



END OF SESSION BULLETIN

2024

DEAR LEAGUE MEMBERS,

The 2024 legislative short session was one in which the North Carolina General Assembly truly did limit its policymaking agenda.

That decision, combined with a budget stalemate between the House and Senate, meant that bills affecting cities and towns were mostly confined to a few omnibus measures that included provisions in the area of land-use planning, zoning and utility operations. We also saw a number of pieces of local legislation filed — some of them eventually passing — targeting both land-use planning and how local elections are structured, a troubling trend when done without the consultation of local elected officials and their voters.

The two-year state budget adopted in 2023 means that billions in infrastructure spending will continue to take place in local communities, addressing water, sewer and transportation needs. But the disagreement between the House and Senate over spending levels in this new fiscal year leaves the 2023-24 two-year state budget, unless adjustments come later, as the state's standing financial blueprint. While legislators planned to reconvene a handful of times over the rest of the year, it remained questionable whether they would pass a major budget adjustment act. Instead, they did approve one budget-related measure that includes a provision shifting state General Fund dollars into infrastructure programs previously funded with federal American Rescue Plan Act dollars. That move should create some flexibility for those state-funded infrastructure projects as federal spending deadlines loom.

For city and town officials, and NCLM staff, the hard work of this legislative session involved staving off or ameliorating damaging measures affecting land-use planning, zoning, local elections and utility operations. To a large degree, we were successful. But as noted above, some objectionable measures — particularly a handful of local bills affecting only one or just a few communities — were approved.

As always, local officials again worked hand-in-hand with League staff in bringing about the successes we enjoyed. 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 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.



Mark-Anthony Middleton
President,
Mayor Pro-Tem,
Durham



Martha Sue Hall
First Vice President,
Mayor Pro-Tem,
Albemarle



Jody McLeod
Second Vice President,
Mayor,
Clayton



William Harris
Immediate Past President,
Commissioner,
Fuquay-Varina

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BILL SUMMARIES

WORKING AS ONE. ADVANCING ALL.

BILL SUMMARY — OVERVIEW

Over the course of the 2024 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, but 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.
- **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 263 2024 Appropriations Act](#) (Reps. Arp, Saine and Lambeth)–Passed House; [HB 317 Adjustments to the 2023 Appropriations Act](#) (Rep. Hardister)–Passed Senate, [SB 332 2023 Appropriations Act Changes](#) (Sens. Johnson, Lazzara and Hanig)–Law–SL 2024-39; [SB 357 Adjustments to the 2023 Appropriations Act](#) (Sens. Jackson, Perry and Lazzara)–Law–SL 2024-40

House and Senate negotiators failed to reach agreement on comprehensive budget adjustments to the two-year budget approved in 2023 prior to adjourning for the summer. As negotiations faltered, both chambers released and eventually passed their own competing budget plans, which were largely dead-on-arrival in the other chamber. A major sticking point centered around overall spending targets, with the House (HB 263) proposing roughly \$290 million more than their Senate counterparts and including a broad range of policy changes and funding priorities. The Senate proposal (HB 317) not only included a reduction in top line spending, but also focused almost exclusively on the chamber's priorities of money for private school vouchers, putting additional dollars into childcare and spending more on Medicaid.

While a global agreement on the budget was not reached, in the waning hours of session, the two chambers did agree to two limited appropriations bills. First, SB 332 2023 Appropriations Act Changes authorized that funding for already approved raises for teachers, principals, and other school personnel move forward.

Separately, both chambers passed SB 357 Adjustments to the 2023 Appropriations Act, which shifted local infrastructure projects funded through the state's American Rescue Plan allocation to instead be funded by state General Fund dollars. The move eliminates looming spending deadlines required of the federal ARP dollars. SB 357 also appropriated \$67 million for childcare, to fill the gap left by the end of federal childcare assistance in June.

