



ACEC

Legislative Report
March 22, 2025

Massive Relief Package Approved for Hurricane Helene The General Assembly and Governor Josh Stein reached agreement this week on a sweeping \$528 million aid package for recovery from Hurricane Helene. The compromise, which Stein signed into law Wednesday, includes \$120 million for home reconstruction, \$200 million for crop restoration, and \$100 million for repairing private roads and bridges. It also allocates \$217 million to complete recovery projects from earlier storms like Matthew and Florence. While officials call this just the next step in a longer process, the bill also sets the stage for winding down the state's controversial NCORR disaster recovery office.

Governor's Budget Sparks Debate, Finds Some Common Ground Governor Stein's \$33.6 billion budget proposal includes a 10.6% teacher pay raise over two years, a child care tax credit, and freezing future corporate tax cuts. While his suggestion to pause tax reductions met GOP resistance, bipartisan discussions have emerged around DMV improvements, school safety funding, and building a UNC/Duke children's hospital. Stein is also pushing a \$4 billion school construction bond and free school breakfasts.

Permitless Carry Bill Advances in Senate The Senate passed legislation that would allow concealed handgun carry without a permit for those 18 and older, aligning North Carolina with 29 other states. Proponents argue it restores constitutional rights, while opponents warn it eliminates important training and could increase risk to law enforcement. Several Democrat-sponsored amendments on officer benefits passed, but debate over the bill's timing and implications continues as it moves to the House.

Expanding Access to Mental Health Through Military Partnerships Lawmakers visited Camp Lejeune to see firsthand how a UNC–Novant–Naval Medical Center partnership is improving mental health care for active-duty military and veterans. The program provides psychiatry residencies that blend civilian and military training to ensure broader, more confidential access to care for service members.

Rural Maternity Care Crisis Deepens A new report shows rural North Carolina hospitals continue to cut or close maternity wards, with the maternal mortality rate doubling in recent years. Labor and delivery services, often labeled financial "loss leaders," are frequently the first to go. Advocates warn the trend is putting mothers and newborns at risk, especially in the western part of the state.

Public School Cellphone Limits Gain Traction A bipartisan push to restrict cellphone use in classrooms passed a House committee, following Senate approval of a similar bill. Local school districts would be required to develop policies for phone use, aiming to cut distractions and restore focus in schools. Governor Stein also supports the effort.

State Moves to Reform Prior Authorization Rules A bipartisan group of lawmakers introduced legislation to speed up and regulate health insurance prior authorization processes, a practice often blamed for delaying medical treatment. Doctors backing the bill say the system burdens providers and harms patients, while insurers argue it helps control costs.

NC State and UNC Could Be Required to Keep Rivalry Alive The "Restoring Rivalries Act" would mandate that NC State and UNC play each other annually in football and other key sports, even if conference realignment separates them. The proposal reflects concerns about shifting college athletics landscapes and preserving longstanding in-state traditions.

BILLS OF INTEREST

House Bill 417, Funds for Hoke County Park, appropriates \$50,000 in nonrecurring funds from the General Fund for the 2025-2026 fiscal year to the Office of State Budget and Management. These funds are designated as a directed grant to Hoke County for the purpose of making upgrades at Rockfish Park in the Town of Raeford. The act is set to become effective on July 1, 2025.

Introduced by Rep. G. Pierce (D) and referred to the House Appropriations Committee.

House Bill 435, Mod. Bd. Of Eng'ers & Surveyors, updates and clarifies North Carolina's Engineering and Land Surveying Act by refining licensure requirements, board powers, disciplinary procedures, and other regulatory provisions. The bill reinstates the *Land Surveyor Intern* classification, making it retroactive to July 1, 2022. It expands the definition of land surveying to include additional geospatial and mapping activities, modifies licensure pathways for engineers and land surveyors, and enhances board oversight of educational and professional competency standards.

The bill strengthens enforcement provisions by allowing the Board to seek injunctions against unlicensed practice and fraudulent activity, impose financial penalties for intentional violations, and recover legal costs. It also mandates continuing education requirements for surveying apprenticeships and permits the Board to approve competency sponsors. Additionally, the bill modernizes renewal procedures, introducing an inactive license status and new timelines for reinstatement.

Significant administrative changes include allowing the Board to acquire and manage real estate, updating reporting requirements, and increasing transparency in disciplinary investigations. The bill also repeals outdated provisions and clarifies exemptions, particularly regarding expert witness testimony. The Board of Examiners for Engineers and Surveyors is authorized to adopt rules to implement the changes, which take effect on October 1, 2025, unless otherwise specified.

Introduced by Reps. Arp (R); Setzer (R); Riddell (R); Campbell (R) and is awaiting committee referral.

House Bill 467, Reenact Low-Income Housing Tax Credits, reinstates North Carolina's low-income housing tax credit program, which had previously expired. The bill allows taxpayers who receive a federal low-income housing tax credit allocation on or after January 1, 2025, to also receive a state tax credit based on a percentage of the development's qualified basis. The amount of the credit depends on the level of affordability provided and the income classification of the area where the development is located. Taxpayers can receive the credit either as a direct tax refund or a loan through the North Carolina Housing Finance Agency. The credits are not

considered taxable income, and forfeiture provisions apply if federal tax credits are recaptured. The act includes safeguards for program compliance, reporting requirements, and a sunset provision, with the program scheduled to expire for developments receiving federal allocations on or after January 1, 2030. The bill becomes effective for taxable years beginning on or after January 1, 2025.

