



END OF SESSION BULLETIN

2025

DEAR LEAGUE MEMBERS,

The 2025 legislative long session was marked by yet another tough battle over land-use planning authority, but also discord between the two legislative chambers, ultimately leading to the lack of a comprehensive budget plan for the new fiscal year.

At the writing of this letter, legislators still planned to return to Raleigh for brief reconvenings throughout the remainder of the calendar year, creating the possibility of action on a state budget or a handful of other measures.

Without a comprehensive state budget, cities and towns are likely to see fewer infrastructure dollars flowing to them than in the past. State lawmakers, however, did approve several pieces of legislation aimed at addressing the damage caused by Hurricane Helene in western North Carolina. That funding occurred even as federal dollars slowed due to increased bureaucratic hurdles in Washington.

As mentioned, the big legislative battle facing cities and towns involved a bill that represented perhaps the most restrictive local land-use proposals filed in recent decades in the General Assembly. HB 765 Save the American Dream Act would have created state mandates choking off local decision-making when it comes to zoning and land-use planning. It also subjected local officials to personal liability while making routine land-use decisions.

Once again, municipal officials, acting in concert with NCLM staff, successfully staved off this unprecedented attack on local decision-making. Engaging with legislators, we were able to explain the detrimental consequences to local economies, existing home values and the ability to plan for major economic development projects and their infrastructure needs. All of this once again reinforced the meaning of our League moto: "Working as One, Advancing All."

In this legislative effort, as in others, local officials worked hand-in-hand with League staff to effectively coordinate action allowing us to maintain our residents' unique visions for each of our cities and towns. We thank you all for your commitment to work in this way to make your own city or town a better place for your residents, and to make our state as a whole a better place to live, work and raise families.

We present this document to you to provide a detailed account of the legislative session and the legislative actions that affect cities and towns across North Carolina.

Sincerely,

The Officers of the League's Board of Directors.



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Mayor Pro-Tem,
Albemarle



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MUNICIPAL-RELATED LEGISLATION IN THE NEWS

Local Land-Use Restriction

The 2025 legislative session saw one of the most restrictive local land-use proposals filed in recent decades in the General Assembly, one that would have created sweeping state mandates choking off local decision-making when it comes to zoning and land-use planning. [HB 765 Save the American Dream Act](#) became a major focus of NCLM lobbying efforts, as homebuilders and other groups attempted to tie its provisions to the larger issues of housing affordability across the United States. Its provisions, as filed, would have created minimum residential densities, mandates to allow accessory dwelling units (ADUs) in all residential zones, prohibitions on parking minimums and new state-imposed procedures that would override locally tailored development rules. The bill also included unprecedented conflict-of-interest provisions and potential legal penalties for local officials making routine land-use decisions, raising significant concerns about municipal liability.

In response to the legislation, city officials effectively engaged with legislators to explain the detrimental consequences – that a lack of local planning control would damage the ability to attract residents and businesses, and potentially damage existing home values. Because of NCLM's efforts, the legislation stalled in the House. The bill sponsors, though, shifted tactics and placed some of the provisions in an unrelated Senate bill, [SB 205 Swimming Pools/Housing Regulatory Reform](#). It faced a similar fate, though, failing to pass the House. The efforts around these pieces of highly detrimental legislation again show the value of focused local government advocacy that involves effective communication between NCLM staff, city representatives, legislators, the public and media.

Helene Disaster Recovery

As residents and local governments in western North Carolina continued to recover from the damage of Hurricane Helene, legislators took up various relief packages aimed at clean-up, road repair, water and sewer infrastructure, housing and other assistance. That recovery effort still has a long way to go, but [HB 47](#), [HB 251](#), [HB 358](#) and [HB 1012](#) – along with legislation approved in late 2024 – has put several billions of dollars into helping impacted areas rebuild.

Starting soon after the disaster, NCLM and the N.C. Association of County Commissioners convened a series of gathering of local officials, state leaders and FEMA representatives to improve communication regarding community needs. NCLM, in letters to federal officials and members of North Carolina's congressional delegation, has continued to advocate for FEMA responsiveness and reforms that improve assistance.

No Comprehensive State Budget

As the summer wound down, state legislators had yet to approve a final, comprehensive state budget plan. The House and the Senate had put forward their competing plans in the spring, in the form of different versions of SB 257 2025 Appropriations Act. As the weeks wore on, though, chamber leaders indicated that they were far apart in their spending amounts and priorities. In late July, legislators did approve a "mini budget," providing funds to support various state government programs and state employee salaries. HB 125 Continuing Budget Operations allocates funding for disaster relief, public schools, community colleges, economic development and public safety, among other programs. It also provides for salaries for state employees and public school teachers. The bill included provisions creating a Division of Accountability, Value, and Efficiency within the Department of the State Auditor to review state agency programs and positions. Legislators also approved additional spending in September in HB 358 Continuing Budget Operations Part II.

However, without agreement on a larger budget plan, priorities for municipalities had not been addressed. Those included transportation aid to municipalities (Powell Bill) funds, water and wastewater provisions, and economic development funds. Unlike with the federal budget, state law currently allows most spending to continue at existing levels, meaning the lack of a comprehensive state budget plan will not result in state agency shutdowns.

Downzoning and Local Planning

In December 2024, without warning, the General Assembly approved a prohibition on local "downzoning" without the approval of each property owner in the affected area, even as nonconforming uses would typically be "grandfathered" due to those changes. After considerable concerns raised by local officials and NCLM staff, state senators filed SB 587 Clarify Nonconforming Uses to take a different approach to the issue that addressed both bill proponents' and local governments' concerns. The bill is intended to reverse substantial issues that have arisen as municipalities attempt to put new Unified Development Ordinances in place, or otherwise make substantial changes to zoning law affecting large areas. The inability or difficulties in enacting those ordinances threatens future development. While the bill passed the Senate unanimously, it has received no action in the House. NCLM encourages its members to continue to work with legislators in letting them know about development challenges that have arisen as a result of the downzoning restrictions.

Pension Fund Reforms

After several years of lagging investment returns, new State Treasurer Brad Briner proposed and had approved substantial changes in the laws that govern investments into the state pension fund. The approval of SL 2025-6 followed NCLM staff discussions with Treasurer Briner regarding pension reform, which stemmed from concerns about rising municipal contributions for employee pensions. NCLM would like to thank the treasurer for taking into account those concerns. Under the changes, the state and local pension systems will transition from a sole fiduciary model, where the State Treasurer is solely responsible for investment decisions, to a new, independent North Carolina Investment Authority. This five-member board will oversee investments for state and local government pension funds and other assets. The Authority's members will include the Treasurer and appointees from the House Speaker, Senate President Pro Tem, Governor, and State Treasurer, with each required to have at least 10 years of investment management experience.

The change provides for more flexibility in investments, but requires the authority members to meet strict conflict-of-interest and ethical standards. It also establishes clear monthly reporting requirements regarding pension fund investment returns. The combined state and local pension funds total well over \$100 billion, and poor investment returns require state and local taxpayers to put millions more into the funds, while also threatening the long-term viability of the plans.



BILL SUMMARIES

WORKING AS ONE. ADVANCING ALL.

