable for damages if they act outside legal bounds. It also guarantees developers the right to reserve water and sewer capacity for 24 months and install on-site wastewater systems when public infrastructure is unavailable, and requires the Department of Transportation to accept performance guarantees for incomplete subdivision streets and to process road addition petitions within 90 days.

Introduced by Reps. Zenger; Brody; Winslow; Cunningham and is awaiting committee referral.

BILL STATUS UPDATES

House Bill 171, Equality in State Agencies/Prohibition on DEI, was reported favorable on the committee substitute in the House State and Local Government Committee and the House Rules committee and was placed on the calendar for 4/8/25.

The committee substitute made several notable changes to the previous version, refining the bill's scope, adjusting its enforcement mechanisms, and clarifying its applicability. Most significantly, the PCS narrowed and softened some of the original bill's provisions while reinforcing others.

First, the PCS modified the enforcement provisions related to Diversity, Equity, and Inclusion (DEI) activities in State government. Whereas the original bill included criminal penalties—making it a Class 1 misdemeanor to violate the DEI ban—the PCS removed the criminal charge and instead instituted civil penalties. Under the updated language, State employees who knowingly and willfully violate the DEI ban may be subject to a civil fine of up to \$5,000 per violation, and local government officials can face up to \$10,000 per violation. These penalties are enforceable through civil action initiated by the Attorney General, and funds collected are directed to the Civil Penalty and Forfeiture Fund.

Additionally, the PCS refined definitions, particularly around what constitutes a “covered school,” explicitly listing local school districts, regional schools, UNC lab schools, and schools for the deaf and blind. This clarification ensures that the bill's restrictions on the use of state and local funds for DEI initiatives apply to these institutions without ambiguity.

The PCS also included a new exemption ensuring that nothing in the bill prohibits the celebration of holidays, observances, or remembrances.

The civil enforcement mechanisms were also streamlined in the PCS. Instead of referring DEI violations to local district attorneys for prosecution, the PCS directs such matters to the Attorney General for civil enforcement.

Finally, the PCS preserved previously included protections for American Indian tribes, academic freedom, and student organizations, and maintained the reporting requirements that mandate public agencies submit annual compliance updates to the State Auditor and General Assembly.

House Bill 295, Req. DOT to Install Prop. Corner Markers, was reported favorable in the House Rules Committee, passed the full House 116-0 and was sent to the Senate and referred to the Senate Rules Committee.

House Bill 381, On-Site Wastewater System Amendments, was reported favorable on the committee substitute in the House Committee on Housing and Development and referred to the House Agriculture and Environment Committee.

The Proposed Committee Substitute (PCS) for House Bill 381 significantly expands and clarifies the original bill by revising the approval process for innovative on-site wastewater systems, particularly those using advanced pretreatment technologies. While the original bill focused narrowly on allowing systems evaluated by nationally recognized certification bodies to qualify as “innovative” systems under state law, the PCS broadens the scope of reform and introduces more technical and procedural detail.

Most notably, the PCS defines key terms such as “advanced pretreatment,” which encompasses processes like aeration, filtration, and disinfection, and sets higher performance standards for such systems. It also modifies the approval process for innovative wastewater systems by adding explicit testing and performance criteria. Under the PCS, systems evaluated by a nationally recognized certification body must now meet stricter thresholds, including submission of at least 55 influent and effluent data sets from testing conducted over a minimum of 26 weeks, with samples collected every week. The system's performance must comply with effluent standards established by the state, and any separate disinfection components must be independently approved.

The PCS further limits this pathway to systems that are not seeking approval as both an advanced pretreatment and dispersal system simultaneously, closing a potential loophole. Additionally, it updates G.S. 130A-336.1 to allow professional engineers designing wastewater systems to incorporate unapproved advanced pretreatment technologies at their discretion, expanding innovation flexibility while maintaining engineering accountability.

House Bill 435, Mod. Bd. Of Eng'ers & Surveyors, was reported favorable on the committee substitute in the House Committee on Housing and Development and referred to the House Finance Committee.

The Proposed Committee Substitute (PCS) for House Bill 435 makes substantial updates to the North Carolina Engineering and Land Surveying Act to modernize licensure, clarify Board authority, and enhance enforcement and regulatory procedures. Compared to the original version, the PCS adds greater specificity to licensure qualifications for land surveyors and engineers, particularly reintroducing and recodifying the title of "Land Surveyor Intern" that was previously repealed. It also clarifies minimum qualifications for licensure and certification pathways for individuals in photogrammetry and mapping science, reinforcing pathways for experienced professionals in nontraditional disciplines.

The PCS expands the Board's enforcement powers, explicitly authorizing injunctive relief without a bond and allowing courts to award attorneys' fees and investigative costs when violations are found to involve fraud or deceit. It clarifies that Board investigations into licensees and nonlicensees remain confidential until formal action is taken, and permits the Board to invest in instructional programs, workforce development efforts, and nonprofit educational initiatives. It also adds a new requirement for licensees and business entities to promptly update the Board on address or business changes, including changes to services or ownership.

Additionally, the PCS reorganizes and strengthens rules regarding license renewals, reinstatement after expiration, inactive status, and continuing education. It introduces a structured path for reexamination after multiple failures or absences from licensing exams, with mandatory remedial actions and a waiting period. The PCS also clarifies that licensees may not affix their professional seal after license expiration and must use the correct seal when practicing across both engineering and land surveying disciplines.

Finally, the PCS repeals outdated statutes, modernizes the Board's reporting requirements, and updates exemptions to clarify that testifying as an expert witness or drafting expert reports does not require licensure.

Senate Bill 37, Hertford County Rural Development Authority, was referred to the Senate Rules Committee.

Senate Bill 38, Hertford County Economic Development, was referred to the Senate Appropriations/Base Budget Committee.

Senate Bill 124, Reduce Barriers to State Employment, was reported favorable in the Senate State and Local Government Committee and the Senate Rules Committee. It passed the full Senate 45-0.

Senate Bill 266, Historic Flood Event Bldg. Code Exemption, was referred to the Senate Regulatory Reform Committee.

Senate Bill 472, Amend 401 Certification Process, was referred to the Senate Regulatory Reform Committee.

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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