LOCAL BILLS

[HB 909 Various Local Provisions I](#) (Rep. Paré)–Law–SL 2024-20 effective on various dates; [HB 911/SB 770 Various Local Provisions II](#) (Rep. Gillespie and Sen. Corbin)–Law–SL 2024-21 effective on various dates

Again this session, legislators made local policy changes through several omnibus local bills. Many of these provisions originated from several other bills filed during the 2023 long session and 2024 short session, with a focus on annexation, deannexation and local elections. [SL 2024-20](#) provides a host of notable language, including the deannexation of properties from Kannapolis, Mount Gilead, as well as the Washington-Warren Airport from the City of Washington. Additionally, the law reduces the City of Kings Mountain's extra-territorial jurisdiction (ETJ) from 2 miles to 1 mile beyond its contiguous corporate limits. Most notably, the measure de-annexes nearly a thousand acres of property currently within the Town of Summerfield. The property has been the subject of an ongoing dispute between the property owner, a local developer, and the town, which has rejected multiple development proposals, catching the attention and displeasure of legislative leaders. It is worth noting that some of the deannexations were not widely supported by local officials impacted by the changes, while many others were supported locally.

[SL 2024-21](#) affects a total of 11 municipalities. The law contains provisions to de-annex properties from municipal boundaries in Boiling Spring Lakes and Newport. The measure also establishes residency districts for elections in the Town of Northwest and totally removes ETJ authority from the City of Southport, a move not supported by Southport officials. However, a few provisions supported by local officials include Henderson City Council vacancy clarifications, the removal of the satellite annexation cap from Laural Park, and an allowance for Woodfin to bill stormwater fees with property taxes.

SB 166 2024 Bldg. Code Regulatory Reform (Sens. Krawiec, Jarvis and Lowe)–Vetoed

This legislation originated as a short bill that sought to clarify local backflow preventer regulations, but grew to a 71-page perennial building code omnibus that would establish and reorganize the Commercial Building Code Council and makes several changes to the code and other development regulations. While not included in the final bill, a concerning provision emerged early during the committee process that would have eliminated the ETJ authority for all municipalities within Moore County. With an effective effort of grassroots advocacy, municipal officials in Moore County worked cooperatively in strongly advocating against the provision, citing the value of ETJ in balancing growth and maintaining consistent development patterns. Ultimately, the provision was removed before the bill passed both the House and the Senate. The bill was vetoed by the Governor and awaits a veto override vote.

HB 1017 Even-Yr. Elections/City of Jacksonville (Reps. Cleveland and Shepard)–Passed House

A bill to move the City of Jacksonville’s elections to even-numbered years passed the House this session, but did not receive a committee hearing or vote in the Senate. This measure continues a trend that began several years ago, with proponents saying it will increase voter participation, but opponents saying that these measures do not reflect the will of local voters and will needlessly bring partisan polarization to local politics. This bill was not supported by local officials.

HB 1064 Various Local Provisions III (Rep. Miller)—Law—SL—2024-14 effective various dates

Like other omnibus local act bills, this legislation makes a number of changes to local municipal charters, most of them noncontroversial. However, it included a provision making all municipal elections in Forsyth County partisan, a change opposed by local officials where that is currently not the case. (Winston-Salem already holds partisan elections.) Mayors from across the county made a strong push advocating against the provision, but it passed nevertheless.

Other changes in the bill include:

- Amending the Bermuda Run charter as it relates to elections and administration (Section 1).
- Allowing Statesville to lease property at the Statesville Regional Airport for up to 35 years without treating it as a sale (Section 2).
- Amending the Southern Pines charter to authorize an ordinance to be adopted by a majority of the town council members on the date of introduction (Section 3).
- Amending the Town of Wrightsville Beach charter as it relates to the threshold signatory requirement for initiative petitions (Section 4).
- Modifying the ABC profit distribution in Jones County to switch from quarterly to annual distributions of certain proceeds of gross receipts (Section 6).
- Authorizing the Foothills Airport Authority to enter into a lease of up to 50 years for hotels, certain facilities, and aircraft hangars, or places of accommodation (Section 8).
- Prohibiting local governments, authorities, or special districts in Mecklenburg County from acquiring an interest in any existing rail line (Section 10).