BILL SUMMARY — OVERVIEW

Over the course of the 2025 session of the North Carolina General Assembly, the League’s Government Affairs Team tracked dozens of bills that had implications for cities and towns, with many of those having significant effects. While the number of bills considered, relative to past legislative sessions, was somewhat limited, a number of bills and bill provisions did affect land-use planning, zoning and utility operations. Also, a number of bills that included local acts were considered.

Keep in mind that the General Assembly will be reconvening a handful of times for brief sessions throughout the remainder of the year. Legislators could approve a comprehensive state budget plan during those sessions. If not, the bulk of legislation affecting cities and towns has likely already been considered or acted on.

You will find summaries of bills below, including descriptions of how they could affect governance of cities and towns and some of the political considerations that affected their ultimate outcome. The bill numbers and titles are linked below. The bill links will take you to actual copies of the bill on the General Assembly website. Beside each bill title, there is a designation explaining the status of the bill.

The designations indicate the following:

- **Law:** Passed by the General Assembly and now Session Law, either with the Governor’s signature, with the Governor’s inaction regarding the bill, with an override of his veto, or as a local bill over which the Governor has no say.
- **Passed House:** Passed the House but not voted on by the Senate.
- **Passed Senate:** Passed the Senate but not voted on by the House.
- **In Conference:** Approved by both chambers, but with changes that have not yet been resolved by the two chambers.
- **Not Passed:** Legislation not taken up by either full chamber.
- **Ratified:** Approved by the General Assembly but not yet acted on by the Governor as of the publication date.
- **Vetoed:** Vetoed by the Governor, and currently not overridden by both legislative chambers.*

BILL CATEGORIES



If you do not see a bill summarized that you are interested in, please contact any member of the League’s Government Affairs team.

**Note that the General Assembly will be meeting a handful of times over the remainder of the year and will likely take votes to attempt to override vetoed bills.*

TAX & FINANCE

HB 47 Disaster Recovery Act of 2025 – Part I (Reps. Greene and Bell) – Law - S.L. 2025-2, effective various dates; **HB 251 Various Disaster Recovery Reforms** (Reps. Hastings, Greene, Balkcom and Bell) – Law - S.L. 2025-18, effective various dates; **HB 1012 Disaster Recovery Act of 2025 – Part II** (Committee on Appropriations) – Law - S.L. 2025-26, effective various dates

In September 2024, Hurricane Helene struck western North Carolina as a Category Four hurricane that would prove to be the deadliest hurricane to strike the U.S. since Hurricane Katrina in 2005. In response, the General Assembly enacted and Gov. Stein signed into law the three measures: HB 47, HB 251, and HB 1012. These three pieces of legislation appropriate funds for recovery efforts and enacted reforms related to emergency management and disaster recovery. These actions were in addition to legislation enacted in 2024 in the immediate aftermath of the storm. With their approval, the legislature had appropriated more than \$2.3 billion in response to the storm, including money for road repairs, restoration of water and sewer systems and matching funds for FEMA assistance.

HB 50/SB 320 LEO Special Separation Allowance Options (Reps. Pyrtle, Miller, Chesser and Cotham; Sens. Berger, Sawyer and Ford) – Law – SL 2025-8 effective July 1, 2025

A bipartisan measure aimed at retaining seasoned law enforcement officers passed into law this session. SL 2025-8 establishes an alternative special separation allowance for state and local law enforcement officers (LEOs) with at least 30 years of credible service. Under the law, officers may choose between the existing separation allowance and a new option that allows them to continue serving beyond 30 years without forfeiting benefits.

Under previous law, officers who worked beyond 30 years would lose a year of separation allowance for each additional year of service. The new change allows LEOs to defer their allowance until retirement without penalty. For example, an officer who reaches 30 years of service at age 50 would receive 12 years of benefits (until age 62). If that officer continues working until age 55, they can still receive the full 12-year benefit, with payments extending to age 67. Notably this session, the bill received strong support from legislative leaders, including Senate President Pro Tem Phil Berger, and was signed into law by Gov. Josh Stein.

HB 91 Define Armed Forces/Religious Prop. Tax Excl. (Reps. Loftis, Tyson, and Penny) – Law - S.L. 2025-20, effective June 26, 2025; **HB 94 Dis. Veteran Homestead Excl. Prequalification**

(Reps. Pare, Goodwin, Balkcom and Chesser) – Passed House; [HB 118 Disabled Veterans Tax Relief Bill](#) (Reps. Campbell, Loftis, Schietzelt and Chesser) – Not Passed

Lawmakers proposed significant enhancements to property tax relief programs, potentially having an estimated impact of \$500 million in reduced property tax collections statewide had all passed as initially filed. At the request cities and counties, that reduction was significantly scaled back in a revised version of HB 118, which made an inflationary adjustment to the exclusion amount that disabled veterans are eligible to claim. Additional changes would also have the state reimburse local governments for half of any property tax losses. Meanwhile, HB 94 would allow veterans to “pre-qualify” for the appropriate exclusion amount, allowing that reduced expense to be factored into a mortgage approval determination. HB 91 was largely an administrative update, adding veterans of the U.S. Space Force as eligible for the property tax exclusion, and extended the look back period for property owned by religious organizations.

[HB 125 Continuing Budget Operations](#) (Reps. Lambeth, Paré, K. Hall and White) – Law – SL 2025-89 effective July 1, 2025; [HB 358 Continuing Budget Operations Part II](#) (Reps. Humphrey, Balkcom and Setzer) – Ratified; [SB 474 The D.A.V.E. Act](#) (Sens. Berger, Moffitt and Jarvis) – Passed Senate

In lieu of a two-year state budget, legislators passed a “mini budget” into law to provide continued funding support to various state government programs and salaries. [SL 2025-89](#) allocates funds to various programs, including for disaster relief, public schools, community colleges, and public safety, as well as salaries for state employees and public school teachers. As negotiations on a comprehensive budget plan remain stalled into the fall, legislative leaders introduced their second proposal to provide additional funding for state programs. [HB 358 Continuing Budget Operations II](#) includes funding for a variety of programs, including \$65 million in state relief funds to communities damaged by Tropical Storm Chantal in July, as well as continuing relief monies for those communities recovering from Hurricane Helene.

While [SB 474](#) did not become law, the bill’s provisions were included within the aforementioned mini budget. [SL 2025-89](#) also created the Division of Accountability, Value, and Efficiency within the Department of the State Auditor to review state agency programs and positions, and provide recommendations to the General Assembly by Dec. 31, 2025.

[HB 352 Bid Reqs/Permitting/Inundation Maps/CAMA](#) (Rep. Pare) – Passed House

Initially introduced as a 21-line local bill allowing Holly Springs and Fuquay-Varina an exemption to bidding requirements for certain infrastructure projects, HB 352 passed the House and then grew into a 12-page bill that included significant policy changes related to environmental regulations. As version four of the bill was approved by the Senate Agriculture, Energy, and

Environment Committee, the legislation would have 1) required at least two competitive bids for water and sewer projects (now applicable statewide); 2) limited administrative review of environmental permit application; 3) provided that downstream inundation maps are not “sensitive public security information” and thus subject to disclosure; and 4) restricted application of environmental “area of concern” designations and established a regulatory framework for upland basin projects. The bill, as revised, failed to gain Senate approval in the final days of the session and is pending in the Senate Committee on Rules, Calendar, and Operations of the Senate.

