



January 31, 2025 | [nclm.org](https://nclm.org)

## Recap

The 2025 legislative long session kicked off in earnest this week as the state continues to grapple with Hurricane Helene recovery and legislators work to determine their priorities this year. Newly elected [House Speaker Destin Hall](#) released House committee assignments this week with notable changes in committees and their chairmanships. The House Local Government and State Government committees have been combined to form the new [House State and Local Government Committee](#). The House Local Government – Land Use, Planning and Development Committee has been reshaped into the [House Housing and Development Committee](#). Rep. Jeff Zenger will join Rep. Mark Brody as co-chair of that committee. Additionally, sophomore Rep. Allen Chesser will join Rep. Dennis Riddell and Zenger as co-chair of the [House Regulatory Reform Committee](#).

Speaker Hall also released the House's [2025 Legislative Calendar](#), signaling his commitment to transparency to the public and his colleagues as they embark upon what could be a busy year. Notably, the House is expected to take a couple of “spring breaks” during the weeks of April 21 and May 26. Other dates important to cities and towns include the local bill deadlines. In the Senate, local bills must be requested to legislative staff by Thursday, Feb. 13 and filed by 4 pm on Thursday, Feb. 27. In the House, local bills must be requested to legislative staff by Thursday, Feb. 20 and filed by 3 pm on Thursday, March 6. Now is the time to talk to your legislators and discuss any action you may need accomplished by a local bill. Do not wait until the deadline for requests.

Throughout the legislative session, the NCLM Government Affairs staff produce this Legislative Bulletin weekly to report back with legislative actions critical to cities and towns. The League of Municipalities looks forward to a productive year as we all work to advance our 2025-2026 Legislative Goals.

A handwritten signature in black ink, appearing to read 'D Applewhite', is positioned above the name and title.

Derrick Applewhite  
Senior Government Affairs Associate

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## Legislative Goals Approved

After a lengthy member-driven process, member cities and towns have chosen the Legislative Goals for the 2025-26 legislative biennium. NCLM thanks all municipal representatives who were involved in this process, whether you served on the committee, took part in the numerous in-person or virtually listening sessions soliciting ideas, or assisted your city or town in the final electronic voting to select the list of 10 goals to be pursued. Here are the goals, for your consideration, in both a [single-page listing](#) and a [two-page document](#) providing context for each goal.

This process ultimately involved 197 individuals representing 154 municipalities, and that broad participation is so important as we now begin the work of seeking approval of the goals before the North Carolina General Assembly. We hope that you take the opportunity to discuss these proposals with your legislators at an appropriate time. Your involvement in NCLM's advocacy efforts is so vital to our success.

ONE PAGE GOALS

TWO PAGE GOALS

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## Legislators Introduce Flurry of Bills to Address Downzoning Change

Legislators introduced three local bills and a statewide measure this week that would strike a controversial zoning change included in [SB 382 \(SL-2024-57\)](#), a wide-ranging piece of legislation passed at the end of last year. The bill filings came as the NCLM Government Affairs team works to pursue a statewide solution, and we are encouraged by ongoing conversations with legislative leadership regarding a fix that would help all municipalities.

The provision in question expands a pre-existing definition of "down-zoning" to include commercial and industrial non-conformities that result from any new zoning, and requires the consent of all property owners in order for a change to be valid. Doing so, it has slowed down development approvals, causing local planners and elected officials to question whether new Unified Development Ordinances or other larger zoning changes are valid. [HB 24 Restore Downzoning Authority](#) is a statewide bill that would strike the provision. Other measures that would eliminate the new restrictions in some localities are [HB 25 Restore Down-Zoning Auth./Stanly & Catawba](#) and [HB 27/SB 11 Restore Down-Zoning Auth./Multiple Counties](#). We anticipate that legislators may continue to file similar local bills, but NCLM is committed to continuing to work on a statewide solution.

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# Federal Funding Freeze

After a chaotic few days that saw local governments question whether federal funding would stop for several programs, the Trump administration rescinded [a budget memo](#) that threatened grant and loan funding. Executive Orders signed by President Trump requiring the review of a host of federal programs remain in effect, but the now-rescinded budget memo sparked concerns from state and local governments and nonprofit officials across the country and caused some federal agencies to temporarily withhold funds. Issued on Monday, it had been withdrawn by Wednesday. NCLM, along with the National League of Cities, will continue to monitor this situation and alert member cities and towns to any effects or potential changes. We do advise municipal officials to take stock of projects and programs that are federally funded, so that you can be fully aware of any potential effects should there be federal proposals or actions regarding them.

