



# END OF SESSION BULLETIN 2021



WORKING AS ONE.  
ADVANCING ALL.

# DEAR LEAGUE MEMBERS,

It is not an exaggeration to say that the 2021 legislative session was the most successful for cities and towns in well over a decade. In the pages that follow, you will find that success chronicled, with both individual explanations of bills affecting municipalities and overviews to help lay out the larger picture.

The success can be seen in a \$26 billion state budget approved by legislators and signed into law by Gov. Roy Cooper, providing roughly \$2 billion directed to programs benefiting municipalities, such as those that assist in local water and wastewater construction and maintenance. It can be seen in \$170 million directed at affordable housing and more than \$100 million to assist with stormwater programs that help prevent flooding. It can be seen in policing reforms focused on training and pilot programs using mental health professionals working with police departments to address some non-violent situations.

The success also comes in places where it can no longer be seen: Individual bills and policy provisions included in the state budget bill that would have damaged local decision-making authority but that were dropped or not approved.

The session's success didn't happen just this summer, this fall or this year. It was the culmination of nearly a decade of work to better position the N.C. League of Municipalities and member cities and towns with our North Carolina General Assembly. And that was work you did—through phone calls, in-person contacts, at League events, in comments at legislative committee meetings, and by educating yourself and others about the policies that affect all our lives. Working with Public & Government Affairs staff, we have strategically and effectively advanced the narrative that we all know to be true: When cities and towns thrive, North Carolina thrives.

We know that at times this work didn't always seem to take root, that the results were not obvious or immediate.

With the results that we have seen this year, we hope that shows the value of staying connected and coordinating our actions through this organization. Working as one, we can advance all.

And as we move forward, with this influx of resources from the state and the federal American Rescue Plan Act, we want to continue that coordinated work to ensure that we create lasting investments that improve the lives of our residents today and into the future.

We know that much uncertainty remains as we move into a new year. These have not been easy times. But please know how much your involvement has meant, and know that this organization, your North Carolina League of Municipalities, remains here and

steadfast to help navigate both the new and unprecedented challenges that we face, as well as the ongoing ones that have always required our attention.

Thank you for the work that you do every day in your cities and towns, and thank you for your continued work through this organization to better all cities and towns.

Sincerely,

The Officers of the League's Board of Directors



**Karen Alexander**  
President  
Mayor, Salisbury



**Scott Neisler**  
1<sup>st</sup> Vice President  
Mayor, Kings Mountain



**William Harris**  
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**Jennifer Robinson**  
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# LEGISLATIVE SESSION IN CONTEXT

It would be hard to look back in the recent past and find a more successful legislative session for North Carolina's cities and towns. In many ways, that success was the culmination of years of work to make the case for the importance of the state's municipalities to our economy and the need for both investments and local flexibility so that North Carolina can continue to thrive.

The results, of course, were set against a backdrop of one of the most difficult periods in the history of the state and country. The global pandemic had created an extremely challenging year in 2020 for everyone. For local elected leaders, those challenges included uncertainty regarding local tax revenues, addressing public health concerns, and balancing those health concerns with attempting to encourage an economic rebound for industries hurt by COVID-19.

Setting the stage for the legislative session, and the success that it represents for cities, was the passage of the federal American Rescue Plan Act in March — legislation focused in on economic recovery, as opposed to the earlier federal CARES Act focused on COVID response.

The ARPA appropriated \$1.3 billion in direct assistance to North Carolina municipalities over the next two years, but also provided \$5.5 billion for recovery funds to the state. Many of those dollars will make their way to municipalities, through the passage of a state budget, for both specific infrastructure projects and through existing programs focused on infrastructure and other needs. In combination, the assistance offers a once-in-a-generation opportunity to address water, sewer, economic development and quality-of-life needs in cities and towns.

## Finally, a Budget Deal

A final deal on the \$26 billion state budget only came about after weeks of negotiations that began in the summer and moved into the fall. In previous years, legislative leaders and Gov. Roy Cooper had not been able to agree to a comprehensive budget plan, resulting first in vetoes and overrides of those vetoes, and then smaller spending bills that eliminated contentious items once legislative supermajorities (veto-proof margins) had gone away. In 2021, the governor, House Speaker Tim Moore and Senate leader Phil Berger appeared determined to not repeat the same process and to approve a comprehensive state budget.

With an agreement reached in November, the state is poised to spend roughly \$9 billion in infrastructure, with many of those dollars flowing directly and indirectly to cities and towns. One of the biggest beneficiaries of this budget plan will be struggling water and sewer utilities across the state, with \$456.4 million pushed into the state Viable Utility Reserve and over \$1 billion placed into a separate reserve that will flow through the existing Clean Water State Revolving Fund or the Drinking Water State Revolving Fund programs. Another \$103.6 million is appropriated to provide local assistance for stormwater programs, while roughly \$55 million will go to general storm resiliency and other water resource restoration assistance.

Other infrastructure funding includes: \$347 million for various storm mitigation and resiliency projects (mostly individually earmarked), \$115 million for local airport projects, \$50 million for a new Rural Downtown Transformation Grant program, and \$24.2 million for the Parks and

Recreation Trust Fund. An additional \$1 billion was put toward broadband infrastructure, although none of that money was provided directly to municipalities.

In comparison to prior years' spending levels, the budget also took large strides in providing more dollars for affordable housing. The most noteworthy appropriation is a \$170 million investment in the Workforce Housing Loan Program, which provides funding to build affordable housing. By making the program a revolving loan fund, it should also grow the available amounts over time.

## Policy—Here, There, Everywhere

The budget bill also became the primary vehicle by which a lot of public policy changes were approved, with the bill ballooning to 628 pages of text as a result.

For cities and towns, the policy changes included some positives and other changes that are simply noteworthy. The state Historic Preservation Tax Credit Program, so important to redevelopment projects, had the program expiration date extended several more years to 2030. A budget provision created a new employee benefit for firefighters by providing an insurance program for those with cancer diagnoses deemed to be work-related, providing state funding and avoiding a mandate on local employers, and doing so while not creating the cost uncertainty of making changes to workers compensation insurance.

Other policy provisions would require the Local Government Commission to develop a new system for monitoring the fiscal health of local government units and prohibit state agencies and local governments from paying ransom associated with cyberattacks.

By the time of its passage, the policy packed into the budget had also become noteworthy for what wasn't there. After the House budget proposal included provisions to eliminate local stormwater programs, do away with local school siting authority, undermine local short-term rental rules and eliminate local tree ordinances, all of those provisions were dropped. That success came only after a substantial effort by NCLM members to make their concerns known to legislators and how the policy changes would have detrimental effects in local communities.



## The Rest of the Story

While the state budget took up most of the chapters of this legislative session, other important chapters played out earlier. NCLM worked extensively with elections officials and legislators to put together a solution to the problems associated with delayed US Census results and how delays in

data would affect municipal elections in which councils are elected by districts.

Substantial pieces of land-use legislation that would have damaged local decision-making also were defeated, failed to pass or were modified, the most significant being a bill that would have eliminated all single family-only zoning and put severe hurdles in the way of special use zoning that is crucial to mixed-use development.

In the aftermath of 2020's protest of police use of force, criminal justice reform became a key topic. The House chose a piecemeal approach, passing individual bills that required additional mental health training, created a duty to intervene for law enforcement, and required tracking law enforcement de-certifications and FBI background checks prior to hiring officers. Two of the bills were adopted by the Senate and became law. But a larger reform package also took form in the Senate and was passed into law. Among other provisions, it requires police departments to collect information about critical incidents, creates a statutory duty to intervene and report excessive force by law enforcement, adds screening requirements for law enforcement officers and adds to training programs. The legislation also reversed a longstanding presumption that local ordinances could be enforced criminally, requiring that some classes of offenses be designated as civil and that local ordinances specify others if they wish them to be enforced criminally.

Broadband access continued to be a big topic, with legislators putting significantly more money toward a grant program aimed at expanding service through incumbent providers and changing some policies. The FIBER NC Act, which would better enable public-private partnerships involving municipalities to create faster, more reliable service, was re-filed but wasn't heard.

In short, big topics abounded during the 2021 legislative session, both as matters considered in the state budget and separately. It was work by NCLM member cities and towns, their elected and appointed officials, and staff that saw to it that all matters, big and small, added up to a huge success that should reap benefits for years to come.

# LEGISLATIVE GOAL ACHIEVEMENTS

- **GOAL: Secure federal and state aid directly to municipalities to offset all lost revenues due to the Covid-19 pandemic.**

Passage of SB 105, the state budget bill, pushed over \$2 billion to municipalities, as state legislators used a large portion of federal American Rescue Plan Act dollars to address the one-time needs of cities and towns.

- **GOAL: Expand incentives and funding for local economic development.**

Passage of SB 105, the state budget bill, created a new \$50 million Rural Downtown Transformation Grant program, provided \$115 million for local airport projects, pushed \$1 billion to broadband infrastructure, as well as extended the sunset of the Historic Preservation Tax Credit through 2030.

- **GOAL: Ensure state funding for any new, state-mandated benefits for municipal employees.**

Passage of SB 105, the state budget bill, (Sec. 30.4) included state funding for a new employee benefit long sought-after by firefighters—coverage of certain cancers deemed to be work related, with that coverage via an insurance policy. The budget provision avoids changes to the workers' compensation system and funding by municipalities.