[HB 364 STIP Grant Anticipation Notes/ SB 172 STIP Grant Anticipation Notes](#) (Reps. Winslow, Chesser, Tyson and Paré; Sens. Sawyer, Lazzara and Sawrey) – Passed House

In an effort to address transportation project funding delays, a bipartisan group of House members approved new permissions for local governments to borrow money to fund capital projects that are identified in the state's Strategic Transportation Improvement Program (STIP). The bill had strong bipartisan support in the House, but has yet to be considered by the Senate. The Senate's companion legislation, SB 172, was referred to the Senate Rules Committee in February and has yet to receive a hearing.

[HB 432 Property Tax Relief Study](#) (Rep. Echevarria, Winslow, N. Jackson, and Dixon) – Passed House

Initially introduced as a proposal to double the homestead property tax relief benefit for the elderly, disabled, and disabled veteran homeowners, this bill was substantially revised to direct the General Assembly’s joint tax study committee to undertake a study on property tax relief for these property owners. Studies by the joint study committees usually require approval from both the House and the Senate, or the approval of legislative leadership and committee chairs. This bill was not acted on by the Senate and is pending in the Senate Committee on Rules, Calendar, and Operations of the House.

[HB 506/SB 709 2025 State Investment Modernization Act.-AB](#) (Reps. B. Jones, K. Hall, Ross and Tyson; Sens. Hise, Craven and Lee) – Law – SL 2025-6, effective June 13, 2025

[SL 2025-6](#), recommended by State Treasurer Brad Briner, transitions the state’s investment management from the sole fiduciary model, where the State Treasurer is solely responsible, to a new, independent North Carolina Investment Authority. This five-member board will oversee investments for state and local government pension funds and other assets.

The Authority's members will include the Treasurer and appointees from the House Speaker, Senate President Pro Tem, Governor, and State Treasurer, each required to have at least 10 years of investment management experience and to meet strict conflict-of-interest and ethical standards. Supporters of the change cite North Carolina's lagging investment performance compared to peer states, attributing some of the underperformance to the limitations of the sole fiduciary model. The new structure is designed to bring more professional oversight to improve investment returns. The change comes as NCLM staff engaged in substantial discussions with Treasurer Briner and his staff regarding investment reforms, which stemmed from concerns about rising municipal contributions for employee pensions.

HB 659 Local Government Spending Transparency (Reps. Echevarria, Lo tis, Almond and Lowery) – Not Passed

Legislation introduced this session would have required local governments to increase public access to certain financial records. [HB 659](#) directed finance departments to maintain and make publicly available all invoices and public bids, either by posting the information online or providing physical copies at their administrative offices. While supporters framed the measure as a tool to enhance governmental transparency, local officials expressed concerns over the significant administrative burden it could impose, as well as potential cybersecurity risks tied to posting detailed financial documentation online. The bill advanced through a few committees but ultimately was not enacted.

HB 801 LRC Study Paper Towns (Reps. Stevens and Ross) – Passed House

This bill represents a most-recent step in a long-running discussion about legislative concerns related to so-called "paper towns." As defined in the legislation, a "paper town" means "a town that exists in fact but does not provide adequate services, as required by law, to its residents." Focusing on towns that were incorporated since 1995, lawmakers proposed that study be undertaken to determine whether the services provided by such towns are sufficient to justify their continued incorporation and the town's continued exercise of taxation, land use, and regulation. The bill passed the House but was not acted on by the Senate and is pending in the Senate Committee on Rules, Calendar, and Operations of the Senate.

HB 948 The P.A.V.E. Act (Rep. Cotham) – Law - S.L. 2025-39, effective various dates

The Projects for Advancing Vehicle-Infrastructure Enhancements (PAVE) Act became law with Gov. Stein's signature on July 1, 2025, having received nearly unanimous approval in the House and Senate. The measure authorizes Mecklenburg County to levy, subject to voter approval by

referendum, an additional one cent sales and use tax to support roadway and public transportation projects. The legislation also requires the creation of a Metropolitan Public Transportation Authority in Mecklenburg County to oversee implementation of the projects funded by the new tax. Anticipated revenue generation is estimated at \$20 billion over the next 30 years, with a split between road projects and public transit, including the extension of Charlotte's commuter rail system to nearby communities such as the Lake Norman-area towns and to establish an east-west rail that links to Charlotte-Douglas International Airport to uptown and outlying cities such as Mathews and Belmont.

[SB 257 2025 Appropriations Act](#) (Sens. Jackson, Hise and Lee) – In Conference; [HB 125 Continuing Budget Operations](#) (Reps. Lambeth, Paré, K. Hall and White) – Law – SL 2025-89, effective various dates; [HB 358 Continuing Budget Operations Part II](#) (Reps. Humphrey, Balkcom and Setzer) – Ratified

As of their summer adjournment, House and Senate leaders were unable to reach an agreement on a comprehensive two-year budget. Legislators introduced competing proposals in April and May, with each garnering bipartisan support in their respective chambers. Each version included multiple items of interest to municipalities, including transportation aid to municipalities (Powell Bill) funds, water and wastewater provisions and economic development funds.

One interesting note is that both chambers' appropriations packages received votes from Democratic members. In the House, the budget passed on its initial vote 93-20, and its final vote 86-20, meaning it received 27 and 25 Democratic votes, respectively. In the Senate, the bill passed by votes of 31-16 and 30-15, meaning it received four Democratic votes each time. Or

While both chambers appointed conference committees to resolve the differences between their competing budget plans, there have yet to be any formal meetings of the groups. Legislative leaders have signaled that both chambers are far apart in their appropriations targets and spending priorities.

During its session in late July, legislators approved a "mini budget" to provide funds to support various state government programs and salaries. HB 125 Continuing Budget Operations allocates funding disaster relief, public schools, community colleges, economic development, and public safety, among other programs. It also provides for salaries for state employees and public school teachers. The bill also included provisions creating a Division of Accountability, Value, and Efficiency within the Department of the State Auditor to review state agency programs and positions, and provide recommendations to the General Assembly by Dec. 31,

2025. Both chambers approved HB 125 with veto-proof majorities (House: 91 to 23; Senate: 47-2), and it was signed into law by Gov. Josh Stein on August 6. Legislators approved a second, additional spending package, [HB 358](#), in September as a final, comprehensive budget deal continued to elude them.

SB 695 Incent Development Finance District Funding (Sens. Lazzara and Johnson) – Passed Senate

The Senate advanced legislation this year to create a new financing tool for local development projects. [SB 695](#) would permit developers to defer 90% of property taxes on qualified improvements within incentive districts approved by local governments. The bill aims to spur development and grow the property tax base in target areas across the state. SB 695 passed the Senate unanimously but has yet to be considered by the House.

SB 671 Helene Rev. Replace./Locals/Prop Tax Relief (Sens. Hise, Moffitt, and Daniel) – Not Passed

As proposed by three Republican senators from Western North Carolina, this bill would have established a grant program to provide revenue replacement for local governments impacted by Hurricane Helene, a top request from local governments in the storm's aftermath. The bill as introduced didn't receive action, due to concerns that the federal government could deduct "revenue replacement" from the reimbursements provided through the Federal Emergency Management Agency (FEMA). As the time went on, the concept remained popular but the result was a modified program through a loan program first established at the State Treasurer's Office and then a second program that would operate out of the State Budget Office. While those programs do not, strictly speaking, provide revenue replacement as proposed in SB 671, some measure of relief for Helene-impacted local governments may be found through those programs and in the discussions on emergency management reforms that are underway at the state and federal level.

