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Helene Relief Package Becomes Law

With nearly unanimous votes in the House and Senate this week, the General Assembly sent a \$524 million relief package for western North Carolina to Gov. Josh Stein's desk. Governor Stein signed the legislation, [Disaster Recovery Act of 2025 – Part I](#), the same day it arrived.

The final bill, negotiated after the House and Senate approved competing versions, provides the following:

- \$120 million to the state Commerce Department for home reconstruction.
- \$100 million for repairs to private roads and bridges.
- \$55 million for “small business infrastructure” grants to local governments, for the repair of sidewalks, utilities and other publicly maintained facilities.
- \$20 million to help local governments and state agencies pay for debris removal.
- \$10 million to aid small and volunteer fire departments.
- \$10 million for distribution to volunteer groups involved in “actual and ongoing repair and reconstruction projects.”
- \$4 million for tourism marketing.

Also included in the bill were provisions to delay the adoption of the 2024 building code and to attempt to address reconstruction of homes in flood prone areas despite changes in development regulations. Lawmakers continue to offer assurances that this package is not the last effort they will make to provide support to western NC communities.

Bill Filed to Eliminate ETJ in Counties with Zoning Authority

A Senate proposal filed this week aims to eliminate municipal extraterritorial jurisdiction (ETJ) in counties that have adopted zoning or unified development ordinances. Continuing a trend to restrict ETJ authority, [SB 314 Eliminate ETJ Overlap](#), would prohibit cities and towns from enforcing land-use regulations beyond their corporate limits when county zoning is in place, impacting approximately 85 counties statewide.

The bill would also require county commissioner approval for municipalities to extend ETJ beyond one mile.

NCLM's Government Affairs staff encourages municipal officials to engage with legislators on the importance of ETJ for sustainable growth and planning. Officials are urged to use the League's [ETJ one-pager](#) and [case studies](#) to highlight local impacts. The bill has been referred to the [Senate Rules Committee](#), where it awaits further action.

Governor Releases Proposed Budget

Gov. Josh Stein this week released [his proposed two-year state budget](#), a plan that heavily focuses on childcare and job training while also raising teacher pay by 10.6 percent and providing substantial raises for other state employees. The \$33.6 billion spending plan would also freeze scheduled state income tax cuts and instead provide a tax credit for taxpayers with children.

Significantly for cities and towns, the governor's proposal puts an additional \$43.75 million in the State Transportation Investments Prioritization (STIP) program and \$41.7 million in additional funds into highway maintenance. New funding of \$23.4 million would go to address fentanyl abuse and crime prevention measures, while police departments would receive funding to provide \$5,000 bonuses for graduates of the state Basic Law Enforcement Training program, an initiative to improve law enforcement officer recruitment. The governor also proposed \$60 million to incentivize local governments to update their zoning to encourage more housing construction.

The governor's budget plan signals his or her priorities, and some provisions may be included in the legislation eventually proposed and negotiated by the state House and Senate. Read more about the budget plan [here](#).

Legislators Amend, Advance Local Deannexation Bills

House legislators advanced three local deannexation bills through the House State and Local Government Committee on Tuesday. The first bill, [HB 336 Town of Maggie Valley/Deannexations](#), aims to remove eight parcels from Maggie Valley's town limits. [An article in the Haywood County newspaper The Mountaineer](#) highlights local tensions over the potential impact on surrounding residents if these properties are removed.

The other two bills, [HB 337 City of Southport/Deannexations](#), and [HB 338 Town of Oak Island/Deannexations](#), would remove several properties from Southport and Oak Island, respectively. A Southport official spoke in opposition during the committee hearing on Tuesday, echoing residents' concerns over continued efforts to override local decision-making. [This article in the Port City Daily of Wilmington](#) details the ongoing debate among residents, municipal officials and legislators regarding growth in these beach communities. All three bills were approved by the committee and now head to the [House Finance Committee](#) for further consideration.

DEI Legislation

NC House members began advancing legislation on Tuesday that would ban funding or promoting diversity, equity, and inclusion (DEI) programs by state agencies or local governments. [HB 171 Equality in State Agencies/Prohibition on DEI](#) defines the prohibited programs or practices and imposes a Class 1 misdemeanor for persons who knowingly or willfully violate the ban. Vague language in the bill raises practical implementation questions, including how government agencies should deal with “conflict of law” situations where another law requires contract language that appears to be prohibited under this bill. The bill has not yet been calendared for its next hearing, slated for the [House State and Local Government Committee](#). Read more about this week’s committee discussion in [this Carolina Journal article](#).

Property Tax Exclusion Bill

A House committee this week gave its approval to legislation that would provide property tax relief to disabled veterans, but only after changes that substantially reduced its revenue impact for local governments. [HB 118 Disabled Veterans Tax Relief Bill](#), in its current form, would update a property tax exclusion for disabled veterans from \$45,000 to \$61,000, creating about \$10 million in impacts for local governments across the state.

The bill, in its original form, could have cost local governments roughly \$430 million. NCLM and the N.C. Association of County Commissioners discussed that impact with legislators, resulting in the change. The legislation now goes to the House Finance Committee for consideration. In addition to this bill, rapidly rising property values in some areas of the state have led to various proposals to reduce the effects on homeowners, even as local governments often lower rates after property re-evaluations to keep changes at or close to revenue neutral.



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