- **GOAL: Create a permanent and adequate funding stream for local infrastructure needs.**

Passage of SB 105, the state budget bill, provides nearly \$2 billion for local infrastructure needs, including \$456.4 million put into the new state Viable Utility Reserve and over \$1 billion that will flow into the existing Clean Water State Revolving Fund or the Drinking Water State Revolving Fund programs. Large sums will also go to storm mitigation and resiliency and stormwater assistance.

- **GOAL: Provide funding to keep aging water and sewer systems financially solvent today and viable for the future.**

Passage of SB 105, the state budget bill, provides \$456.4 million put into the new state Viable Utility Reserve and over \$1 billion that will flow into the existing Clean Water State Revolving Fund or the Drinking Water State Revolving Fund programs.

- **GOAL: Improve state-wide funding and support for LEO training focused on use of force, mental health and de-escalation skills.**

Passage of SB 300 Criminal Justice Reform would direct the Law Enforcement Standards Commission to develop uniform statewide minimum standards, assist law enforcement officers with training on mental health strategies, and provide instruction on a duty to intervene in certain use-of-force incidents; Passage of SB 105, the state budget bill, added positions to the Criminal Justice Standards Commission and the N.C. Justice Academy, as well as established a pilot program for three police departments to use mental health professionals to respond to some non-violent situations.

- **GOAL: Increase state and federal funding for affordable housing.**

Passage of SB 105, the state budget bill, increases funding to the state Workforce Housing Loan Program to \$170 million.

- **GOAL: Extend notification timeline for any changes to sales tax revenue disbursement.**

Passage of SB 314 Local Gov Commission Assistance Toolkit would provide at least a full fiscal year notice for municipalities if a county commission votes to change its method for calculating the county-level distribution of local sales taxes.



# **BILL SUMMARIES**

**Bills tracked by the Government Affairs  
Team throughout the 2021 Session**

# BILL SUMMARY – OVERVIEW

Over the course of the 2020 session of the North Carolina General Assembly, the League’s Public and Government Affairs Team tracked 244 bills that had implications for cities and towns, with many of those having significant effects. You will find summaries of many of those 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 here 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, 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.
- **Vetoed:** Bills vetoed by the Governor, with that veto not overridden by the General Assembly.
- **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.

The bills below are divided into five general categories: Tax & Finance, Local Bills, General Government, Planning & Land Use, and Environment and Utilities. If you do not see a bill summarized that you are interested in, please contact any member of the League’s Public and Government Affairs team.

A number of these bills address advocacy goals chosen by cities and towns as their top legislative priorities for the 2021-22 legislative session. You can find an assessment of goal accomplishments earlier in this Bulletin, and a full list of Legislative Goals in Appendix I.

## BILL CATEGORIES



# TAX & FINANCE

[HB 42/SB 36 COVID Relief Bill Modifications](#) (Reps Lambeth, Saine, Arp and Elmore; Sens. B. Jackson, Harrington and Hise) – Law – SL 2021-1 effective various dates; [SB 172 Additional COVID-19 Response & Relief](#) (Sens. B. Jackson, Harrington and Hise) – Law – SL 2021-25 effective various dates

One of the first orders of business for state legislators during the 2021 session was making various changes in the funding streams and deadlines associated with spending federal CARES Act dollars for COVID-19 response. Those changes, made under SB 36, came mostly in response to evolving rules established at the federal level. SB 172 followed and set up the funds and procedures for how federal American Rescue Plan Act dollars, including the \$1.3 billion in direct assistance to North Carolina municipalities, would flow administratively.

[HB 70 Historic School Preservation Act](#) (Reps. Adams, K. Baker, Hardister and Warren) – Passed House; [HB 810 Reenact Film Credit](#) (Reps. Autry, Butler, Belk and Alexander) – Not Passed; [HB 949 Rehabilitation Tax Incentive](#) (Reps. Riddell, Adams, Richardson and Winslow) – Not Passed; [SB 168 Historic School Preservation Grant Funds](#) (Sen. Davis) – Not Passed; [SB 268 Film Grant Fund Appropriation](#) (Sens. Lee, Lowe) – Not Passed

While none of these bills affecting various building rehabilitation project tax credits and film incentives were approved, the state budget bill, SB 105, addressed two key measures sought by advocates. Legislators extended the sunset on the state Historic Preservation Tax Credit program through 2030, helping to create certainty so that future projects would be pursued. (Section 42.7A). The budget also changes thresholds for qualifying for the N.C. Film and Entertainment Grant program, allowing more productions to qualify.

[HB 119 Property Tax Relief for COVID Affected Bus.](#) (Reps. Bradford, Bell, Saine and Hardister) – Not Passed

To help businesses that saw a decline in revenues because of the global health pandemic, some legislators proposed a deferment of property taxes charged to these businesses by local governments. To qualify for the deferment, a business had to have seen either of these two situations: (i) a reduction of at least 25% in gross revenues, or (ii) for retail businesses that collect and remit sales tax, a reduction of at least 25% in sales tax collections. These businesses would then be required to apply for the deferment and could set up a payment plan to pay off the property taxes over several months. The bill also had provisions for situations where a property owner may sell the property during the period of the payment plan and to consider local and state level mandates related to Covid requirements. However, state and local governments have not seen a sharp decline in sales tax collections because of Covid, and in fact, those revenue sources have stayed steady for local governments. Beside the revenue hit, local governments also raised concerns about the administrative hurdles in implementing such legislation.

[HB 273 Modify Builders Inventory Tax Exclusion](#) (Reps. Potts, Bradford, Zenger and Clemmons) – Law – SL 2021-113 effective various dates

This law updated an existing property tax exclusion for builders by adding townhouses to the exclusion. With this tax benefit, builders will not have to pay property taxes on the increased value of townhouse properties they hold for sale, to the extent the increase is attributable to improvements by the builder. Once the property is sold to the actual townhouse owner, the property tax benefit expires.

[HB 555/SB 622 2021 Governor's Budget](#) (Reps. Saine, Lambeth, Arp and Faircloth; Sens. B. Jackson, Harrington and Hise) – Not Passed; [SB 105 2021 Appropriations Act](#) (Sens. B. Jackson, Harrington and Hise) – Law – SL 2021-180, effective various dates

The state budget plan approved by the General Assembly and signed into law by Gov. Roy Cooper should create lasting benefits for cities and towns for years to come, and probably represents the most significant piece of legislation for municipalities in a decade or more. The funding provided for infrastructure in SB 105 was especially noteworthy. In total, over \$9 billion in the state spending plan is focused on infrastructure



spending, with roughly \$2 billion directed to programs that will bring direct benefits to municipalities. One of the biggest beneficiaries will be struggling water and sewer utilities across the state, with \$456.4 million pushed into the state Viable Utility Reserve and over \$1 billion placed into a separate reserve that will flow through the existing Clean Water State Revolving Fund or the Drinking Water State Revolving Fund programs. Another \$103.6 million is appropriated to provide local assistance for stormwater programs, while roughly \$55 million will go to general storm resiliency and other water resource restoration assistance.

Other infrastructure funding includes: \$347 million for various storm mitigation and resiliency projects (mostly individually earmarked), \$115 million for local

airport projects, \$50 million for a new Rural Downtown Transformation Grant program, and \$24.2 million for the Parks and Recreation Trust Fund. An additional \$1 billion was put toward broadband infrastructure, although none of that money was provided directly to municipalities. Much of the infrastructure spending was made possible by the tens of billions of dollars flowing into state government coffers from the federal American Rescue Plan Act. Nonetheless, the appropriations clearly show that legislators and legislative leaders recognized the need to address local infrastructures needs, especially struggling water and wastewater utilities.

Also dropped from an earlier version of the bill were some policy provisions that had the potential to harm local community visions and the economic benefits that flow from them. Damaging provisions affecting local tree ordinances, short-term rental restrictions, local stormwater programs and school sites were removed from the legislation.

In addition to infrastructure funding, the state budget included money for:

- **AFFORDABLE HOUSING:** The most noteworthy appropriation in this category is a \$170 million investment in the Workforce Housing Loan Program, which provides funding to build affordable housing and meets a top legislative goal of city officials. Lawmakers also made this program a revolving loan fund, which will grow the available amounts over time. (Section 29.4)
- **POLICING REFORMS:** Certain municipal police departments will try out a new method of responding to police calls by participating in the Support Team Assisted Response (STAR) Program. This program, funded as a pilot in the budget, meets a goal of city officials to support public safety efforts related to mental health. (Section 19A.13)
- **FIREFIGHTER CANCER COVERAGE:** State funding was included for a new employee benefit for firefighters for coverage of certain cancers deemed to be work-related. The coverage will be provided via an insurance policy run through the N.C. Department of Insurance. Because this new benefit did

not place an unfunded mandate on local employers, it met a legislative goal selected by city officials. (Section 30.4)

- **HISTORIC TAX CREDITS:** In recognition of the success of the historic tax credit program and the need for certainty that the credit would be available in the future, legislators extended the sunset on this program to 2030. (Section 42.7A)

HB 555/SB 622 2021 Governor’s Budget was filed as placeholder legislation reflecting the governor’s budget priorities.

### **[HB 619 Alcohol Bev. Manufacture Sales Tax Exemption](#) (Reps. Moffitt, Richardson, Setzer and Winslow) – Passed House**

This bill would add exemptions for certain items used in the manufacturing of alcoholic beverages to the list of items exempt from state sales tax. Any winery, brewery, or distillery would no longer have to pay a retail sales tax on items they purchase to manufacture their spirits.

