



Legislative Bulletin

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Did You Know?

Did you know that the state's cities used to have a hodgepodge of election schedules, with each municipality determining its own? In 1971, the General Assembly moved all municipal elections to odd-numbered years, a standard that has generally withstood the test of time.

Municipal Elections

On Tuesday, voters in 447 municipalities across 88 counties went to the polls to cast their votes in local elections. From mayors and councils to a multitude of referendums on various topics, hundreds of individual elections took place.

Across the state, a few key themes emerged from the elections. First, there was a significant undercurrent of anti-incumbency, a factor leading to significant changes in the leadership of cities of all sizes. Secondly, the outcomes of local elections also seemed to reflect voter disapproval of the national political direction. Though most municipal elections are nonpartisan in their ballot presentation, local political parties regularly identify preferred/supported candidates. Neither of these factors were unique to North Carolina and were seen across elections at the local and state levels in many other states holding elections on Tuesday.

One curious result from this week's elections was found in the Town of Lawndale's mixed beverage referendum. When all the votes were counted,

the result was...**A TIE** – 31 voters supporting allowing mixed beverage sales within the Town and 31 opposing such sales. So, what happens now? According to the NC General Statutes, it is clear that for referendums related to the sale of malt beverages, wine, or mixed beverages to be approved, a majority of the votes cast must be in favor. If a majority isn't met, the referendum fails. One potential opportunity for this specific referendum to be resolved is that five (5) ballots were found to need review by the Cleveland County Board of Elections. The results of those ballots could tip the result in one way or the other.

Essentials of Municipal Government

The NC League of Municipalities is proud to partner again with the UNC School of Government's Center for Public Leadership and Governance to offer the **2026 Essentials of Municipal Government**, a biennial orientation for newly elected local leaders. This course is specifically designed to help newly elected officials transition from campaigning to governing.

Participants will gain a deeper appreciation for the value of governing at the municipal level and for the importance of developing the skills and behaviors that lead to being an effective local elected official. Both newly elected officials and incumbents are encouraged to attend, as they will have the opportunity to complete the required ethics training and also contribute valuable insights and experiences to the program. Clerks should also consider attending with their elected officials. This course fulfills the mandatory Ethics training requirement for elected officials.

Workshop dates/locations:

January 15-16, 2026 | Asheville
January 22-23, 2026 | Wilmington
February 12-13, 2026 | Rocky Mount
February 19-20, 2026 | Greensboro
February 26-27, 2026 | Chapel Hill

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Governor Signs State Health Plan Fix for Local Governments

A measure to relieve health insurance costs for some local government employers was passed into law several weeks ago with the stroke of Governor Josh Stein's pen. During their October session, legislators provided relief for cities on State Health Plan payments, SBI background checks, and Helene program requirements that had caused problems since they passed into law earlier this year. These actions were the result of significant advocacy from local governments across the state and were incorporated into **SB 449/SL 2025-97 Continuing Budget Operations Part IV**.

As discussed in our October 22 update, SB 449 provided relief to the 114 local governments that participate in the State Health Plan, waiving for this year a surprise 2.4% surcharge they had imposed on Plan employers in an August budget bill. The bill also allowed the State Bureau of Investigation (SBI) to engage a third-party contractor to conduct fingerprinting and background checks required by HB 612/SL 2025-16 Fostering Care in NC Act for persons hired for a position that “works with children.”

SB 449 passed both chambers by bipartisan votes and was signed by Governor Josh Stein on October 22. In his **signing message**, Governor Stein said in part, “This bill makes some needed investments for law enforcement, our state’s ferries, and budget technology, and it provides greater flexibility so that the State’s Hurricane Helene recovery efforts can help more people. It also proves that this legislature is able to come together and get results for the people of North Carolina when they want ..to.”

Timely Building Inspections Report Released

On October 21, the UNC School of Government released a **report** informing best practices for the timely completion of building inspections. The report is authored by a team of academics led by Dr. Obed Pasha and was a partnership between the North Carolina Office of the State Fire Marshal, the Office of State Budget and Management, and the School of Government. The report details the experiences of the City of Fayetteville, Currituck County, and Mecklenburg County in achieving high performance in timely building inspections, as well as the strategies and tactics deployed to effectively serve clients and gain community trust.

Updated Pension Cost Inputs

The state board tasked with setting the rate local governments pay for employee pensions received **updated cost inputs** last week. These updates are the first step in a six-month process that will determine the

rates local governments pay in future fiscal years. At their Oct. 30 meeting, the **Local Government Employees Retirement System (LGERS) Board of Trustees** heard from the LGERS actuaries, who reviewed data on these inputs from the past five years. Notably, this lookback period encompassed the pandemic and took into account the significant salary increases implemented by local governments during that time, which also had the effect of increasing pension costs.

Other factors can moderate the effects of cost inputs that would otherwise raise pension costs in the future. One significant factor is investment returns on the LGERS pension fund. State Treasurer Brad Briner's team **reported** to the Trustees last week that returns for 2025 so far appear more favorable than those of previous years, with room for additional growth in future calendar years as his new investment policies are implemented. The actuaries also recommended last week that another noteworthy factor, the time over which pension liabilities are paid off, be lengthened. Going forward, that change would have a significant effect on lowering local governments' pension costs.

Finally, in a preview of action the Trustees will take in January, the actuaries **recommended** (pg. 11) that the Trustees set the FY26-27 employer contribution rates at 15.10% of payroll for general employees and 17.10% for law enforcement officers. These rates are those previously published; the actuaries confirmed last week that the system's performance would allow that level of funding to remain on track. If approved by the Trustees in January, those rates would apply to local governments beginning July 1, 2026.

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NCDOT Guidance on DBE Program Projects

On October 6, the North Carolina Department of Transportation (NCDOT) issued a memorandum to all its divisions and all federal-aid subrecipients, including local governments, regarding the adoption of changes to the federal Disadvantaged Business Enterprise (DBE) program. The changes were implemented in the final rule approved by the US Department of Transportation, which took effect on October 3, 2025. As the memo explains, the final rule requires "all DBE certified firms to be reevaluated on an individualized basis, without regard to race- or sex-based presumptions of disadvantage." Until this reevaluation is completed, no DBE evaluation is allowed under federally funded programs. By extension, under State-funded projects, no Minority Business/Women Business Enterprise (MB/WBE) contract goals are allowed. The memo details how this new rule, parts of which took effect immediately, will impact contracts depending on the contract status as of October 3, 2025, when the rule took effect. The memorandum and contacts at NCDOT are available online [here](#).

2025-2026 Powell Bill Distributions Begin

In addition to pumpkins and fall foliage, October brings with it the first fiscal year distribution of funds to municipalities under the NCDOT State Street-Aid Program, also known as the Powell Bill. The Powell Bill program distributes funds based on a formula that weights population (3/4) and road mileage (1/4).

Distributions are made twice per fiscal year in October and in January. Due to the lack of a comprehensive state budget, the 2025-2026 distributions are based on the same total amount as the 2024-2025 fiscal year. That means that the total funds available are \$185,621,904.88. Maintaining last year's spending levels meant cities did not face reductions in Powell Bill funding, which the NC Senate proposed earlier this year in its budget proposal.

You can check out your local government's October Powell Bill allocation [here](#).



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