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## Employer Pension Contribution Rate Approved

Pension system contribution rates for local government employers will rise for FY25-26, in keeping with [a policy](#) intended to provide for predictable budgeting year after year. [The Local Governmental Employees' Retirement System Board](#) voted to approve the rates at its meeting yesterday (background document [here](#)). The rates that employers must pay differ for law enforcement officers (LEOs) and all other "general" employees. Therefore, for FY25-26, the Board-approved general employee rate is 14.35 percent, while the LEO rate is 16.1 percent. Please note that both rates can vary from unit to unit due to adjustments for the death benefit contribution made for both groups of employees and due to the "court cost offset" provided for the LEO rate. The state retirement system will individually communicate your city's specific contribution rates.

This year's approved rates come at levels set under [a rate stabilization policy](#) adopted in 2021. The policy went into effect in FY22-23 and runs for five years. The policy was developed using actuarial data, and it dictates that the rates rise each of those years. However, those predictable increases shield the rates from potentially large swings that might otherwise occur due to investment gains and losses experienced from year to year.

Looking ahead to when that policy will end, the League continues to advocate for changes that will lower the amounts that cities must pay in pension costs. These changes include recommendations for revised actuarial policies, as well as more balanced pension system investments. Pension investment advisors in the State Treasurer's Office spoke to that point at yesterday's meeting, assuring board members that they intend to make changes in pension investments to seek higher returns. Board members indicated their support for those investment changes, noting repeatedly that the burden on local governments had grown high and untenable.

# NCLM, NCACC Ask Congress to Protect Municipal Bonds

NCLM and the NC Association of County Commissioners have sent [a letter](#) to North Carolina's Congressional delegation urging that they maintain the tax-exempt status for municipal bonds. Signed by NCLM Executive Director Rose Vaughn Williams and NCACC Executive Director Kevin Leonard, the letter comes in response to recent discussions by the US House of Representatives Ways & Means Committee regarding possible tax law changes as the House and President Trump look for savings to offset proposed tax cuts. The letter notes that eliminating the tax exemption for municipal bonds "will result in higher local taxes for local taxpayers, as they absorb higher borrowing costs, or alternatively, fewer capital construction projects resulting in damage to local economies." NCLM Government Affairs team will continue to watch this issue and update you as it is considered by Congress.

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## Helene Recovery Continues

State lawmakers this week heard from officials in the newly-established Governor's Recovery Office for Western North Carolina ("GROW NC"), outlining a work plan for Hurricane Helene recovery prioritizing debris removal, housing recovery, economic revitalization, and repairing roads and bridges. GROW NC Director and former Wake County Commissioner Matt Calabria told House lawmakers that estimates of federal funds coming to the state stand at \$15.7 billion. The storm is estimated to have caused \$59.6 billion in damage. He also discussed the need for more direct assistance for debris removal, permanent housing and businesses.

Calabria noted that the new office's work will include guidance from a Western North Carolina Advisory Committee co-chaired Asheville Mayor Ester Manheimer and state Sen. Kevin Corbin. GROW NC also reported that Gov. Josh Stein met with President Trump last week in Asheville and requested additional federal assistance, including extending the 100 percent federal cost-share period under FEMA's regulations and additional flexibility to allow for repair of private roads and bridges using FEMA funds.

At a separate joint Senate and House committee meeting, legislators more broadly examined recovery efforts from past disasters, including Hurricane Florence in 2018. Legislators continued to grill representatives from the previously established executive branch office, the North Carolina Office of Recovery and Resiliency ("NCORR"), about the slow pace of those recovery efforts.

NCLM staff remains engaged in the efforts regarding disaster recovery. On Feb. 11, NCLM, NCACC and the western area Regional Councils of Government will host the second meeting of local officials designed to further communication regarding recovery needs and gaps in the recovery effort. You can find information about resources available Helene recovery [here](#).

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## State Cashflow Loans for Disaster

# Response

The Department of the State Treasurer has released [this memo](#) about the cashflow loan program available to local governments affected by Hurricane Helene. The League is working alongside the Treasurer's Office, N.C. Department of Public Safety and the N.C. Association of County Commissioners to develop a working plan for how to disperse the funding, and we will share more information as soon as it is available. The first loans will be calculated based on FEMA Public Assistance Project Worksheets submitted by local governments to the state Division of Emergency Management by Feb. 14, so municipalities are encouraged to submit worksheets by then to ensure access to the funds. In the meantime, if you have questions about the program, please contact [Chris Nida, Director of Technical Assistance for Cities](#). The Treasurer's Office has also updated the [Local Government Commission's Blog](#) with additional information.

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