GENERAL GOVERNMENT

[HB 984 Removal of Squatters from Private Property](#) (Reps. Bradford, Gillespie, Shepard and Iler)—Passed House

Introduced at the beginning of the short session, this bill would accelerate the removal of unauthorized individuals from residential property. Specifically, this bill authorizes property owners to request a local law enforcement agency to remove any person unlawfully occupying the property when certain conditions are met. The property owner need only complete an affidavit and, within 24 hours of receiving the affidavit, the local law enforcement agency must execute the removal order. The bill was approved by the House, but has not been taken up by the Senate.

[HB 1024 Nonconsensual Booting and Towing Reform](#) (Reps. Budd, Carson Smith, Pyrtle and Logan)—Not Passed

HB 1024 is a bipartisan effort to regulate the practice of booting and towing across the state. This bill would establish a Towing and Recovery Commission that is authorized to issue permits to towing businesses; create maximum fees for nonconsensual towing businesses; and maintain a database of nonconsensual towing businesses, among other responsibilities. The proposal would require that every towing business must obtain a permit from the commission and renew the permit annually. The bill also requires private property owners to display signs at every entrance to a parking lot or parking area where parking restrictions apply. The bill passed out of the House Judiciary 2 Committee, but did not received further action.

[HB 1044 County Tier Designation Study Bill](#) (Reps. Johnson and Reives)—Not Passed

In 2024, legislators again focused on the county tier system, which is mandated by state law and is used to determine eligibility for government assistance and funding opportunities targeted for economic development initiatives. This bill would direct the North Carolina Collaboratory at the University of North Carolina at Chapel-Hill to study the effects of changing: the criteria used to rank counties; the assignment of designation tiers; the time frame counties are ranked; and evaluate whether proposed changes align with the state's economic development goals accurately identify distressed areas. The bill passed out of the House Committee on State Government but no further action was taken on the measure.

[HB 1020 Retirement Administration Changes Act of 2024](#) (Rep. Carson Smith)—Law-SL 2024-8 effective Jan. 1, 2025

This bill was passed to address a reporting deficiency in the collection of pension fund employer contributions. Prior to the passage of HB 1020, municipalities and other public employers who made contributions to the Teachers' and State Employees' Retirement System or the Local Governmental Employees' retirement system on behalf of their employees did not have to report which employees the payments were being made for at the same time as the contribution. Employers would eventually provide the information, but the lag caused a delay in information being available to employees via pension fund web portals.

Section 3 of HB 1020 requires employers to report the details of member employment and pay contributions at the same time summary information is reported. Failure to report the employee information could result in financial penalties to the employer.

[SB 88 Various Elections Changes](#) (Sens. Daniel, P. Newton and Hise)—Passed Senate

A wide-ranging elections-related bill became another vehicle for a controversial measure affecting local governments after the addition of a late amendment. SB 88, passed by the Senate but not taken up by the House, largely dealt with state election and voter verification measures. In late June, prior to passage in the Senate, an [amendment](#) was attached to the bill that would, in situations where the General Assembly altered the forms of government of a city via a local act, prohibit cities from changing their form of government

until after the next U.S. Census is conducted after the local act goes into effect. The limitations would involve all of those listed under [G.S. 160A-101](#), which currently authorizes municipalities to alter their form of government in various ways, including the length of council terms, number of council members, type of elections and even how the mayor is selected.

The amendment effectively paralyzes the power of local governments who have been subjected to local acts, without specifically identifying: (1) how far back the local act had to occur; and (2) if there must be a similarity between the alteration made in the local act and any desired alteration in the future. Local acts can be, and often are, introduced at the urging of a municipality, but there also times when local acts are introduced without a request from or knowledge of elected officials. If approved as is, the bill could cement changes made years earlier, even as circumstances change.