### **[HB 709 Taxpayer Protection Act](#) (Reps. Riddell, D. Hall, Pare and Saine) – Not Passed; [SB 717 Taxpayer Bill of Rights](#) (Sens. Newton, Daniel and Rabon) – Not Passed**

Some legislators sought to insert into the state’s Constitution a maximum annual spending limit increase that would track inflation and population growth. HB 709 would establish, through a constitutional amendment, that the maximum annual percentage change in the state’s spending in a fiscal year would equal inflation plus the percentage change in the state’s population in the prior calendar year. SB 717 also included the inflation and population growth tied change, but in addition, would require yearly deposits into a savings reserve or unfunded liability reserve. Also, the bill would require that excess revenue be returned to taxpayers and that tax increases be submitted to a vote of the people. Any increases in taxes at the local government—both among cities and counties—would be subject to a vote of the people. Changes to the Constitution require a three-fifths vote in both chambers followed by a majority vote of the people. The Governor cannot veto a proposed Constitutional amendment. Groups opposed to such legislation in the past have pointed out that tying tax revenue to fluctuating indicators like inflation and population growth limits the ability of governments to address other challenges—such as economic or natural calamities, structural changes because of global shifts and even a global pandemic. Such legislation would also harm local governments by limiting the tax revenue available to counties and towns.



### **[HB 870 Modify Development Tier Designations](#) (Reps. Johnson, C. Smith, Pickett and Gillespie) – Not Passed**

To address a concern among rural counties, a bill was filed to modify the placement of some predominantly rural counties in the state’s economic development and recruitment tier system. Under the bill, any county with 30 percent or more of the county located in a rural census tract (with less than 500 people per square mile) would automatically be excluded from being ranked as one of the 20 lowest counties in the Secretary of Commerce’s ranking of counties according to development factors. These tiers affect how much money counties and municipalities can qualify for under various programs.

## **SB 265 Bond Information Transparency (Sens. Johnson and Ford) – Passed Senate**

Several additional pieces of information would have to be disclosed by a town or city placing a bond proposal before voters in a referendum, according to a bill that has passed the Senate but failed to move in the House. The additional information would include an estimate of the total amount of interest that will be paid on the bonds over the expected term of the bonds; an estimate of the increase in property tax rate, if any, necessary to service the proposed debt; the bond capacity left over in the current fiscal year. In addition, the bill would allow the Secretary of the Local Government Commission (LGC) to disclose events that will or may have a material, adverse effect on the financial health, operations, or internal controls of the unit of local government or public authority within 30 days after the occurrence of such events. Under the legislation, local governments would also submit to providing additional reports and the LGC would have authority to notify the State Treasurer if local units fell behind on providing periodic reports. Much of the opposition to the bill centers around the lack of clarity around the additional information that must be provided by the local governments. Local governments could end up unwittingly providing outdated or incorrect information that could make the local government subject to claims of misrepresentation while selling bonds.

# LOCAL BILLS

[HB 19 Remove Various Satellite Annexation Caps](#) (Reps. Sasser and Moss) – Law – SL 2021-101, effective Aug. 9, 2021; [HB 24 Chimney Rock/Lake Lure Deannex-Annex](#) (Rep. Torbett) – Law – SL 2021-152, effective Sept. 16, 2021; [HB 50 Calypso Annexation](#) (Rep. Dixon) – Law – SL 2021-98, effective June 30, 2022; [HB164 Greensboro/Deannexation; Rockwell/ No Sat Annex Cap](#) (Rep. Hardister) – Law – SL 2021-17, effective various dates; [HB 385 Town of Sunset Beach/Deannexation](#) (Rep. Iler) – Not Passed; [SB 41 Remove Certain Satellite Annexation Caps](#) (Sen. Alexander) – Law – SL 2021-87, effective July 15, 2021; [SB 120 Town of Vass/Cap on Satellite Annexations](#) (Sen. McInnis) – Not Passed; [SB 122 Town of Spruce Pine & Weaverville Deannex](#) (Sen. Hise) – Law – SL 2021-96, effective July 26, 2021; [SB 171 Belville/Wingate Sat. Annex./Other Deannex](#) (Sen. Johnson) – Law – SL 2021-21, effective various dates; [SB 225 Autryville Annexation](#) (Sen. Jackson) – Not Passed

Nearly all local bills affecting annexations and de-annexations this session were not controversial, with most having been requested by local officials. The one exception was in the Town of Sunset Beach, where HB 385 would have de-annexed 30 acres within the town limits, with the land being eyed for new development. The bill came in response to a dispute between developers, wanting less restrictive density and other land-use rules, and the town officials, who had passed more restrictive rules at the behest of residents who wanted to limit growth to detached, single-family homes. The bill ultimately was not approved.

[HB 30/SB 71 Town of Southern Shores/Eminent Domain](#) (Rep. Hanig; Sen. Steinberg) – Law – SL 2021-14, effective April 27, 2021

This legislation added the Town of Southern Shores, in Dare County, to the nearly two dozen municipalities which have the ability to use their condemnation powers to control for beach erosion and beach renourishment.

[HB 35 Various County Public Notices](#) (Reps. Warren, Adams and Hanig) – Not Passed; [HB 51 Eastern Counties/Public Notices](#) (Reps. Penny, Goodwin, Kidwell and Hunter) – Not Passed; [HB 357 Gaston County Public Notice](#) (Rep. Torbett) – Not Passed

Several local bills were filed that would have eliminated the need for local governments in some areas to advertise certain public notices in newspapers, allowing the same to instead simply be posted on the local governments' websites. The three bills, affecting local governments in a total of 24 counties in the state, were not approved.

[HB 239 Additional North Topsail Occupancy Tax](#) (Rep. Shepard) – Not Passed; [HB 412 Maggie Valley/ Canton Occupancy Taxes](#) (Reps. Pless and Clampitt) – Passed House; [HB 441 Require Ad Valorem LOST Distrib./Carteret](#) (Rep. McElraft) – Not Passed; [HB 442 Seasonally-Adjusted LOST Distrib./Carteret](#) (Rep. McElraft) – Not Passed; [HB 443 Indian Trail/Stallings Occupancy Tax Auth](#) (Rep. Arp) – Not Passed; [SB 179 Asheville Local Option Sales Tax for Transit](#) (Sen. Mayfield) –Not Passed; [SB 247 Pineville Local Option Sales Tax](#) (Sen. Salvador) – Not Passed; [SB 293 Increase Wilkesboro Occupancy Tax](#) (Sen. Ballard) – Not Passed

A number of local bills were filed to establish or increase local occupancy taxes, or that otherwise affect local taxes and their distributions. While some of the occupancy tax bills were approved in the House, none were passed into law.

[HB 282 Mount Airy/Even-Year Elections](#) (Rep. Stevens) – Law – SL 2021-27, effective June 2, 2021; [SB 51 Even-Year Elections Craven Local Gov'ts](#) (Sen. Sanderson) – Law – SL 2021-39, effective June 16, 2021; [SB 288 Rutherford College/Bd of Ed. Burke/Caldwell](#) (Sen. Daniel) – Law – SL 2021-51, effective June 23, 2021; [HB 387/SB269 Vacancies Durham/Cary 2021 Elections](#) (Reps. Hawkins, Alston and Reives/Sens. Murdock and Woodard) – Not Passed; [HB 37 Establish Two At-Large Seats/W-S City Council](#) (Reps. Lambeth and Zachery) – Not Passed

With US Census delays forcing some municipalities to delay elections until next year via statewide legislation, others took the opportunity to permanently move their elections to even-number years via local bill. Mount Airy, Rutherford College, Havelock, Trent Woods, River Bend, Dover, Cove City and Bridgeton will all see elections moved to even-numbered years. In addition, two local bills that did not pass were filed affecting elections and the composition of councils in Durham, Cary and Winston-Salem.

[HB 399 Asheville/Law Enforcemt Civilian Review Board](#) (Reps. Fisher, Agner and Turner) – Not Passed; [SB109 Law Enforcement Recordings/Winston-Salem](#) (Sen. Lowe) – Not Passed; [HB 421/SB193 Charlotte Citizens Review Brd Subpoena Power](#) (Reps. Autry, Harris, Belk and Brown/Sens. Marcus, Mohammed and Salvador) – Not Passed; [SB 216 Release of LEO Recordings/Greensboro](#) (Sens. Robinson and Garrett) – Not Passed



As a number of statewide bills were considered in the General Assembly in response to law enforcement-related concerns and the 2020 protests of police-involved shootings, several local bills affecting law enforcement oversight were also filed. The local bills would have affected the creation and powers of civilian review boards, as well as how police camera recordings can be reviewed and made public. None of these local bills were approved, but several statewide laws were changed affecting law enforcement standards, training, resources and counseling. NCLM assisted with guidance and recommendations on some of the statewide bills filed.

[HB 802 Pilot STAR Programs](#) (Reps. Farkas, Hardister and Brown) – Not Passed

This legislation creates pilot programs in the cities of Charlotte, Greensboro and Greenville to allow police departments in those cities to begin using mental health professionals to respond to certain types of nonviolent situations. The pilot programs will require that reports are made back to the General Assembly's Joint Legislative Oversight Committee on Justice and Public Safety next spring to gauge their progress and effectiveness. Although this individual bill was not approved, its provisions were rolled into the state budget bill, [SB 105](#), and passed into law. The provisions can be found in Sec. 19A.13.

