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## Editor's Note

Due to the Independence Day holiday, the League Bulletin will not publish next Friday, July 4.

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## Where Things Stand: A Quick Retrospective on the Legislative Session So Far

As legislators adjourn the legislative long session until at least the end of July, it is a great time to review what has occurred over the past five months and what is expected to be considered over the remainder of the year.

To start, the House and Senate have been mired in what has seemed like a months-long stalemate, which hasn't focused on any single topic area or issue. From the state's budget to various disparate topic areas, including Hurricane Helene recovery, elections, shrimp trawling, DEI, housing, and many others, there have been numerous issue conflicts. And just in the past few days, this has even focused on when and for how long legislators may return to Raleigh over the remainder of 2025. While the Senate introduced and approved an adjournment resolution in [SJR 772 Adjournment Resolution](#), calling for monthly sessions through the end of the year, the House disagreed with this plan, opting instead to hold no voting sessions through the first couple of weeks in July.

Building on the conflict between the chambers, this session has been characterized by many as one marked by considerable activity but a lack of productivity. At this point in the year, legislators are behind the pace set in prior sessions, with only 31 bills having become law so far this session. There are also currently 36 bills awaiting the Governor's signature, though many are likely to be vetoed.

Exploring issues of interest to NCLM, while we have faced uphill, defensive battles on many of them, we have primarily been successful. Bills like [SB 205 Swimming Pools/Housing Regulatory Reform](#) and [HB 765 Save the American Dream Act](#) have been shelved thanks to advocacy from across the

state and appear not to have any momentum to be considered in the coming months. At the same time, the core issue we began with at the start of the session, downzoning, has seen a bill, [SB 587 Clarify Nonconforming Uses](#), unanimously approved in one chamber but received no further action. Additionally, over the past few months, multiple proposals have been presented by the Senate seeking to cap and limit Powell Bill funds to municipalities, including just this week in a version of [HB 1012 Disaster Recovery Act of 2025 – Part II](#). While none have been successful, it will be an important item to watch and continue to provide valuable insight into the importance of these funds to communities across the state. Other bills the NLCM Government Affairs team has been following are discussed in the following sections of this week’s Bulletin.

So, what will occur for the remainder of the year? While it is generally unclear, we know that legislators will need to address an appropriations package in some form to both sustain government operations and respond to specific needs, such as the JetZero incentive package, further Helene recovery, and other projects. They will also likely need to address the eight bills awaiting action by conference committees and any bills that are vetoed by Governor Josh Stein.

The NCLM Government Affairs team will remain engaged with legislators throughout the remainder of the year and will provide further updates as legislators return for meetings. Once the session is fully adjourned, we will provide a more comprehensive update of everything that took place.

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## **Next Helene Recovery Bill Approved While Budget Remains Incomplete**

Though an agreement on the complete biennial appropriations proposal seems uncertain, legislators have been considering interim “mini budgets” as well as additional Helene-related recovery funds.

Legislators reached an agreement on a second round of funding to support Helene-related recovery efforts in western North Carolina after months of negotiation. [HB 1012 Disaster Recovery Act of 2025 – Part II](#) appropriates an additional \$500 million to support various projects across the affected areas. The bill received unanimous support in both chambers. However, some legislators representing areas impacted by the bill expressed concern that a prior provision providing funds for small business recovery had been removed during the conference negotiations. To date, legislators have appropriated more than \$2 billion to recovery efforts.

With the end of the fiscal year approaching on June 30, legislators opted to present “mini-budgets” to address short-term needs, although neither was able to garner the support of the other chamber. [HB 192 Salary Adjustments and Budget Offsets](#) was approved by the House by a 96-17 vote on Wednesday and addresses only updates to public employee benefits, salaries, and made fund transfers. On the other hand, the Senate approved [HB 125 Continuing Budget Operations](#) on Tuesday night by a 39-6

vote, which had many similarities to its original SB 257 proposal but was not as comprehensive. In late May, the House approved its version of [SB 257 2025 Appropriations Act](#), which differed significantly from the version the Senate approved in April. Legislators convened a conference committee in early June, but reports indicate that negotiations have not progressed productively. It is unclear what progress may be made over the coming weeks. Still, there are a few items that do have time sensitivity, including incentive funding related to the JetZero project at the Piedmont-Triad Airport in Greensboro.

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## Monroe Partisan Election Bill to Become Law

This week, the General Assembly passed a bill that will bring changes to the election processes in several North Carolina municipalities. [HB 3/SL 2025-13 Various Local Election Changes II](#) will move all municipal elections in Pamlico County to be held in even-numbered years. The most notable change in the law affects the City of Monroe. 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. As a local bill, HB 3/SL 2025-13 did not require the Governor's signature to become law. The law took effect upon ratification by the General Assembly earlier this week.

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## Governor Issues First Vetoes of Term

Late last week, Governor Josh Stein issued his first vetoes of his term, returning three bills to the General Assembly. [HB 318 The Criminal Illegal Alien Enforcement Act](#) and [SB 153 North Carolina Border Protection Act](#) focus on immigration issues while [SB 50 Freedom to Carry NC](#) would allow persons to carry a concealed handgun without a permit. Unlike past years when Republicans had sufficient votes in the House and Senate to override Governor Roy Cooper's vetoes, this year Republicans need votes from Democrats in the House to override a veto. Legislators left on Thursday without taking up the vetoed bills, setting up possible veto override votes at any point during the remainder of the legislative biennium.