[SB 319 Insurance Rev/Online Auctions/Firefighters](#) (Sens. Johnson, Perry and Sawrey)—Law— SL 2024-29 effective various dates

This new law makes the Firefighter Cancer Insurance Program permanent and increases the lump-sum benefit for each diagnosis. The program, which initially began as a pilot in 2021, provides health benefits to eligible firefighters with a new diagnosis of cancer on or after January 1, 2022. The law requires the Office of State Fire Marshall to oversee the program as a self-funded state program through a third-party administrator, rather than through the purchase of a private insurance product. NCLM and the NC Firefighters Association worked together on the legislative proposal that established the pilot program in 2021, addressing concerns regarding the cost associated with firefighter-related cancer exposure while not creating more financial uncertainty related to workers compensation costs. The provision of the law relating to the Firefighter Cancer Insurance Program becomes effective July 1, 2025.

PLANNING & LAND USE

[SB 166 2024 Building Code Regulatory Reform](#) (Sens. Krawiec, Jarvis and Lowe)—Vetoed; [HB 385 Various Energy/Environment Changes](#) (Reps. McNeely and Moss)—Passed Senate; [HB 426 Various Environmental Amendments](#) (Reps. Gillespie, Clampitt, Hall, Pless)—In Conference

Throughout the short session, both chambers proposed and moved forward with several bills focused on environmental, energy, and land-use reforms. Ultimately, SB 166 became the omnibus bill incorporating most of the provisions from the other competing bills. House and Senate conferees came to agreement on the final contours of the bill during the last week of June. Final action on SB 166 was delayed over a bipartisan disagreement on the composition of the state Building Code Council, but House leaders were able to resolve the differences and the bill passed the House and later the Senate. Governor Cooper vetoed the bill on July 5, and as of this writing, it is expected that the General Assembly will take up a vote to attempt to override the veto later this year.

The final version of SB 166 is the most consequential bill that municipalities faced this year. In total, close to a dozen provisions directly affect municipal operations. Municipal leaders raised concerns about various provisions and, where possible, League staff worked with legislators to improve different sections of the bill.

In its final version, the bill:

- Prohibits a local government from requiring an existing customer to install a backflow preventer unless a hazard determination is made by the utility or the state.
- Requires local governments to perform initial residential building plan review concurrently with other state, federal, and local development review processes. This section also imposes a refund for a portion of permit application fees for building permits not initially reviewed within 20 business days, a change from the bill's original version which imposed the refunds after 15 days.

- Clarifies a local government may not withhold a building permit or certificate of occupancy for development improvements not yet completed, unless determined to be a public safety issue. The section also clarifies that public safety issues do not include landscaping or street lighting.
- Prohibits local governments from requiring curb and gutter design standards beyond those adopted by NC DOT for subdivision roads.
- Prohibits cities from requiring a developer to construct sidewalks for small residential subdivisions located in municipal extra-territorial jurisdictions, unless the city accepts long-term maintenance of the pedestrian facilities.
- Requires local governments to conduct an inspection of improvements subject to a performance guarantee within 30 days of a request. If the local government and developer disagree whether the improvements meet local specifications, a developer may obtain a certification under an engineer's seal attesting the improvement meets the local specifications.
- Prohibits a local government from adopting local fire prevention code standards beyond those required by the Residential Code.
- Establishes the Building Code Permit Technician Certification program for local permit techs.
- Clarifies that local government officials shall not make administrative decisions on the scope of work covered by architect or engineer seals of design affixed to plans.
- Clarifies that, for the purposes of local stormwater programs, artificial turf is not considered built-upon area.
- Prohibits public water and sewer systems from imposing unauthorized conditions for residential development. Those conditions, often negotiated during the conditional rezoning process, could not be imposed through utility development agreements. Another provision restricts local governments from using unauthorized conditions as metrics for a scoring or preference system to allocate water and sewer among residential development applicants.

SB 355 North Carolina Farm Act of 2024 (Sen. Jackson)-Law-SL 2024-23 effective on various dates

The perennial farm bill makes several changes to agricultural laws in the state, including a few provisions impacting municipal revenues and operations. The most notable provision creates a stormwater fee exemption for agricultural operations. The stormwater provision was amended only after League-suggested language intended to ensure that the exemption only applied to true farming operations. The bill, as originally written, prohibited cities and counties from imposing stormwater utility fees on properties used for “bona fide farm properties.” Because of the broad statutory definition of that term, NCLM staff was able to work with bill sponsors to establish some additional parameters requiring owners claiming the exemption to show actual proof of using the property for farm operations.