**[SB 245 Town of Davidson/Trees Ordinances](#) (Sen. Marcus) – Not Passed; [SB 254 Holly Springs Charter/Tree Ordinances](#) (Sen. Batch) – Not Passed**

These two bills would have changed aspects of local legislation under which the towns of Davidson and Holly Springs regulate trees and their removal. The two bills, neither of which were passed, were filed as other statewide legislation sought to deny municipalities the authority to regulate trees by local ordinance and eliminate those currently on the books except by local bills approved by the General Assembly. The statewide bill was ultimately approved by the House but not by the Senate, and an identical provision proposed in the state budget was dropped.

**[SB 252 Cornelius Affordable Housing Funds](#) (Sen. Marcus) – Not Passed**

This local bill would have provided \$150,000 in state funding to create a comprehensive re-development plan focused on the building of more affordable housing for the Town of Cornelius. It did not pass.

# GENERAL GOVERNMENT

[HB 7 Protect City Employees from Retaliation](#) (Reps. Hanig, Bradford and Hardister) – Not Passed; [SB 697 Law Enforcement Officer Fairness Act](#) (Sens. Alexander and Steinburg) – Not Passed

Local government employment protection bills fared poorly at the General Assembly this session. An anti-retaliation bill would have mandated that towns and cities adopt an employment policy encouraging employees to report law violations and provided protections from employment actions for those that did. The bill passed three House committees—Local Government, Judiciary and Rules—but was pulled from the calendar just prior to facing a floor vote in the House. Towns and cities opposed the bill because it would make it difficult to fire “bad apple” employees and would have resulted in expensive litigation over retaliation claims. The

actions of city officials that called and emailed their respective legislative delegations in opposition to the bill made a significant impact on the outcome of debates. In the last legislative biennium, a similar bill passed the House almost unanimously but did not receive a hearing in the Senate. Another bill that would have required a showing of “just cause” following a disciplinary process and hearings before a board or hearings officer prior to firing of a local government employee. All affected municipalities would have to adopt these procedures through an ordinance, which would also lay out the powers and duties of the hearing officer or review board and establish a policy for dismissals and grievance hearings for law enforcement. The bill did not make any progress.



[HB 13 State Search and Rescue Funding](#) (Rep. Davis) – Not Passed; [HB 775 Fund Law Enforcement/ Detention/ Corrections](#) (Reps. McNeill, Faircloth, Boles and C. Smith) – Not Passed; [SB 565 Supporting Law Enforcement](#) (Sens. Batch, Crawford and Garrett) – Not Passed; [SB 566 Investing in Law Enforcement](#) (Sens. Batch, Garrett and deViere)

As lawmakers discussed changes to criminal justice laws, an area that also received attention was increasing funding for law enforcement. In the budget adopted by the General Assembly and signed by the Governor, lawmakers apportioned \$2 million toward search and rescue funding. The funds were proposed in HB 13, which asked that \$1 million be nonrecurring funds and that the funds were to be used “to supplement local funds to purchase equipment, maintain equipment, and provide other items necessary to ensure statewide search and rescue services.” Over the course of the session, NCLM made recommendations to lawmakers about increased funds for law enforcement. Two bills, SB 565 and SB 566, were filed that included many of the recommendations from the League.

[HB 36 Protect Those Who Serve and Protect Act](#) (Reps. Hastings, Saine, C. Smith and K. Baker) – Passed House; [HB 234 Assault LEO/Require Destruction of Firearm](#) (Rep. Torbett) – Passed House; [HB 304 Protect Personal Info/LEOs, Judges, DAs](#) (Reps. McNeill, Hardister, Faircloth and Miller) – Passed House; [HB 321 Restoration of Law and Order Act](#) (Reps. Pittman, Brody, Kidwell) – Not Passed; [HB 418 Threaten LEO or Correctional Officer](#) (Reps. Faircloth, McNeill, Greene and Miller) – Passed House; [HB 761 Police Vehicle and Equipment Protection Act](#) (Reps. Blackwell, Faircloth, Boles and McNeill) – Law – SL 2021-167 effective various dates

Protecting the lives and property of law enforcement was an important issue for lawmakers. A slew of bills was filed that sought to increase penalties for crimes that harmed law enforcement officers or their equipment. HB 36 raised penalties for discharging a firearm into a parked emergency vehicle. HB 234 would

require destruction of a firearm if it was used in causing death or serious bodily injury to a law enforcement officer. HB 304 would require local court officials to remove personal information from official web sites if it involved addresses belonging to law enforcement personnel, prosecutors, public defenders or judicial officers. HB 418 would increase penalties for threatening a law enforcement officer or correctional officer. While several pieces of legislation advanced, they stopped short of reaching the finish line. HB 761 Police Vehicle and Equipment Protection Act was one of few that became law. SL 2021-167 increased the penalty to a class H felony for the act of breaking and entering into certain law enforcement vehicles. The legislation also made technical changes to two previously adopted session laws.

**[HB 62 Gov. Immigration Compliance/ Enjoin Ordinances](#) (Reps. Cleveland, Warren and Clampitt) – Passed House**

As some major U.S. cities got the reputation of being “sanctuary cities” for refusing to co-operate with federal immigration authorities, a bill was introduced that could penalize North Carolina cities that limited or restricted federal immigration authorities. The bill would allow ordinary citizens to bring lawsuits in Superior Court charging that a city policy was limiting or restricting U.S. immigration laws and if successful be able to obtain compensation for the claim. Critics raised concerns about a proliferation of lawsuits and constitutional concerns with such a bill. While the bill passed the House, it was not taken up in the Senate.

**[HB 64 Govt. Transparency Act of 2021](#) (Reps. Sauls and Strickland) – In Conference; [HB 776 Remote Notarization/Govt. Transparency](#) (Reps. D. Hall, Davis, Hardister and Reives) – In Conference; [SB 355 Govt. Transparency Act of 2021](#) (Sens. Sanderson, Rabon and Krawiec) – Not Passed; [SB 473 Enhance Local Govt. Transparency](#) (Sens. Barnes, Sanderson and Edwards) – Law – SL 2021-191 effective various dates**

Local government transparency and ethics received plenty of attention from legislators, with the General Assembly advancing a bill to Governor Cooper’s desk that would make it a felony for local elected officials to financially gain by receiving improper benefits from the local government they represent. SB 473, signed into law during the final days of the legislative session, prohibits local officials from voting on or taking actions that advance a contract or award to a non-profit organization with which they have an association. A violation of that provision would be a misdemeanor. The broad language of the nonprofit provision, in combination with local leaders often being called to provide leadership for and serve on nonprofit boards, could have significant consequences for how municipal and county governing boards approve annual budgets, which sometimes include a list of itemized appropriations for local nonprofits, and even that funding itself. It also could affect the ability of local nonprofits to recruit community leaders to serve on nonprofit boards. Other legislation considered, including HB 64, which was approved by both legislative chamber but with changes that had to be negotiated, would provide more information to the public regarding personnel actions involving state and local government employees.

**[HB 160/SB 275 Retirement Service Purchase Rewrite Part II.-AB](#) (Reps. McNeill and C. Smith; Sens. Alexander and Burgin) – Law – SL 2021-57 effective January 1, 2022; [SB 303 Retirement Service Purchase Rewrite Part II.- AB](#) (Sen. Alexander) – Not Passed; [HB 392 Ret. Svc Purchase/Omitted Membership Service](#). (Reps. Belk, Hurley, Gill and Martin) – Passed House**

A variety of bills were requested by the Office of State Treasurer to address service purchase requirements for the State’s pension systems. HB 160 became law and amends service purchase requirements for the state’s pension systems, including the Local Governmental Employees’ Retirement Systems (LGERS) and apply to the purchase of creditable service occurring on or after that date.

**[HB 163 Treasury Administrative Changes.-AB](#) (Reps. C. Smith, McNeill, Riddell and Cleveland) – Law – SL 2021-58 effective June 28, 2021; [SB 310 Treasury Administrative Changes.-AB](#) (Sens. McInnis, Alexander and Chaudhuri) – Not Passed**

Requested by the Office of State Treasurer, HB 163 became law and makes various clarifying and administrative changes to the statutes affecting the State's Treasurers Investment Programs and the Local Government Commission (LGC). Provisions of interests include:



- Amends the statutes on public-private partnership construction contracts to require a unit of local government to get approval from the LGC for the amount financed by a unit of local government when a development contract is entered into by a unit of local government and the unit finances all or part of its portion of the cost of the project. This approval must be secured prior to the execution of the development contract.
- Enacts local government budgetary accounting language pertaining to the use of an automated system for preaudit and the annual certification of that automated preaudit system.
- Amends statutes pertaining to the enforcement of the local government finance chapter as it relates to the General Assembly suspending the charter of a municipality, providing that if a unit of local government or public authority fails to submit annual audit reports, the LGC is authorized to waive the audit requirements based on specified criteria. If the LGC waives the annual audit requirement, they must consider making a recommendation to the General Assembly or other organizing body for revocation of the charter or dissolution of the unit of local government or public authority.