Introduced by Rep. Greenfield (D); A. Jones (D); T. Brown (D); Crawford (D) and is awaiting committee referral.

Senate Bill 306, WC/Self-Insurance Association Amendments, makes various updates to North Carolina's laws governing the Self-Insurance Security Association. The bill refines key definitions related to self-insurers, clarifies the Association Aggregate Security System, and establishes new requirements for securing workers' compensation liabilities. It introduces a five-year statute of repose for workers' compensation claims filed against the Association after a self-insurer becomes insolvent, barring any claims beyond that period. The bill also grants the Association authority to require collateral from participating self-insurers based on financial risk. Additionally, the Board of Directors is tasked with excluding certain self-insurers from the Association Aggregate Security System if they have poor credit ratings, revoked licenses, past defaults, or failure to submit required financial data. The act takes effect immediately upon becoming law.

Introduced by Sen. Johnson (R) and referred to the Senate Rules Committee.

Senate Bill 296, Buy American Steel, mandates that all iron and steel products used in public works projects funded by state or local governments in North Carolina must be produced in the United States. This requirement applies to construction, maintenance, and repair projects involving buildings, roads, water systems, electrical distribution, and other government-funded infrastructure. Exceptions are allowed if American-made products are unavailable in sufficient quantity, are of unsatisfactory quality, or would increase project costs by more than 20%. Small amounts of foreign iron or steel, up to 0.1% of the project cost or \$2,500 (whichever is greater), may be used if they are incidental to the primary product. The bill ensures compliance with international trade agreements and does not apply to projects under the North Carolina Department of Transportation that are already subject to federal *Buy America* regulations. If enacted, the law will take effect on July 1, 2026, and apply to contracts awarded on or after that date.

Introduced by Sens. Craven (R); Overcash (R); Johnson (R) and referred to the Senate Rules Committee.

Senate Bill 328, Underground Safety Revisions, updates North Carolina's Underground Utility Safety and Damage Prevention Act to enhance excavation safety, streamline communication, and clarify responsibilities for operators and excavators. The bill revises key definitions, including *positive response* (automated systems for excavation status updates) and *soft dig technologies* (methods like vacuum excavation that minimize damage to underground utilities). It also expands the tolerance zone, increasing safety buffers around underground infrastructure. The bill imposes stricter excavation notice requirements, extending the expiration period of excavation notices from 15 working days to 28 calendar days and specifying that operators must provide locate information within three full working days prior to the excavator's start date. It mandates faster response times for emergency locate requests, requiring operators to contact excavators within three hours and mark unlocated facilities within the same timeframe.

New excavator responsibilities include limiting the use of mechanized equipment near sensitive pipelines and refining how excavation areas are defined to reduce over-notification. The bill also clarifies exemptions, such as allowing property owners to excavate on their own land using non-mechanized equipment without notification, provided it does not interfere with an operator's right-of-way.

The Underground Damage Prevention Review Board, which enforces excavation safety regulations, is restructured with new term limits, quorum rules, and conflict-of-interest restrictions. The bill strengthens enforcement measures, increasing the civil penalty cap to \$2,500 and streamlining the arbitration process for disputes before the Utilities Commission. If fines are unpaid within 90 days, the Attorney General may initiate legal action.

The bill becomes effective October 1, 2025.

Introduced by Sens. Lazzara (R); Sawrey (R); Jones (R) and referred to the Senate Rules Committee.

Senate Bill 341, Funds for Siler City Streetscape Project, appropriates \$2.45 million in nonrecurring funds from the General Fund for the 2025–2026 fiscal year to support improvements to downtown Siler City. The funding will be administered as a directed grant through the Office of State Budget and Management. Specifically, \$2 million will be used during Phase 1 of the project to run underground power lines and widen sidewalks along Chatham Avenue to accommodate outdoor dining. An additional \$450,000 will support Phase 2, which includes implementing design plans and hiring a main street coordinator. The act takes effect on July 1, 2025.

Introduced by Sen. Murdock (D) and referred to the Senate Rules Committee.

Senate Bill 367, Capital Project Funding at HBCUs, appropriates \$8 million in nonrecurring funds from the Education Lottery Fund for the 2025–2026 fiscal year to support capital improvement projects at four private Historically Black Colleges and Universities (HBCUs) in North Carolina:

1. Bennett College
2. Johnson C. Smith University
3. Livingstone College
4. Shaw University

The funds will be distributed by the Office of State Budget and Management (OSBM) based on the proportion of undergraduate students at each institution who are North Carolina residents and Pell Grant recipients. The goal is to assist with new and ongoing campus infrastructure projects. This act becomes effective July 1, 2025.

Introduced by Sens. Robinson (D); Lowe (D) and is awaiting committee referral.

BILL STATUS UPDATES

House Bill 171, Equality in State Agencies/Prohibition on DEI, was reported favorable in House Judiciary 1 Committee and was referred to the House State and Local Government Committee.

The committee substitute adds clarifying language to exempt specific groups and programs from the bill's prohibitions. Most notably, it explicitly excludes the North Carolina State Commission of Indian Affairs and Indian education services and positions from the DEI ban, and includes new provisions stating that nothing in the bill alters the legal relationship between the State and American Indian tribes. These additions ensure the bill does not interfere with tribal rights or

programs specifically serving Native populations, while maintaining the core provisions prohibiting the use of public funds for DEI initiatives in state and local government. The effective date was also updated to December 1, 2025.

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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