LOCAL BILLS

[HB 3 Various Local Election Changes II](#) (Reps. Reeder, Clampitt, Humphrey and Kidwell)—Law—SL 2025-13, effective various dates; [HB 6 Pamlico Co. Muni. Even-Yr. Elect](#) (Reps. Kidwell and Humphrey)—Passed House; [HB 17 Various Local Election Changes](#) (Reps. Pyrtle and Humphrey)—Law—SL 2025-5, effective various dates; [HB 32 China Grove Even Year Elections](#) (Reps. Campbell, Penny and Warren)—Passed House; [HB 58 Various Local Elections](#) (Reps. Winslow and Turner)—Law—SL 2025-3, effective various dates; [HB 136 Town of Faith/Even Yr. Elect/Four-Yr. Terms](#) (Reps. Warren and Campbell)—Passed House; [HB 183 Various Local Provisions II](#) (Rep. Clampitt)—Law—SL 2025-15, effective various dates; [HB 271 Cabarrus Co. Local Omnibus](#) (Reps. Echevarria, Almond, Adams and Riddell)—Passed House; [SB 36 China Grove Even Yr. Elect](#) (Sen. Ford)—Passed Senate

State legislators passed a series of local election bills that reshape how communities conduct municipal elections across the state. These changes move elections to even-numbered years and, in some cases, extend terms, such as four-year terms for municipal officials. Some of the changes came with the approval of local officials, while others did not. The most notable elections law change effects the City of Monroe. [SL 2025-13](#) mandates Monroe’s municipal elections, which have traditionally been conducted on a nonpartisan basis, like most municipalities in North Carolina, will now be conducted on a partisan basis. Meanwhile, [HB 271](#) proposes a voter referendum to conduct municipal elections on a partisan basis in Cabarrus County.

[HB 26 Various Local Provisions I](#) (Rep. Pyrtle)—Law—SL 2025-14, effective various dates; [HB 63 Town of Andrews/Deannexation](#) (Rep. Gillespie)—Passed House; [HB 147 Elizabeth City and King/Deannexations](#) (Reps. Ward and Humphrey)—Passed House; [HB 226 City of Greensboro/Deannexations 2025](#) (Reps. Blust)—Law—SL 2025-31, effective June 30, 2025; [HB 240 Davidson Charter Consolidation](#) (Reps. Carver and Helfrich)—Passed House; [HB 336 Town of Maggie Valley/Deannexations](#) (Rep. Pless)—Passed House; [HB 337 City of Southport/Deannexations](#) (Rep. Miller)—Not Passed; [HB 338 Town of Oak Island/Deannexations](#) (Rep. Miller)—Not Passed; [SB 214 Various Local Boundaries](#) (Sen. Sawrey)—In Conference

State legislators advanced a series of local bills that continued the General Assembly’s involvement in annexation and deannexation decisions. While several local bills were filed, [SL](#)

[2025-14](#), a broader local omnibus bill, included provisions affecting multiple jurisdictions, including Andrews, Elizabeth City, and King. In addition, [SL 2025-31](#) removed specific parcels from the corporate limits of the City of Greensboro. Another local deannexation bill impacting Maggie Valley, HB 336, passed the House but had not cleared the Senate by session's end. Bills proposing deannexations for Southport and Oak Island also were filed. While neither bill advanced beyond committee consideration, the provisions were included in SB 214, which is now subject to conference committee negotiations.

[HB 173 Various Local Provisions III](#) (Rep. Paré) – Law – SL 2025-30, various effective dates; [HB 333 Jacksonville/ETJ Prohibited](#) (Reps. Shepard and Gable) – Passed House; [SB 69 Various Local Provisions V](#) (Sen. Moffitt) – In Conference

As in past sessions, municipal extraterritorial jurisdiction (ETJ) was the subject of multiple local bills. [SL 2025-30](#) prohibits municipalities in Wake County from expanding their ETJ boundaries until 2029. This measure was adopted as at least one municipality was moving forward with an ETJ expansion tied to economic development opportunities and surrounding growth. The law also restricts the authority of Taylortown to impose commercial development moratoria.

Separately, lawmakers considered bills targeting Jacksonville's authority to exercise planning and development powers in its ETJ. [HB 333](#) sought to eliminate that authority and passed the House. Likewise, [SB 69](#), originally filed to address a local matter in Hendersonville, was later amended to incorporate language from multiple local bills, including a provision mirroring HB 333's restriction on Jacksonville's ETJ authority. The final status of SB 69 remains unsettled, with the bill in a conference committee at adjournment.

[HB 183 Various Local Provisions II](#) (Rep. Clampitt)—Law—SL 2025-15, effective various dates

What started as a narrowly focused bill restricting wake surfing in Lake Glenville in Jackson County evolved into an omnibus bill enacting a range of provisions affecting multiple jurisdictions across the state. In its final form, the bill modified the election schedule and procedures for the Town of Louisburg, aligning municipal elections with odd-numbered years and clarifying the use of nonpartisan plurality and runoff voting systems.

[HB 305 Guilford County Sales Tax Distribution Mods](#) (Rep. Blust) – Law - S.L. 2025-87, effective various dates

Under current law, counties receive a distribution of the first two cents (\$ 0.02) of local sales and use tax from the state Department of Revenue and are required to immediately disburse a portion of that distribution to the municipalities within its jurisdiction. The method for making

that distribution provides an option for counties, either on an ad valorem or per capita basis. If a county chooses the ad valorem method, then sales tax proceeds are only distributed to municipalities that also levy a property tax. In Guilford County, Stokesdale is the only municipality that does not levy a property tax and HB 305 would modify the distribution method to allow Stokesdale to receive a distribution of local sales and use tax notwithstanding that it does not levy a property tax. The bill became law upon approval of the General Assembly and applies only in Guilford County.

HB 309 Various Local Provisions VI (Reps. Arp, Lambeth, Pare, and Rhyne) – Law - S.L. 2025-32, effective various dates; SB 79 Boiling Springs Charter Revisions (Sen. Alexander) – Not Passed; SB 137 Restore Down-Zoning/Farmland Preservation (Mills River UDO) (Sen. Moffitt) – Not Passed; HB 223 Town of Mooresville/Property Conveyance (Rep. Carver) – Not Passed; SB 203 City of Wilmington/Property Conveyances (Sens. Lee and Rabon) – Not Passed

In keeping with recent trends, the General Assembly enacted several “omnibus” bills related to local government. Whether for convenience, expediency, or otherwise, the trend brought into law HB 309, aptly titled as the sixth omnibus local bill. The bill is a collection of various provisions from bills that were introduced as “stand alone” measures, largely noncontroversial measures sought by local governments and school boards.

SB 69 Various Local Provisions V (Sen. Moffitt) – In Conference

Although ultimately rewritten to contain only unrelated local provisions, earlier drafts of [SB 69](#) raised substantial concern among municipalities. [Earlier versions](#) of the bill would have significantly reshaped utility and planning authority in Henderson County, requiring the City of Hendersonville to extend utility service outside its municipal boundaries while prohibiting annexation of those properties. The proposal also included provisions eliminating municipal extraterritorial jurisdiction (ETJ) for Henderson County municipalities and requiring county approval for any municipal rezonings tied to annexed property. Local officials flagged these provisions as setting a troubling precedent for municipal authority statewide, both in how water and sewer systems are financed and in limiting traditional land-use powers. After significant local negotiations, these elements were removed from the bill. The legislation now awaits final action by a House-Senate conference committee.