**[HB 165 DOT Legislative Changes.-AB](#) (Reps. B. Jones, Iler and Shepard) – Law – SL 2021-185, effective various dates**

HB 165 makes changes to various laws affecting road and transportation funding, driver restrictions and rules, and Department of Transportation operations, with several of them requested by the agency. Significantly for local governments, it would make some changes to how certain formulas are applied for transportation planning funding and for how variations are applied to the State Transportation Improvement Plan funding formula. Another section expands dollar threshold under which informal bidding procedures can be used for construction and repairs with the Small Business Enterprise program. The threshold will be increased from \$500,000 to \$1 million, a move expected to speed up those projects. Another section expands the yearly cap for the department to pay Map Act claims from \$150 million to \$300 million. Finally, the bill also would wade into a dispute between the City of Durham and a local charter school by requiring that adjacent street right-of-way could be used for the loading and unloading of students as long as driveways and nearby road accesses were not blocked.

[HB 168/SB 276 Retirement Administrative Changes Act of 2021.-AB](#) (Reps. C. Smith, Kidwell and McNeill; Sens. Alexander and Burgin) – Law – SL 2021-75 effective July 1, 2021; [HB 175/SB 277 Ret. & Treasury Tech. Corrections Act of 2021.-AB](#) (Reps. Gill, McNeill and C. Smith; Sens. Alexander and Burgin) – Law – SL 2021-60 effective July 1, 2021.

The Office of State Treasurer requested a variety of bills to make administrative and technical changes to statutes governing their operations. HB 168 became law and amends the State’s pension systems, including the Local Governmental Employees’ Retirement System (LGERS), regarding contribution-based benefit cap (CBBC) liabilities, a clarification of withdrawal liabilities, and the requirement to adopt written policies on special separation buyouts. Specifically, the law allows CBBC liabilities to LGERS to be paid into a trust for post-employment benefits. In regard to special separation buyout policies, the law amends current law regarding LEO buyouts to require that prior to the transfer of a buyout to LGERS, the local government employer is required to have a written policy adopted that does not allow employees to choose between accepting the lump sum separation buyout as a cash payment or transferring the lump sum buyout to LGERS. SB 277 became law and makes various technical and clarifying changes to the Local Government Commission among other areas of the law.

### [HB 213 Kelsey Smith Act](#) (Reps. Hurley, McNeill, Carter and C. Smith) – Passed House

To ensure that law enforcement could trace location data for a missing person, a bill was introduced that would require wireless service providers to provide call location data concerning the telecommunications device of a user to the requesting law enforcement agency or public safety answering point. Named after a victim who could have been helped if the law was in existence, the bill was unanimously approved in the House. However, the Senate did not take up the bill. The proposed legislation would also provide immunity to wireless providers for providing the requested information if they reasonably relied on such a request.

### [HB 278 Sunset ABC Board Participation in LGERS](#) (Reps. McNeill, Moffitt) – Law – SL 2021-59 effective June 28, 2021

HB 278 will no longer allow local Alcohol Control Boards not currently enrolled in the Local Governmental Employees’ Retirement System (LGERS) to do so.

### [HB 289 DIT/Broadband Mapping—Funds](#) (Reps. Arp, Reives, McElraft and Lambeth) – Passed House; [HB 947 The G.R.E.A.T. Broadband Expansion Act](#) (Reps. Arp, Lambeth, Saine and Johnson) – Passed House; [HB 950 Expand Broadband-Unserved/Underserved Areas](#) (Reps. Gillespie, Saine, Farkas and Wray) – Not Passed; [SB 517 Innovative Statewide Broadband Infrastructure](#) (Sens. Newton and Chaudhuri) – Not Passed

Lawmakers proposed numerous changes this session to the state’s existing broadband infrastructure grant program, known as the G.R.E.A.T. grant program. These changes became formalized in the state budget (SB 105 2021 Appropriations Act, SL 2021-180, Section 38.8). They included HB 289 DIT/Broadband Mapping—Funds, which appropriated funds the N.C. Department of Information Technology to prep statewide broadband maps and set the department as the sole source of broadband mapping for state agencies. Funding for this project comes amid widely discussed accuracy problems with the Federal Communications Commission’s broadband map. Meant to be a serious resource, it often portrays high-speed internet service where there is none. SB 517 mirrored this language regarding broadband service mapping.

Both HB 947 G.R.E.A.T. Broadband Expansion Act and HB 950 Expand Broadband-Unserved/Underserved Areas authorized counties to serve as pass-through entities and contribute a portion of their federal Amer-

ican Rescue Plan Act funds to private internet service companies for small-scale broadband infrastructure projects in qualifying areas. Ultimately, a version of the language in HB 947 passed into law in the state budget (SB 105 2021 Appropriations Act, SL 2021-180, Section 38.6). Other changes to the G.R.E.A.T. grant program contained in HB 947 also became law in Section 38.1 of the state budget.

**[HB 326 ENOUGH Gaming Machines](#) (Reps. Hurley, McNeill, Brisson and Carter) – Not Passed; [HB 954 Video Lottery Entertainment](#) (Reps. Warren, Moffit, Hunter and Wray) – Not Passed; [SB 498 Gaming Machine Enforcement Act](#) (Sens. Johnson and Perry) – Not Passed**

Video poker and gaming machines and how to regulate them has always been controversial in North Carolina. That remained the case this session as several bills were filed to regulate the industry, but none made it very far as they got bogged down by opposition from public safety advocates and social conservatives. While some video poker operations operate in various towns and cities, opponents maintain that such operations are illegal. Bills were filed to legalize such operations while at the same time allowing the state and local governments to benefit from the tax revenues coming from such operations. Opposition came from public safety advocates who assert that legalizing this industry will only attract organized crime elements to the state and produce public safety challenges for local law enforcement. Social conservatives asserted that such operations are nothing more than gambling houses as these games are purely games of chance without any skill involved.

**[HB 404 Immunity for 911 Dispatchers](#) (Reps. Zachary and Warren) – Law–SL 2021-181 effective various dates**

Legislation was passed this session to increase liability protection for employees working as 911 dispatchers and other emergency response customer service positions. SL 2021-181 aims to make clear that Public Safety Answering Point (PSAP), regional PSAP, and their employees, directors, officers, vendors, and agents and employees of a law enforcement agency who are certified by the North Carolina Sheriffs' Education and Training Standards Commission are not liable for any damages in a civil action resulting from death or injury to any person or from damage to property incurred by any person in connection with developing, adopting, implementing, maintaining, or operating the 911 system. This includes tasks such as call taking, dispatching, radio operations, data terminal operations, or any combination of these call taking functions or in complying with emergency-related information requests from State or local government officials. Only in instances where there is found to be gross negligence, or wanton or willful misconduct, will the immunity be lost. Between the House and the Senate, the bill only received only three “no” votes.

**[HB 417/SB 381 The Sergeant Mickey Hutchens Act](#) (Reps. Zenger, Pare, Lambeth and Hardister; Sens. Perry, Steinburg and Krawiec) – Passed House; [SB 72 Advanced Cert. Service Purchase Options/LEOs](#). (Sen. Steinburg) – Not Passed**

Several bills were filed to allow law enforcement members with at least five years of service and an advanced certificate in law enforcement to purchase up to four years of creditable service in the retirement system. HB 417 was the only one considered, and since the bill allows law enforcement officers to retire up to four years earlier than before, it also extends the time a local government employer would be paying the Special Separation Allowance to a retired officer, imposing up to \$2.9 million in additional annual costs to local government employers. HB 417 passed the House but not the Senate.

[HB 436 Support Law Enforcement Mental Health](#) (Reps. K. Baker, Szoka and Hunter) – Law – SL 2021-136 effective various dates; [HB 532 Criminal Justice Equity Act of 2021](#) (Reps. Morey, Gailiard and Quick) – Not Passed; [HB 536 Law Enforcement Duty to Intervene](#) (Reps. Szoka, K. Baker and Hunter) – Law – SL 2021-137 effective various dates; [HB 547 Use Law Enf. Decert. Index](#) (Reps. Szoka, K. Baker and Hunter) – Passed House; [HB 548 Duty to Report Giglio Information](#) (Reps. Szoka, K. Baker and Hunter) – Passed House; [HB 560 Public Safety Reform](#) (Reps. Boles, A. Jones, Logan and McNeill) – Passed House; [HB 607 LEO Background Checks/FBI Rap Back Services](#) (Reps. McNeill, C. Smith, Greene and Miller) – Passed House; [HB 738 Recodification of Criminal Laws](#) (Reps. Riddell, Reives, Stevens and Morey) – Passed House; [HB 757 Police Use of Force Transparency Act](#) (Reps. Szoka, K. Baker and Howard) – Not Passed; [HB 786 Enhance Local Response/Mental Health Crisis](#) (Reps. Autry, Lambeth, White and Ball) – Not Passed; [HB 910 Law Enforcement Conduct Act](#) (Reps. Logan, Morey and K. Smith) – Not passed; [SB 300 Criminal Justice Reform](#) (Sens. Britt, Daniel, Lee) – Law – SL 2021-138 effective various dates; [SB 455 Decriminalize Non-statutory Offenses](#) (Sens. Britt, Mohammed and Lee) – Passed Senate; [SB 655/ SB 712 State Implicit Bias Training Initiative](#) (Sens. Waddell and Murdock; Sen. Foushee) – Not Passed; [SB 656 Equity in Justice Act](#) (Sens. Mohammed, Chaudhuri, Murdock) – Not passed; [SB 682 Citizens Review Board](#) (Sens. deViere, Chaudhuri, Foushee) – Not passed

Criminal justice reform was top of mind for legislators this year and at the start of session, with several bills filed and several making it to the finish line. In the previous year, several legislative and executive branch commissions had examined issues of police accountability and responses by law enforcement that resulted in death or serious injury. Tens of recommendations had been made. Ultimately, the House chose a piecemeal approach passing individual bills that required additional mental health training, created a duty to intervene for law enforcement and required tracking law enforcement de-certifications and FBI background checks prior to hiring officers. Two of those were also adopted by the Senate (SL 2021-136 and SL 2021-138) and became law. In the end, the major criminal justice reform package came in the form of SB 300 Criminal Justice Reform, which became the vehicle to pass comprehensive reform measures. The 21-part legislation enacted as SL 2021-138 adopted many of the same provisions as the House bills but included many additional measures.