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## Legislators Approve DEI Restrictions

After months-long discussions, legislators considered multiple bills this week focused on ending diversity, equity, and inclusion (DEI) programs in various parts of the state government. [HB 171 Equality in State Agencies/Prohibition on DEI](#) prohibits DEI programs in State agencies, while [SB 227 Eliminating "DEI" in Public Education](#) eliminates DEI programs in K-12 schools, and [SB 558 Eliminating "DEI" in Public Higher Ed](#) likewise

applies to public colleges and universities. All three bills have been sent to the Governor, where they will likely be vetoed. It is unclear if House members will have the votes to override any vetoes.

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## Telecom Relocation Costs Amendment Doesn't Move Forward

This week, the [House Rules Committee](#) approved a last-minute amendment to [SB 664 JMAC/ABC/Other Revisions](#) that would have required cities and towns to cover the costs of relocating telecom facilities in the right-of-way when facilities need to be moved. The provision upends a long-standing public-private agreement under which telecommunications companies can access and place facilities in municipal right-of-way without cost, but must pay for the relocation of the facilities when a town project necessitates a move. While difficult to quantify, the costs to cities and towns are potentially significant if applied across the state. The provision was later removed by the full House, a change that recognized the potential harm to cities and one supported by NCLM. This issue is likely to be revived in future legislative debates, and it will be crucial to monitor these discussions.

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## Development and Local Bill Roundup

As regular business for the legislative long session concluded this week, lawmakers considered several bills impacting development regulations and various local issues:

- [SB 695 Incent Development Finance District Funding](#) would allow developers to defer 90% of property taxes on qualified improvements within local government-approved incentive districts. The goal is to spur new construction and revitalization in targeted areas. The bill passed the [House State and Local Government Committee](#) and awaits action in the [House Finance Committee](#).
- [HB 369 Parking Lot Reform and Modernization Act](#) would prohibit local zoning codes from requiring a minimum number of parking spaces for developments, regardless of occupancy or use. The bill also authorizes local stormwater programs to adopt additional incentive-based stormwater capture ordinances. The bill has passed the House and will now move to the Senate for consideration.
- [HB 926 Regulatory Reform Act of 2025](#) includes provisions allowing property owners to choose which local government's planning and development regulations apply when land falls within overlapping jurisdictions, provided no prior agreement exists. The bill also bars local governments from imposing waiting periods on refiling denied or withdrawn rezoning or development applications. The bill passed the House and now awaits consideration in the Senate.
- [HB 348 Annexation of PUV Land/School Capacity](#) would require municipalities to obtain County Board of Commissioners approval for certain satellite annexations if the development would increase school capacity in the district. Similar language appeared in an earlier version of [SB 401 NC Farm Act of 2025](#). Ultimately, neither HB 348 nor the

- provision in SB 401 advanced, though the sponsors of SB 401 are working to revise conflicts between the House and Senate versions.
- Several bills aimed at limiting municipal ETJ authority progressed this week.
    - [SB 69 Various Local Provisions V](#) would remove Jacksonville's ETJ authority, while an earlier version of [HB 183/SL 025-15 Various Local Provisions II](#) targeted ETJ powers for all municipalities in Henderson County. Both ETJ provisions remain eligible for consideration later this year, though for Henderson County, likely in another bill. However, one bill, which will become law, [HB 173 Various Local Provisions III](#), temporarily restricts ETJ expansions for Wake County municipalities until 2029.
    - Another local bill, [SB 214 Various Local Boundaries](#), proposes deannexing property from the cities of Kannapolis and Southport. While most provisions are noncontroversial, Southport officials have expressed opposition to the deannexation affecting their community. SB 214 awaits further action in the House.
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## Bill to Adjust Guilford County Sales Tax Distribution Amended, Approved by the Senate

A House measure to revise how sales tax is distributed in Guilford County advanced this week after being amended in the Senate. [HB 305 Guilford County Sales Tax Distribution Mods](#) initially aimed to increase the share of sales tax revenue for Guilford towns that do not levy ad valorem property taxes. The Senate version now goes further, modifying the language for an upcoming ballot measure to ensure that proceeds from a proposed quarter-cent sales tax are strictly dedicated to specified uses. Under the amended bill, revenue from the quarter-cent sales tax, if approved by voters, would be earmarked exclusively for the Guilford County Fire and Rescue Council, Guilford Technical Community College, teacher salary supplements, and funding for small municipalities. [Senate Leader Phil Berger](#) sponsored the measure, emphasizing the bill's new guardrails to ensure accountability and targeted use of the funds. The bill now returns to the House for concurrence on the Senate changes.

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## NC BEMO and Legislative Black Caucus Reception

Last week, members of the NC Black Elected Municipal Officials and the NC Legislative Black Caucus met at a rooftop reception in Raleigh. It was an incredible evening filled with connection, lively conversations, and shared purpose.





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## Bills Addressing Inter-basin Transfers Sent to Governor

The state's regulation of water withdrawals from lakes and rivers that cross basin divides was the subject of two bills this week. The necessary arrangement for supplying water to the public, known as inter-basin transfers or IBTs, requires a lengthy and complex permitting process housed at the Department of Environmental Quality and the Environmental Management Commission.

[HB 694 Reg'l Water Study/IBT Subbasin/TMDL](#) loosens the strict subbasin transfer rules for the Cape Fear and Neuse River basins, two of the largest in the state. This change will expand economic development opportunities in those areas and is supported by city officials. [HB 850 Interbasin Transfer Moratorium/Study](#) would order a study of a pending IBT application by the City of Charlotte in the Catawba River basin. The city did not object to the requirements and will now have a moratorium placed on their request through 2027 while the study is being completed.

These relatively non-controversial conflicts over water resources foretell a future where large water users are more frequently competing with each other to gain access to additional water supply. Both bills now await action by Governor Josh Stein.

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