HB 306 Affordable Housing for Local Employees (Rep. Pickett) – Not Passed

This bipartisan local bill would have authorized certain municipalities and counties to develop affordable housing specifically reserved for their own employees. [HB 306](#) permitted local governments, either directly or through partnerships, to create housing with affordable rents or sale prices, including resale restrictions designed to keep long-term housing opportunities available for the local workforce. The measure advanced through committees and was scheduled for a vote on the House floor, but was ultimately withdrawn as support in the chamber waned.

GENERAL GOVERNMENT

[HB 42 Black the Blue Pay Act](#) (Reps. Balkcom, C. Smith, Miller and Pyrtle) – Passed Senate

As legislators returned to Raleigh in September, the Senate passed [HB 42 Back the Blue Pay Act](#). This bill would make adjustments to the pay and benefits structures of state law enforcement, corrections officers, National Guard members, and firefighters. In addition to the changes in pay structure for those employed by the state, including state troopers, local law enforcement officers could receive \$1,500 bonuses in each of the next two years. Originally filed and passed in the House as an enhancement of certain burglary prison sentences, the revised bill was unanimously approved by the Senate. The bill as amended has not been considered by the House of Representatives.

[HB 52 Protect Those Who Serve & Protect Act of 2025](#) (Reps. Hastings, Cotham, Miller and Pyrtle) – Passed House

The House this session approved legislation aimed at strengthening protections for public safety officials by updating definitions and increasing penalties for certain offenses. [HB 52](#) establishes a new statutory definition of “public safety officer” that encompasses a wide range of state and local personnel, including law enforcement officers and emergency management workers. Using this updated definition, the bill enhances penalties for crimes such as assault and assault with a firearm against these officials while in the line of duty. Although HB 52 cleared the House, the Senate did not act on the measure before adjournment of the long session.

[HB 96 Expedited Removal of Unauthorized Persons](#) (Reps. Tyson, Biggs, K. Hall, and Howard) – Vetoed; [SB 71 Expedited Removal of Unauthorized Persons](#) (Sens. Moffitt, Settle, and Lazarra) – Not Passed; [SB 55 Expedited Removal of Unauthorized Persons](#) (Sens. Lee, Burgin, and Barnes) – Law-S.L. 2025-88, effective Dec. 1, 2025

A part of the experience of the current housing crisis is the challenge of homelessness. The General Assembly’s response to the problem in 2025 included HB 96, legislation that creates a civil process for removing persons from residential properties who have no legal claim to the property. This establishes an alternative to criminal charging the individual. It does not apply in the context of a tenant who is holding over after a lease expires. The measure moved through the General Assembly with bipartisan support and passed the House on April 2 on an 86-29 vote. However, in the final days of the session the Senate added a provision that prohibits local governments from regulating pet shops beyond the state licensing laws. That drew objection from Governor Stein who vetoed the bill, saying that he supported the initial version of the legislation dealing with “squatters,” but the pet shop provisions would “facilitate inhumane puppy mills in North Carolina.”

Unlike other bills that Governor Stein vetoed and returned to the General Assembly, this one produced a compromise. Legislators ultimately approved SB 55, which did not include the preemption of local governments’ regulation of pet shops. The revised legislation passed the House on a 110-8 vote and the Senate by a vote of 49-0, and Governor Stein signed the bill into law on August 6, 2025.

[HB 162 Local Gov’t Applicants/Criminal History Check](#) (Reps. Loftis, N. Jackson, Ward, and Kidwell) – Passed House; [HB 612 Fostering Care in NC Act](#) (Reps. Chesser, Bell, Loftis, and Alston) – Law-S.L. 2025-16, effective various dates; [SB 710 DPS Agency Changes.-AB](#) (Sens. Daniel, Britt, and B. Newton) – Law-S.L. 2025-51, effective various dates

New requirements for how local governments hire law enforcement officers and employees who work with children became law this year. HB 162 proposed that counties and cities be required to obtain a criminal history record check prior to hiring persons who will work with

children. While that bill did not become law, its provisions were incorporated into HB 162. As the legislation moved through the House and Senate, revisions were made to clarify that a criminal background check is required only for applicants who are offered a job – not all applicants – and the job offer is contingent on completion of the background check, which must be conducted by the State Bureau of Investigation. In related action, SB 710 was enacted and requires that law enforcement agencies obtain the entire personnel file for law enforcement officers covering at least the past five years before their hiring. The change in law continues to keep the contents of the personnel file confidential; however, the requirement is intended to give law enforcement agencies greater transparency into the past actions of officers.

HB 171 Equality in State Agencies/Prohibition on DEI (Reps. B. Jones, N. Jackson, Lowery and Eddins) – Vetoed

In response to national messaging regarding diversity, equity, and inclusion (DEI) programs, legislators introduced HB 171 Equality in State Agencies/Prohibition on DEI in February. The bill prohibits the use of public funds to support DEI programs in state and local government, including those involving the awarding of contracts, maintaining dedicated staff positions or offices, offering training, and implementing hiring processes. The prohibition extends to the receipt of funds that require compliance with DEI mandates or policies, and would require local government to terminate existing programs with such requirements unless participation is explicitly required by federal law. The legislation also imposes civil penalties for noncompliance and establishes a private right of action, allowing citizens to sue a local government official for violating this measure.

In addition to the pervasive ambiguity of this bill, the breadth of the "DEI" prohibition could have significant funding and staffing implications for local government while exposing municipal staff to liability for things that are outside of their control.

House and Senate members approved their respective versions of HB 171 along strictly partisan lines, and on July 3, Gov. Josh Stein vetoed the bill. Given that the House does not possess a veto-proof majority, overriding a veto was already going to prove challenging, but that got even more perilous due to a decrease in Republican support in that chamber when the bill returned from the Senate. Although legislators calendared the bill for an override vote during their July session, they did not consider it, and questions remain about whether it will be heard in future sessions.

HB 193 Firearm Law Revisions (Reps. McNeely, Pyrtle, Miller, and Carver) – Law-S.L. 2025-81, effective June 30, 2025 and Dec. 1, 2025

Gun rights and regulation of those rights continue to be a major point of interest within the majority Republican Party at the General Assembly. HB 193, which was enacted over Gov. Josh Stein’s veto, would allow certain employees and volunteers to carry a weapon, including a concealed handgun, on nonpublic school property when authorized by the school or when attending a religious service on school property. The legislation also increases penalties for assault or threats against public officials such as legislators, judges, and local elected officials. Governor Stein vetoed the bill, stating that it would “make our children less safe,” but that veto was overturned in both the House and Senate, and the legislation became law.

HB 247 Underground Safety Revisions (Reps. Zenger, Watford, and Setzer) – Law-S.L. 2025-21, effective Oct. 1, 2025

Largely technical in nature, the General Assembly enacted revisions to the Underground Utility Damage and Prevention Act. This legislation had its genesis in a stakeholder group that made recommendations for updates to the law that is commonly known as “Call Before You dig” or “NC 811.” While the stakeholder group recommendation included a reduction in the “tolerance zone” around facilities where the use of non-mechanized equipment is required, the General Assembly declined to include that issue in this legislation. With the omission of that recommendation, HB 247 was enacted on unanimous votes in the House and Senate and signed into law by Governor Stein.