The legislation will require that police departments are required to collect information about critical incidents, i.e., an incident involving use of force by a law enforcement officer that results in death or serious bodily injury. Every law enforcement division is required to create an early warning system, recording instances of use of force, discharge of a firearm etc. The legislation also creates a statutory duty to intervene and report excessive force by law enforcement. Applicants to law enforcement positions will have to undergo background checks, psychological screenings and provide fingerprints. In addition, towns and municipalities were particularly impacted by provisions that would decriminalize certain ordinances. The legislation reversed a longstanding presumption that local ordinances could be enforced criminally. Effective Dec. 1, 2021, counties and municipalities are required to specify in their ordinances if there are criminal penalties. A set of statutory areas—mostly in business and commercial matters— were classified as out of bounds for local criminal enforcement. New statutory defenses were also added, allowing violators to show lack of a similar violation within 30 days of the original violation and efforts to seek treatment



for mental health or other ailments as defenses to any violation claims. A new recodification commission has also been established to make recommendations to the General Assembly regarding a principled code including all local ordinance crimes. The League has produced an in-depth guidance document to assist local governments with implementing this legislation.

**[HB 448/SB 374 Auth. Use of Blue Lights on Fire Apparatus](#) (Reps. Potts, Boles and Moss; Sens. Jarvis, Ford and Perry) – Passed House**

An effort to allow fire trucks responding to an accident to highlight their presence by a blue light failed after it ran into opposition from law enforcement. This bill would have allowed the use of blue lights on the rear of an “automotive fire apparatus” when the parking brake is engaged, and the on-scene lights are activated. The goal was to enhance safety by allowing passing motorists to be warned and potentially slow down upon seeing a flashing blue light. However, law enforcement, which also uses a flashing blue light in similar situations, raised concerns about confusion with police activity. The bill passed the House but did not get a discussion in the Senate.

**[HB 492 WC/Psych Trauma-Related Injuries](#) (Reps. White, K. Baker, Cunningham and Clampitt) – Passed House**

To address post-traumatic stress concerns among first responders such as law enforcement officers, firefighters or 911 dispatchers, legislators considered a bill that would put into law a way to address these cases. The bill creates a presumption that, for any first responder diagnosed with a posttraumatic stress disorder, the illness would be considered work-induced, and the first responder would be entitled for compensation under the workers compensation system. The first responder would have to be examined by a health care provider to establish a link between posttraumatic stress disorder and work activities. The bill passed the House without a single “no” vote.

**[HB 535 Firefighters Fighting Cancer Act of 2021](#) (Reps. D. Hall, Bell, Saine and Hardister) – Not Passed; [SB 472 Expand Occup. Cancer Benefits/Firefighters](#) (Sens. Johnson and Perry) – Not Passed**

HB 535 would provide state-funded supplemental insurance benefits to firefighters with cancer, matching a solution that the NC State Firefighters Association developed with the support of the League of Municipalities. Under the bill, all firefighters in the state would receive a \$25,000 lump sum benefit to use for any purpose and \$12,000 to spend on out-of-pocket medical costs upon a diagnosis of an eligible cancer; the supplemental insurance would also provide a disability benefit. The Senate suggested a different proposal with SB 472 in which the Industrial Commission would establish a trust account to reimburse firefighters diagnosed with cancer the costs of cancer related medical expenses. While neither bill passed, a 1.5-year pilot program for supplemental benefits (that was substantively similar to HB 535) was included in the state’s budget (SB 105/SL 2021-180 2021 Appropriations Act, Sec.30.4A) for any cancer diagnosis after January 1, 2022.

[HB 576/ SB 646 Marijuana Justice and Reinvestment Act](#) (Reps. Meyer, R. Smith, Ager and Brown; Sens. Chaudhuri, Woodard and Foushee) – Not Passed; [HB 617 Cannabis Legalization & Regulation](#) (Reps. Autry, Dahle, Harrison and Hawkins) – Not Passed; [SB 669 Enact Medical Cannabis Act](#) (Sens. Nickel, Murdock and Marcus) – Not Passed

A few bills were filed related to legalizing marijuana possession and use in the state even as the movement grew nationally for federal recognition of the banned substance. Several bills were filed in the General Assembly with goals as broad as permitting full scale use of recreational marijuana to more limited efforts, such as only allowing use for medical purposes. Some bills had provisions that would allow local governments to issue ordinances to regulate and manage the use of marijuana if they did not conflict with state law. A local option sales tax was also permitted that would allow municipalities to collect up to 3 percent of the sales price. On-site local establishments would also have to obtain permission from local governments, who would be permitted to charge a fine for violations of ordinances, under these provisions. Under the medical marijuana portion, individuals would have to obtain a registry identification card to avail of the product once it was prescribed by a physician to treat an ailment. These provisions would also require expungement from criminal records of earlier marijuana violations.

[HB 583 Give LGERS Retirees 2% Bonus](#) (Reps. Hardister, Pickett, Pare and Adcock) – Not Passed

This bill would give retirees in the Local Government Employees Retirement System (LGERS) a 2 percent, one-time supplement payment, which would increase the liability to the system by \$35.4 million and would be an unfunded mandate to local government employers. It was not considered by the House.

[HB 647 Enhanced In-Service Retirement for LEOs](#) (Reps. McNeill and Potts) – Passed House

This bill would allow certain retired law enforcement officers to be re-employed as a resource officer or as an elected sheriff without suspension of their Local Governmental Employees' Retirement System (LGERS) benefits. This bill passed the House but was not voted on in the Senate.

[HB 698/ S510 Release Body-Worn/Dashboard Camera Video](#) (Reps. Quick, Hunter, Gailliard and Clemmons; Sens. Clark, deViere and Mohammed) – Not passed; [HB 932 Body-Worn Camera Recordings](#) (Reps. Brockman, Hawkins, K. Smith and Hunter) – Not passed; [HB 937 Automatic Police Body Cam Analysis](#) (Rep. Alexander) – Not passed; [SB 300 Criminal Justice Reform](#) (Sens. Britt, Daniel and Lee) – Law – SL 2021-138 effective various dates

An effort to modify the process for viewing video recordings by law enforcement gathered strength as a police shooting in Elizabeth City led to further calls for change. While several bills were filed to improve on the state law that permits such viewing, the changes ultimately got enacted in the omnibus criminal justice reform legislation (SL 2021-138). Previously, law enforcement made the initial determination as to whether such video was released to victims or their family. As a result of the legislation, a Superior Court judge will now have to make the determination. Upon receipt of a request from the victim or a family member to view such recordings, law enforcement will have three business days to submit the footage to a judge who will decide whether the footage must be disclosed, with or without redactions. City attorneys say the 3-business day requirement to produce the video could present a challenge for law enforcement to download the video and provide hours of footage to a judge. They recommend ensuring that law enforcement has in storage high-capacity thumb drives with the capability to store such footage and provide it to a judge in a timely manner. The legislation also penalizes individuals that make unauthorized copies and disclosures of such recordings.

**[HB 741 Line of Duty Death Benefits for 911 Operators](#) (Reps. Boles, Miller, Logan and Willingham) – Passed House**

This bill proposed to provide line of duty death benefits to telecommunicators when their death occurs as a direct and proximate result of a heart attack or stroke that occurs in the course of employment. This bill passed the House but not the Senate.

**[HB 705 Set \\$15 Minimum Wage for First Responders](#) (Reps. Everitt, Turner, Cooper-Suggs and Gailliard) – Not Passed; [HB 846 25-Year Retirement for First Responders](#) (Reps. Saine and Clampitt) – Not Passed; [HB 944 Firefighter & RSW Sep. Allowance & Trust Fund](#) (Reps. Saine, Clampitt, C. Smith and Setzer) – Not Passed**

A variety of bills were introduced this session to provide increased pay or benefits to first responders, but none received consideration. HB 705 would have mandated that all first responders in the state have a minimum wage of \$15 per hour and would have appropriated funds to temporarily offset the cost to employers. HB 846 would allow first responders in the Local Government Employees Retirement System (LGERS) to retire with an unreduced benefit at any age with 25 years of service. This proposal would be a significant unfunded mandate on local government employers because it would increase the liability to the LGERS system by \$378 million, and any new liability to the LGERS system is funded by increases to the employer contribution rate. HB 944 would have given firefighters a retirement benefit in addition to their pension called a “special separation allowance” (SSA) and would establish a trust fund within the Department of State Treasurer for state funds to be appropriated to in order to cover the cost of the SSA.