A separate provision prohibits cities from regulating beehives within their extraterritorial jurisdiction (ETJ). While municipalities will retain the authority to regulate beehive operations within the incorporated limits, properties outside of the incorporated limits would no longer be subject to any city ordinance regulating beehives. Another provision requires local governments that offer public GIS tools to provide a disclaimer notifying its users that the data offered by the tool is provided without warranty and that users should consult recorded deeds and plats to verify the accuracy of the data provided. The provision mandates that the disclaimer should be prominently displayed and acknowledged by the user before accessing the tool.

SB 607 Regulatory Reform Act of 2024 (Sens. Alexander, Jarvis and Ford)–Law–SL 2024-45 effective on various dates

Unveiled during the last week of the short session, the latest version of the perennial regulatory reform bill contains a host of reform measures ranging from changes in CAMA rules to battery-charged security fences. Importantly for municipalities, a handful of rushed provisions could create administrative and other problems for local governments.

Significantly, the new law requires municipalities to pay business owners for the cost of an on-premise sign and for its replacement when an updated sign ordinance causes a current sign to be nonconforming and leads to its removal. Another provision, placed in the bill via a last-minute amendment, will require local tax collectors to go beyond existing advertising requirements by physically posting a notice of a tax lien on the property itself. Local tax officials say the measure will create a huge administrative burden on their offices. Another provision requires cities and towns to send various local permits via mail or email, if requested by the permit applicant. The law also prohibits the assessment of certain fees related to drone operations and the installation of advanced air mobility radar systems to detect drones.

○ ENVIRONMENT & UTILITIES

HB 864 PFAS Pollution and Polluter Liability (Reps. Davis and Iler)–Not Passed

In June, the House Environment Committee advanced a bill that would grant the Secretary of the North Carolina Department of Environmental Quality the authority to order a manufacturer of PFAS who released the chemicals into the environment to pay an affected public water system for the cost of removing the contaminate from the water system. HB 864 was an updated version of a similar bill that stalled out in the House in 2022. This session's version limited liability to manufactures of PFAS, and not users of the chemicals. It also would link the permissible concentration level of PFAS to those established by the EPA. The bill stalled in the House and had no Senate companion.

SB 802 C-PACE Program (Sens. Johnson, Lazzara, Lee)–Law–SL 2024-44 effective on various dates

After several years of trying, the legislature took up and passed a bill that would allow municipalities and the North Carolina Department of Commerce to establish Commercial Property Assessed Clean Energy (C-PACE) programs. C-PACE, as provided by SB 802, is a financing tool that allows commercial property owners to finance the upfront cost for qualified energy and energy efficiency projects. Repayment of the amount financed would be secured by an assessment imposed on the improved property by a participating municipality. The C-PACE lien would be inferior to all prior and subsequent state, local and federal taxes, or liens, but superior to all other liens on the property. Under the current proposal, no city would be obligated to participate. For cities who choose to participate, they will need to get approval from their board of county commissioners and would delegate all billing and collection duties to the C-PACE financier.



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.

Erin Wynia
Director of
Government Affairs

ewynia@nclm.org
Phone: (919) 715-4126
Cell: (919) 961-6108

Derrick Applewhite
Government Affairs
Associate

dapplewhite@nclm.org
Phone: (919) 715-1229
Cell: (919) 333-3659

Sa'Metria Jones
Legislative Counsel

sjones@nclm.org
Phone: (919) 715-2907
Cell: (919) 605-5148

John McDonald
Senior Government
Affairs Associate

jmcDonald@nclm.org
Phone: (919) 715-8154
Cell: (919) 323-7510

Beau Mills
Director of Urban Affairs

bmills@nclm.org
Phone: (919) 715-3912
Cell: (919) 637-0873

Desmond Worrell
Grassroots Associate

dworrell@nclm.org
Phone: (919) 301-1125
Cell: (828) 550-6412