HB 781 Unauthorized Public Camping & Sleeping (Reps. Biggs, N. Jackson, Balkcom and Schietzelt) – Passed House

Promoted by a national, anti-homelessness advocacy group, HB 781 Unauthorized Public Camping & Sleeping, passed the House along a mostly party-line 69-42 vote in May and was referred to the Senate. The measure prohibits local governments from allowing public camping or sleeping on any public property, including right-of-way under their jurisdiction, unless on designated local government property that meets certain conditions.

SB 153 North Carolina Border Protection Act (Sens. Berger, Daniel and B. Newton) – Vetoed

As a part of the national debate on immigration, SB 153 would target law enforcement agencies, local health and human services programs and the university system when interacting with or providing services to persons who are not legally present in the United States. Specifically, the legislation 1) directs state law enforcement agencies such as the Highway Patrol, prisons and the State SBI to cooperate with the federal Immigrations and Customs Enforcement Agency; 2) prohibits the State Department of Health and Human Services from funding any benefits to noncitizens who are not legally present in the country; and 3) requires state-funded housing programs, including all local housing authorities, to cease providing publicly funded housing to noncitizens who are not legally present in the country. Additionally, the legislation includes a new “penalty” for local governments that enact so-called sanctuary city policies: the loss of governmental immunity from civil liability as a consequence for adopting or maintaining a sanctuary city policy. The prohibition on sanctuary cities is already in state law (G.S. 160A-205.2), but the punitive measure would be a new consequence of a violation. Gov. Josh Stein vetoed the bill, and while the Senate voted to override that veto, the House has not taken similar action. The bill remains pending in the House and could be taken up at any point during the remainder of the two-year session.

SB 391 DOT Omnibus -Law (Sens. Rabon, Sawyer and Lazarra) – Law - S.L. 2025-47, effective Oct. 1, 2025

A perennial feature of the legislature’s must-do items is the transportation omnibus bill requested by the NC Department of Transportation. The legislation this year included authorization for municipalities and counties to place electronic speed-measuring systems to enforce speed limits in school zones. In the past, broad use of red-light cameras and camera-based speed enforcement has run into both court challenges and been criticized on the basis of privacy rights. This year’s legislation is a bit different. Critically, the provisions create a civil enforcement process not criminal penalty, with the consequence for failure to pay being that DMV will not renew registration for the vehicle. In addition, a city that authorizes enforcement under the new law must provide a “nonjudicial administrative hearing,” with the right to appeal an adverse decision to the District Court. Finally, the new law authorizes cities and counties to enter into a local agreement with a school board and law enforcement agency for the implementation of the new law.

SB 416 Personal Privacy Protection Act (Sens. Daniel, Hise, Moffitt) – Law S.L. 2025-79, effective Dec. 1, 2025

Presented as a way to protect personal financial privacy, SB 416 prohibits public agencies, including local governments, from collecting, disclosing, or releasing personal information about members, volunteers and donors to a 501(c) nonprofit organization. Gov. Stein vetoed the bill stating that it reduced transparency and made it difficult, perhaps impossible, for the Department of Revenue to track and prosecute certain types of tax fraud. The General Assembly overrode that veto and the bill became law on July 29, 2025.

SB 576 E-Bike Definition and Local Regulation (Sens. Lee, Lazzara and Moffitt) – Not Passed

This bill would establish statewide definitions for Class 1, 2 and 3 electric-assisted bicycles and creates a regulatory framework for their use. A key provision authorizes local governments to regulate e-bike operations on multi-use paths, greenways and trails. The bill was heard in a Senate Committee and did not receive further action.

PLANNING & LAND USE

HB 298 Local Gov'ts/System Development Fees (Rep. Pickett) – Passed House

This legislation allows system development fees to be paid by developers in installments for certain nonresidential developments, up to three years from the time of application for a building permit or the time of application for connection, whichever is first. The bill passed the House on a nearly unanimous vote and is now pending in the Senate Committee on Rules, Calendar, and Operations of the Senate.

HB 369 Parking Lot Reform and Modernization Act (Reps. Loftis, Brody, Penny and Dahle) – Passed House

A House measure to eliminate residential and commercial parking minimums passed the House this session as legislators considered changes to a broad range of local development regulations. In a significant departure from longstanding zoning policies, [HB 369](#) would eliminate minimum parking standards in both residential and commercial development, preventing local governments from mandating a set number of spaces based on building size, occupancy, or use. Instead, developers would have discretion to determine the amount of parking provided. In addition, the bill includes a provision allowing local stormwater programs to adopt incentive-based ordinances that reward developments capturing stormwater above required thresholds. The legislation passed the House but was not taken up by the Senate before adjournment.

HB 348 Annexation of PUV Land/School Capacity (Reps. McNeely, Huneycutt and Jeffers) – Not Passed; SB 401 NC Farm Act of 2025 (Sens. Jackson, Lazzara and Sawyer) – In Conference

Framed as a farmland protection measure, [HB 348](#) proposed new restrictions on municipal satellite annexations involving properties in the state’s present-use value (PUV) taxation program. Specifically, the bill would have required municipalities to obtain approval from the respective county board of commissioners before completing an annexation if the proposed development was projected to increase public school enrollment. A similar provision was also included in an early version of the NC Farm Act ([SB 401](#)). While SB 401 progressed and remains in conference, the annexation-related language did not advance through the General Assembly this session.

HB 627/SB 495 Regulation of Accessory Dwelling Units (Reps. Alston and Winslow; Sens. Moffitt and Mayfield) – Not Passed; SB 497 Expand Middle Housing (Sens. Moffitt and Mayfield) – Not Passed; SB 499 Allow Housing Near Jobs (Sens. Moffitt and Mayfield) – Not Passed

Housing availability and affordability were central themes in several bills this year, with several seeking to preempt local land-use authority. [HB 627](#) proposed requiring all cities and towns to allow at least one accessory dwelling unit (ADU) on every lot zoned for residential use. The bill also would have prohibited local governments from placing parking requirements or short-term rental restrictions on ADUs and would have overridden existing ordinances to comply with new statewide mandates. HB 627 advanced through multiple House committees and reached the floor, but was ultimately withdrawn before a full vote.

In the Senate, [SB 497](#) would have mandated that “missing middle” housing, such as duplexes, triplexes, townhomes, and up to six-unit buildings, be permitted in all residential zones across the state. [SB 499](#) took a different approach, requiring that residential uses be allowed by right in all areas zoned for commercial development. Neither of the Senate measures advanced beyond their filing.