**[HB768 LRC ABC Study Law](#) (Rep. Moffitt) – Passed House**

This study bill would direct the Legislative Research Commission (LRC) to examine the Alcoholic Beverage Control (ABC) laws in the state. The bill details different required components for the LRC to consider, but ultimately allows them to study anything that it sees as relevant to the ABC system. This legislation follows a bill that was introduced last session calling for the privatization of the ABC system and the consolidation of local boards.

**[HB781 Bring Business Back to Downtown](#) (Reps. Moffitt, Reives, Tyson and Moss) – Passed House**

This bill deals with social districts and a municipality’s ability to adopt ordinances allowing them. It establishes requirements for social districts designated by a municipality. Social districts are defined as a defined outdoor area in which a person can consume alcoholic beverages sold by a permittee. A permittee is defined as an establishment that contains a permit allowing the consumption or sale of alcohol on the premises.

**[HB 805 Prevent Rioting and Civil Disorder](#) (Reps. Moore, McNeill, Miller and Sauls) – Vetoed; [SB 238 Life & Property Protection Act](#) (Sens. Johnson, McInnis and Craven) – Not passed**

One powerful lawmaker personally witnessed acts of violence in the City of Raleigh during nationwide protests over criminal justice issues. House Speaker Tim Moore was at his downtown Raleigh condo where he said he saw individuals cause property damage and harm the livelihoods of small business owners. In

response Speaker Moore introduced HB 805 that would increase penalties for rioting and civil disorder. HB 805 passed the House and Senate but was vetoed by Gov. Roy Cooper. “People who commit crimes during riots and at other times should be prosecuted and our laws provide for that, but this legislation is unnecessary and is intended to intimidate and to deter people from exercising their constitutional right to peacefully protest,” Gov. Cooper said in his written message.

### **[HB 812 Clarify Remote Meetings During Emergencies](#) (Reps. Arp, Hanig, Pare and Richardson) – Law – SL 2020-35 effective July 1, 2021**

During the pandemic several local governments conducted town council meetings remotely using video conferencing capabilities. That capability was authorized during the emergency through temporary legislation but was set to expire. Legislators chose to extend the authority to apply during any statewide emergency, making clear that local governments could continue to meet remotely if they so desired. The legislation also made clear that such remote meetings conform with other statutory requirements for conducting open meetings. It allows councils to change an official meeting to a remote setting even after notice has been provided about the time of the meeting. The bill also requires that any written comments by the public for a hearing must be received 24 hours prior to the start of the hearing. The bill passed both the House and the Senate without any “no” votes and was signed by the governor on June 16, 2021.

### **[HB 813 Prohibit State Agencies Payment of Ransomware](#) (Reps. Saine and Johnson) – Passed House**

As cyberattacks hit local and state governments and private businesses on an almost routine basis, legislators debated a bill that would prohibit state agencies and local governments from paying ransomware during such attacks. Although HB 813 was not passed, the provisions were placed into the state budget bill and signed into law. (SB 105, Sec. 38.13) The legislation prohibits government entities from submitting payments or communicating with an entity that has engaged in a cybersecurity incident that involves data decryption in exchange for a ransom. It also requires state agencies or local government entities experiencing a ransom request to consult with the Department of Information Technology (DIT). It also clarifies that local government units must report cybersecurity incidents to DIT.

### **[HB 814 Neighborhood Occupantless Vehicles](#) (Reps. Saine, Reives and Johnson) – Law – SL 2021-179 effective December 1, 2021.**

City streets could soon be sharing their space with a new technology after HB 814 was signed by the governor. This new technology is being referred to as Neighborhood Occupantless Vehicles, fully autonomous vehicles that are typically smaller than a car, used to deliver food and other goods to homes. The legislation will not allow local regulation of a number of issues raised by the vehicles. These include how the slow-moving vehicles might affect traffic flows, bike lanes and law enforcement interactions in the event of violations or accidents.

### **[HB 815 County Broadband Authority](#) (Reps. Saine, Johnson, Reives and Wray) – Not Passed; [SB 689 County Broadband Authority](#) (Sens. Corbin, Hise and Foushee) – Not Passed**

Many of the broadband policy and funding provisions contained in these companion bills passed into law in the state budget (SB 105 2021 Appropriations Act, SL 2021-180, Sections 38.9, 38.10). Building off the proposals in these standalone bills, several sections of the budget targeted cities’ discretion over broad-

band installation activities in their rights-of-way. For example, Section 38.9.(a) required cities to approve or reject applications for work in their right-of-way within 30 days, or the application is deemed approved (with limited exceptions). The same section also limited other means of local oversight of broadband facility installation in the public right-of-way. Then, Section 39.10.(m) took aim at cities' ability to recoup the costs of making taxpayer-owned utility poles available for the placement of small-cell wireless equipment, eliminating fees charged to many entities that request this access. Additionally, Section 38.10.(n) required the public to subsidize for-profit cable and wireless providers by placing on taxpayers all costs for local governments' review and inspection of the providers' infrastructure.

### **HB 876 Vaccination Private Choice Protection Act (Reps. Moffitt, Warren and Kidwell) - Not Passed**

The Vaccination Private Choice Protection Act would make it a discriminatory practice for a state or local government to refuse, withhold, or deny an individual federal, state, or local government goods and services on the basis of vaccination status. More specifically, a local government could not withhold or deny any services, goods, facilities, advantages, privileges, licensing, educational opportunities, or access to health care because a person had not received a vaccine. This bill would also prohibit the governor from requiring vaccination by operation of executive order and prohibits a public health authority from issuing an order that requires individuals to submit to a COVID-19 vaccination. In addition, the language would prohibit insurance providers from raising rates for the unvaccinated and health care providers from refusing care. The legislation would allow employers to have vaccine policies so long as an individual can receive or decline to receive the vaccine. The bill did not receive a committee hearing.

### **HB 890 ABC Omnibus Legislation (Reps. Moffitt, Boles, Willingham and Saine) - Law - SL 2020-150 effective various dates**

An annual Alcohol and Beverage Control omnibus bill included several provisions of interest for towns and cities. While towns and cities are required to issue permits to vendors, a provision included in the bill allows the Town of Cary to be exempted from being required to issue such permits. It also adds an additional option authorizing a small town to hold a mixed beverage election if the following criteria are met:

- The town has at least 200 registered voters.
- The town has a total area of less than one square mile.
- The town operates an ABC store.
- The town is in a county having at least three cities that have approved the sale of mixed beverages.

The same legislation also allows local governments to adopt an ordinance creating a "social district." The legislation defines this district as an outdoor area in which a person may consume alcoholic beverages sold by a permittee. Such a district must be clearly defined with conspicuously posted signs. A town or city must establish and post management and maintenance plans for the social district, along with a rendering of the district and the durations when alcohol could be consumed there. A detailed map of the district would have to be submitted to the ABC Commission. These social districts became popular during the pandemic as consumers preferred outdoor seating and retailers responded by establishing outdoor eating areas. This legislation would make permanent such arrangements and provide downtown areas an additional tool to create fun and inviting areas for city residents and tourists. In addition, the legislation had provisions that would allow online orders from ABC stores and personalized labels on liquor purchase. It also creates a mixed beverage permit for certain event centers.

## **HB 957 Authorize Broadband Cooperatives (Reps. Szoka, Gillespie and Goodwin) – Not Passed**

Legislators proposed several ways this session to boost the buildout of broadband infrastructure across the state, including the idea in HB 957. This proposal, which did not receive a hearing, would authorize the formation and regulation of broadband cooperatives to provide broadband service in certain areas of the state. Importantly for cities, under this proposal, broadband cooperatives would only serve within a municipality's jurisdiction if the city and all existing internet service providers agreed.

## **SB 31 Political Subdivisions/Local Bidders Notice (Sens. Johnson, Proctor and Craven) – Passed Senate**

Senators unanimously passed this proposal to require political subdivisions to notify by mail or electronic notice the persons or businesses within their jurisdiction who requested notice of the opportunity to bid on certain purchases and contracts. Current law only requires notice of certain expenditures by newspaper advertisement or electronic notice. Further, under this proposal, local jurisdictions would need to provide this expanded notice of construction or repair work, or purchases, when those expenditures totaled \$50,000 or more. The latest edition of this bill incorporated changes suggested by the League to preserve distinctions in current law between lower-dollar “informal” bids and higher-cost “formal” bids. The House did not take up the bill.

## **SB 62 Volunteer Fire Department Preservation Act (Sens. Daniel, Britt and McInnis) – Not Passed**

This bill proposed various provisions to incentivize working at a volunteer fire department, including a property tax incentive that would exclude 25% of the assessed value of their primary residence for determining property tax. The bill was not considered.

## **SB 100 Police Funding Protection Act (Sens. Edwards, Sanderson and Britt) – Not passed**

Responding to calls in some major U.S. cities to “defund the police,” some legislators proposed a bill that would reduce tax flows to towns and cities that cut funding from their police departments. Specifically, the bill would reduce by a proportional amount the appropriations by the state to a city in the amount that the city reduced police budgets more than those of other departments. The bill received plenty of media attention early in the legislative session but was never voted on.