HB 661 Building Industry Efficiency Act of 2025 (Reps. Brody, Bell, Cunningham and Zenger) – Passed House; HB 926 Regulatory Reform Act of 2025 (Reps. Riddell, Zenger and Chesser) – Ratified

Two perennial omnibus bills were considered by the House this year as legislators consider building code and regulatory reform, with one of them eventually being approved by both legislative chambers in September. The first, [HB 661](#), primarily focuses on changes to building

trade licensing and introduces a new framework for independent changeout inspectors. For municipalities, one of the most significant provisions would prohibit cities and towns from adopting local street design and construction standards that exceed those of the NC Department of Transportation (NCDOT). In addition, the bill would require municipalities to accept sidewalks and street improvements into the public system for maintenance if those improvements were conditions of development approval in the extraterritorial jurisdiction (ETJ). On the municipal operations side, the bill includes a favorable provision for local governments by raising bidding thresholds: the formal bidding requirement for construction and repair projects would increase from \$500,000 to \$1.5 million, and the threshold for purchases of supplies and materials from \$90,000 to \$180,000. The broader regulatory reform package, [HB 926](#), overlapped with HB 661 on several fronts, including building inspection cancellation fees, municipal street standards, and mandated acceptance of ETJ pedestrian infrastructure. The bill, as initially considered, went further by adding another preemption by preventing local governments from imposing any waiting periods on resubmission of development applications that have been denied or withdrawn. Together, these measures reflect the General Assembly's continued interest in easing regulatory requirements for the development industry while narrowing the scope of local government authority over growth and infrastructure standards.

When the General Assembly reconvened in September, portions of HB 926 and several of the provisions from HB 661, among others, were on the short-list for action. Lawmakers compiled various provisions from bills that did not get enacted earlier in the year, plus a few new ones, into the legislation. The bill was then ultimately approved by both chambers.

The wide-ranging bill includes provisions related to on-site wastewater facilities and civil actions to recover for a trespass. For cities and towns, the provisions of interest are as follows:

- Section 3, prohibits inspection departments from charging a fee if a permit holder cancels a scheduled inspection more than one business day in advance.
- Section 4, prohibits zoning regulations that require pavement design standards for public roads or private roads that are more stringent than the minimum design standards adopted by NC DoT. Earlier this session, sponsors of this provision and the legislative staff stated that this measure is related to the depth of pavement not street design features such as curb and gutter.

- Section 6, exempts model homes from the residential building code requirements.
- Section 11, prohibits a waiting period for the refile of a development application after withdrawal or denial of the application request.
- Section 12, limits local government authority to regulate the display of the American flag.
- Section 18, exempts from local government development regulations any building or property that is managed by the State Property Office and the UNC system. This is an expansion of the existing preemption that would now apply statewide.
- Section 19, exempts from the Public Records Act the Emergency Action Plan that is required to be developed by the owner of a “high-hazard dam” or an “immediate hazard dam.”
- Section 20, prohibits the review authority for stormwater permits from sending additional questions or required supplemental materials when in a second or subsequent review period.
- Section 26, provides immunity for racing facilities from nuisance regulation.
- Section 29, makes changes to the vesting of permits, and providing for a landowner election of planning jurisdiction authority when a parcel of land lies in more than one jurisdiction, and absent any agreement between the relevant local governments.

Other provisions would impact specific local governments.

As of the publication date of this Bulletin, HB 926 was pending on Governor Stein’s desk for his decision to sign, veto, or allow the bill to become law without his signature.

HB 765 Save the American Dream Act (Reps. Zenger, Brody, Winslow and Cunningham) – Not Passed; SB 205 Swimming Pools/Housing Regulatory Reform (Sen. Jarvis) – Passed Senate; SB 688 Local Government Land Use Reform (Sen. Jarvis) – Not Passed

This session saw some of the most sweeping proposals in years to limit local land-use decision-making and impose broad, one-size-fits-all statewide mandates. [HB 765](#) in particular drew intense debate, with early versions proposing to weaken or eliminate large portions of municipal planning and development authority. Among its provisions were requirements for minimum residential densities, mandates to allow accessory dwelling units (ADUs) in all residential zones, prohibitions on parking minimums, and new state-imposed procedures that would override locally tailored development rules. The bill also included unprecedented conflict-of-interest provisions and potential legal penalties for local officials making routine land-use decisions, raising significant concerns about municipal liability.

After HB 765 ran aground in the House, many of its provisions resurfaced as amendments [to SB 205](#), a narrower Senate measure related to swimming pools. In that form, the bill would have restricted conditional zoning, required quasi-judicial standards for many land-use decisions, and established uniform procedural rules for development approvals, further constraining local flexibility. Although SB 205 cleared the Senate in its narrower form, the amended version did not receive final approval in the House.

A third measure, [SB 688](#), combined elements from earlier bills but did not move beyond introduction.

Collectively, these bills reflected a growing effort by industry and development advocates to frame statewide land-use preemption as a housing affordability solution. Proponents cited studies pointing to a housing shortage of 765,000 units across North Carolina. Local officials, however, cautioned that the proposals would displace carefully calibrated growth management strategies while failing to address primary cost drivers such as construction prices, workforce shortages and high interest rates. Ultimately, none of the sweeping changes to municipal planning and development authority became law this session, but the issue is expected to remain a point of debate in future sessions.

[HB 831 Comm. Inspct. Efficiency Act](#) (Reps. Brody, Zenger, B. Jones and Pyrtle) – Not Passed

Legislators proposed a new private commercial building inspections system this year to address mounting pressure to expedite inspections and development projects in municipalities across the state. The system outlined in [HB 831](#) would mark a substantial policy change for North Carolina. Under the bill, developers and contractors could choose a private building inspector for commercial projects. Despite the use of private inspectors, local government inspection departments would retain responsibility for conducting final fire inspections and issuing certificates of occupancy at the conclusion of construction. City officials have expressed apprehensions about the implications of privatizing inspections, including the potential for

compromises to public safety and a lack of transparency and legal accountability on the part of the private inspectors. While the bill was heard before a House committee, the bill failed to receive a full House vote.

HB 876 Development Application Review Time Lines (Reps. Gillespie, Zenger, Brody and Winslow) – Not Passed

A House measure to drastically shorten residential development application and building permit review timelines was filed this year. [HB 876](#) requires local governments to complete an administrative review of development applications within two business days. They must then notify the developer in writing that the application is either complete or deficient. If deficient, the local government must provide a detailed deficiency list with specific laws, ordinances, policies, or procedures used as the basis for each deficiency and describe corrective actions. Additionally, the bill mandates that building permit reviews be completed within two business days—a significant reduction from the current 15-business-day requirement. The legislation also allows developers to use third-party plan reviewers if local governments fail to meet these deadlines. In such cases, applicable fees must be refunded or waived upon permit issuance.

HB 913 Liability/Unfair/Deceptive Develop. Actions (Rep. Brody) – Passed House

This bill would take a punitive and litigious approach with local governments regarding routine development decisions. The legislation allows a person to recover attorneys' fees and 10 times the damages experienced, if the person can show that the local government intentionally violated the provisions of Chapter 160D, intentionally delayed action to cause the aggrieved party to file a lawsuit, or the local government acted in a "flagrantly unfair or deceptive manner with respect to the development approval" The bill passed the House, but has been sent to the Senate Committee on Rules, Calendar, and Operations of the Senate and has not received further action in that chamber.

HB 1009 Planning ETJ Prohibited (Rep. Humphrey) – Not Passed; SB 314 Eliminate ETJ Overlap (Sens. Moffitt and Jarvis) – Not Passed; SB 493 Land Use Clarifications and Changes (Sens. Lee Moffitt and Overcash) – Passed Senate

Efforts to significantly curtail or eliminate statewide municipal extra-territorial jurisdiction (ETJ) authority advanced in the General Assembly this year, with major proposals surfacing in both the House and the Senate. House legislators filed [HB 1009](#) which would fully repeal ETJ authority for all municipalities across North Carolina. The bill provides a clean repeal, removing

all statutory and local act provisions granting ETJ powers. Similarly, [SB 314](#) takes a broad approach by eliminating municipal ETJ authority in counties where countywide zoning exists. Neither bill advanced beyond filing.

[SB 493](#), however, did pass the Senate early in session. The bill would eliminate municipal extraterritorial jurisdiction (ETJ) for municipalities in counties with populations of less than 50,000 residents. Further, for all other cities exercising ETJ authority, it would freeze in place the ETJ boundaries that existed as of June 1, 2025. In addition to the ETJ measures, the bill also would mandate that public and charter schools be permitted in commercial zones and allows property owners to choose which jurisdiction to do business in if the parcels are split across multiple jurisdictions.

SB 587 Clarify Nonconforming Uses (Sens. Lazzara and Sawrey) – Passed Senate

In December 2024, without forewarning, the General Assembly expanded the prohibition on “downzoning” without the parcel owner’s written consent to include zoning amendments that are initiated by the local government or that create a nonconforming use. Senate Bill 587 would essentially return the law to that which existed prior to the provision’s passage in December. The bill is intended to reverse substantial issues that have arisen as municipalities attempt to put new Unified Development Ordinances in place, or otherwise make substantial changes to zoning law affecting large areas. The inability or difficulties in enacting those ordinances threatens future development. While the bill passed the Senate unanimously, it has received no action in the House. NCLM encourages its members to continue to work with legislators in letting them know about development challenges that have arisen as a result of the downzoning restrictions.

ENVIRONMENT & UTILITIES

HB 212 Condemnation/Service on Spouses Not Required (Rep. Blust) – Passed House

This bill would make changes to condemnation requirements, relieving the NC Department of Transportation of serving a non-owner spouse with a complaint and declaration of taking. The change is seen as largely technical, but would apply to only certain condemnors and include only some municipalities. The bill remains eligible for consideration next year, and NCLM is advocating for application of the same process for all municipalities, most of whom rely on condemnation authority in Chapter 40A of the General Statutes.

HB 569 PFAS Pollution and Polluter Liability (Reps. Davis, Iler, Wheatly, and Reives) – Passed House; SB 666 2025 Water Safety Act (Sen. Lee) – Not Passed

As litigation continues and the public learns more about so-called “forever chemicals,” such as GENx, PFAS, and PFOA, the General Assembly again considered action to create additional authority to address the pollution. HB 569 would expand the NC Department of Environmental Quality’s authority under the implementation of the Safe Drinking Water Act, giving the department’s secretary the power to order the removal, correction or abatement of any adverse effects upon the water supply. While addressing forever chemicals in water supplies is a national problem, North Carolina and the Cape Fear River Basin, where Chemors’ Fayetteville Works plant is located, remains ground zero for this type of pollution. Water systems in the Cape Fear region, particularly those serving the large populations in and around Wilmington, have incurred significant expense attempting to filter and remove the chemicals from drinking water. This bill remains eligible for consideration next year and is pending in the Senate Committee on Agriculture, Energy, and the Environment.

Senate Bill 666 represents a different approach to addressing the forever chemical issues, proposing funding to research PFAS mitigation and direction to the Commission for Public Health to adopt standards related to PFAS in drinking water. This bill did not advance in the Senate this year.

HB 694 Reg’l Water Study/IBT Subbasin/TMDL (Reps. Warren and Ross) – Law - S.L. 2025-77, effective various dates; HB 850 Interbasin Transfer Moratorium/Study (Reps. Adams, Blackwell, Setzer, and Greene) – Law - S.L. 2025-74, effective various dates

With North Carolina continuing to experience significant population growth, the availability of water resources is increasingly a matter of public concern. HB 694 directs the Environmental Finance Center to study water and wastewater regionalization, eliminates certain subbasin transfers from the interbasin transfer (IBT) certificate requirement and revises the Total Maximum Daily Load (TMDL) transport factor calculation with respect to applications from local governments located in the Neuse River Basin with fewer than 15,000 connections. HB 850 similarly directs a study of the process for approving large surface water transfers between river basis, but also institutes a moratorium on issuance of IBT certificates larger than 15 MGD. There is only one pending application of an IBT certificate that is larger than 15 MGD: the application of the City of Charlotte to withdraw from the Catawba River. Not coincidentally, this legislation was sponsored by legislators that represent upstream communities who fear that authorizing additional withdrawals will hamper their ability to grow and attract industry in the future.

HB 849 Utility Forced Relocation Expenses (Reps. Miller, Pyrtle, Setzer, and Huneycutt) – Not Passed

HB 849 reprised a long-standing issue for cities and telecommunications providers: Who pays when facilities located in the city right-of-way must be moved? Under a long-standing arrangement, North Carolina cities allow telecommunications companies to install facilities in their rights-of-ways without charge; however, when facilities must be moved, the facility owner is generally responsible for the costs of relocation. House Bill 849 would have upended this arrangement by requiring cities to pay when telecom facilities must be moved. The provision was also added to a separate bill, [SB 644](#), which in other ways improved some municipalities' utility relocation costs (see below). In response to objections from local governments, the provision was removed from that bill by an amendment approved by the full House and passed into law.

HB 909 State Infrastructure Bank Board (Reps. Reives, Bell, Howard and Ross) – Passed House

In support of future development of infrastructure across the state, HB 909 State Infrastructure Bank Board passed the House in May with bipartisan support from some of the top leaders in the House. Republican Reps. Julia Howard, a senior chair of the House Finance Committee; John Bell, chair of the House Rules Committee, and Steve Ross, chair of the House Commerce Committee, joined with Democratic Leader Robert Reives to sponsor the bill that would establish a state infrastructure bank at the state treasurer's office to fund infrastructure projects. The bank would be overseen by a board that would include representation from local governments. This bill was sent to the Senate, where it has yet to receive a hearing.

SB 664 JMAC/ABC/Other Revisions (Sen. B. Newton and McInnis) – Law - S.L. 2025-65, effective various dates

A provision in SB 664 stands to benefit North Carolina’s small towns and cities by providing for an expanded exemption from “nonbetterment costs” related to water and sewer infrastructure that must be relocated. The change increases the population threshold for this exemption from 10,000 people under current law to 20,000, making more small towns eligible for the exemption. Other provisions of the bill revise technical issues under two economic development programs and under the state’s Alcohol Beverage Control laws.

SB 758 Water & Sewer Allocation Reforms (Sen. Lazzara, P. Newton, and Jarvis) – Not Passed

In keeping with legislative interest in promoting economic development, this proposal would require local governments to allocate water and sewer service capacity on a first-come-first-served basis until capacity is claimed. This change would apply to new residential development and would greatly restrict cities’ current discretion in strategically allocating water and sewer. This discretionary and strategic approach often is deployed in an effort to make a competitive presentation as part of an economic development recruitment effort. Lawmakers took a cautious approach and did not advance this legislation, but signaled that interest in resolving disputes about water and sewer allocation was a priority for them.



APPENDIX I

NCLM Government Affairs Team

WORKING AS ONE. ADVANCING ALL.



NCLM GOVERNMENT AFFAIRS TEAM

The League's Government Affairs Team embodies the organization's ideal of "Working as one. Advancing all." We are working on your behalf to ensure that the concerns of all of North Carolina's cities and towns are represented at the North Carolina General Assembly, and wherever public policy affects the state's municipalities. If you have any questions, please do not hesitate to contact any team member.

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