## **SB 208 Labor Law Changes (Sens. Hise, Galey and Woodard) – Law - SL 2021-82 effective July 8, 2021**

The law makes various employment and labor law changes. Provisions of interest include:

- Authorizing the Director of the Occupational Safety and Health Safety Division of the Department of Labor to obtain medical records of injured or deceased employees to conduct investigations and enforcement proceedings under the Occupational Safety and Health Act of North Carolina.
- Providing that employees whose employment is discontinued must be paid all wages due on or before the next regular payday through the regular pay channels or by trackable mail if requested by the employee in writing.
- Requiring employers to notify employees, in writing, at least one pay period (was 24 hours) prior to any changes in wages. This section would delete language which allows employers to provide this notification through a posted notice.

### **[SB 270 Insurance Technical Changes](#) (Sen. Johnson) - Law - SL 2021-177 effective Jan. 1, 2022**

This legislation, among other provisions, would establish a \$5,000 penalty when any insured entity prepares, alters or requests an insurance certificate that contains false or misleading information, including falsely stating that the policy has been extended. The bill also clarifies the law to make clear that only an insurance company or licensed producer may produce or issue a certificate of insurance.

### **[SB 311 No Waiting Period under LGERS/VFDF Grants](#) (Sen. Corbin) - Law - SL 2021-178 effective various dates**

In addition to updating the Volunteer Fire Department Fund grant matching requirements, this law makes various changes to the Local Government Employees' Retirement System (LGERS). The first change to LGERS prohibits employers from imposing a waiting period for when an eligible employee can become a member of LGERS. The bill also gives the LGERS Board the authority to provide a discretionary one-time pension supplement to retirees.

### **[SB 314 Local Gov Commission Assistance Toolkit](#) (Sens. McInnis, Johnson, Davis) - Law - SL 2021-124 effective various dates**

State leaders championed tools in SB 314 to assist the Local Government Commission (LGC) in addressing local government financial distress. No legislator voted against this consensus proposal, which followed months of stakeholder discussions between the League and representatives of Department of the State Treasurer and the NC Association of County Commissioners. This new law laid out a process for a municipality—or the LGC—to transition a municipality from financial distress through either recovery or dissolution. In the case of dissolution, the law detailed how to transfer certain assets, liabilities, and other obligations of a municipalities.

Significantly, the bill also achieved a legislative goal chosen by city officials to extend the notification timeline for any changes to sales tax revenue disbursement by a county. Now, if a county commission votes to change its method of calculating the county-level distribution of local sales taxes to the cities within that county, the change does not take effect until the “fiscal year following the succeeding fiscal year,” rather than the next immediate fiscal year.

Other changes contained in this bill were meant to keep municipalities in good financial health. For example, petitions for incorporating a new municipality must now include a statement indicating the proposed municipality's prospects for financial viability and effective fiscal management. And another provision requires training for city and county managers when a unit of local government exhibits financial distress.

### **[SB 335 Increase Penalty/Disruption of Open Meeting](#) (Sens. Galey, Daniel and Lazzara) - Not passed**

This bill sought to add to the list of actions that could be deemed as disorderly conduct by including in the definition an act that disturbed the peace and order of a public meeting. The bill was seen as responding to concerns about people protesting at meetings of public bodies, such as city councils and county commissions.

**[SB 547 FIBER NC Act](#) (Sens. Lazzara, Corbin and deViere) – Not Passed; [HB 384 FIBER NC Act](#) (Rep. Clampitt) – Not Passed; [SB 517 Innovative Statewide Broadband Infrastructure](#) (Sens. Newton and Chaudhuri) – Not Passed**

A longstanding legislative goal of cities to grant municipalities the authority to build broadband infrastructure in order to partner with private providers received bipartisan support in SB 547. The bill was introduced by a trio of former local officials: Sens. Michael Lazzara (former NCLM President and Jacksonville Mayor Pro Tem), Kevin Corbin (former Macon County commissioner), and Kirk deViere (former Fayetteville City Council member). The bill, strongly supported by municipal officials, would leave operation of broadband service to private-sector internet companies.

Two other proposals contained similar ideas regarding broadband partnerships, though with different terms. Notably, while sharing the same name as the Senate bill, HB 384 included different partnership language not supported by city officials. And SB 517 left the partnership idea incomplete and devoid of detail, containing only a subject heading labeled “local government leasing of existing broadband infrastructure.” This type of leasing arrangement is the main way broadband public-private partnerships are accomplished. Existing broadband infrastructure built by local governments exists across the state and is ready to be leased to a private provider, once expressly authorized by the N.C. General Assembly. This infrastructure serves public safety communications systems, traffic control systems, and smart meters for water and electric systems.

**[SB 628 Native Plants Right to Work Act](#) (Sens. Rabon and McInnis) – Not Passed**

This legislation would have required that only plants and seeds native to North Carolina be used in roadside plantings, except for those involving grasses planted on slopes for erosion control. In addition to the restriction on state-owned rights-of-way, it would also apply to any plantings done by municipalities in city rights-of-way when paid for by Powell Bill funds. The bill passed the Senate but was not taken up by the House.

**[SB688/HB631 Sports Wagering](#) (Sens. Perry and Lowe) – Passed Senate**

This bill would legalize sports betting in North Carolina. Important for local governments and separate from sports wagering provisions, it would establish a fund that would allow local governments and other entities to provide incentives to bring major sporting, entertainment and political events to the state. Only events held annually or less often, and for which other out-of-state venues were considered, would qualify. The legislation passed the Senate and one House committee, so could enjoy strong support for passage in 2022.

**[SB722 Revise Local Government Redistricting/Census](#) – (Sens. Daniel, Newton and Hise) – Law – SL 2021-56 various effective dates**

This legislation came after a number of cities that elect some council seats by district faced the very real possibility of having to delay elections, or have them challenged as unconstitutional, due to delays in U.S. Census data. The Revise Local Government Redistricting/Census act moved several dozen municipality’s elections to the spring of 2022 and followed substantial work by NCLM staff and members to educate legislators and the public on the need for the delays. Legislative leaders and bill sponsors responded with legislation that navigated the problems posed by the delays while avoiding potential partisan landmines.

# PLANNING & LAND USE

## [HB 67 GSC Technical Corrections 2021](#) (Rep. Davis) – Law – SL 2021-88 effective July 22, 2021

This law contains technical corrections that among other things will update or remove obsolete references, fix incorrect references, fix citation formats, removes unnecessary language, and provides clarity or consistency. One area of statutes that received various technical corrections is Chapter 160D, which addresses local planning and development regulation.

## [HB 110 Landlord Submission of HOPE Application](#) (Reps. Hanig and Brody) – Law – SL 2021-190 effective Dec. 9, 2021; [SB 329 Building Code Modifications](#) (Sens. Jarvis, Johnson and Davis) – Law – SL 2021-192 effective various dates

This session marked a continuation of a years-long push by development interests to update the state’s building code laws. With this pair of bills, proponents sought to raise the dollar amounts of various types of building projects that would require local building permits (in the case of the first two editions of HB 110, which carried the bill title “Increase Building Permit Exemption Threshold,” as well as SB 329) or that would require plans to be sealed by a professional architect or engineer (in the case of SB 329).



## [HB 218 Streamline Permits/Redevelopment of Property](#) (Rep. Zenger) – Law – SL 2021-164 effective November 1, 2021

Bill sponsor Rep. Jeff Zenger introduced HB 218 to help certain older commercial and industrial properties comply with certain stormwater requirements when they are being redeveloped. The final version of this bill incorporated extensive changes from the original version and allows deviations from the stormwater controls otherwise applicable to properties subject to the state’s water supply watershed rules. These rules are intended to protect North Carolinians’ drinking water supplies, and they contain development standards that are implemented at the local level. Now, with this new law, entities that redevelop qualifying sites may exceed the density limits that would otherwise apply to those sites.

## [HB 232 LRC Study-Affordable Housing](#) (Reps. Alston, Autry, Hardister and Morey) – Passed House; [SB 386 Expand Workforce Housing](#) (Sens. deViere, Garrett and Murdock) – Not Passed; [SB 426 Inclusionary Zoning/Affordable Housing](#) (Sens. Mayfield, Salvador and Murdock) – Not Passed; [SB 554 Encour. Affordable Housing/Shipping Containers](#) (Sens. Ballard, Britt and Lee) – Passed; [SB 588 Low-Income Housing Tax Credits](#) (Sens. J. Jackson, deViere and Clark) – Not Passed Senate

Just like local officials, legislators this year also heard public concerns over a lack of affordable housing. They responded with numerous proposals intended to lead to additional housing being built that would be affordable to most people, a legislative goal sought by city officials. The proposals included a legislative study of the issue (HB 232), new funding mechanisms (SB 386, SB 588), and policy changes (SB 426, SB 554).

Though none of these proposals passed into law, the state budget included significantly boosted spending on the state's main affordable housing program, the Workforce Housing Loan Program, by adding additional appropriations. The final state budget also transformed that fund into a revolving loan fund (SB 105 2021 Appropriations Act, Section 29.4).

### **[HB 271/SB 378 Eminent Domain](#) (Reps. Riddell, Arp, Tyson and Brody; Sens. B. Jackson, Edwards and Sanderson) - Passed House**

In a continuation of a perennial House-led effort, these identical companion bills would place on the ballot a state constitutional amendment that would prevent condemnation of property except for a public use. The proposal would also direct payment of just compensation with the right of trial by jury in all condemnation cases. The effects of such a constitutional amendment are difficult to predict because the outcome would turn on a court's interpretation of the term "public use," which is included in this proposal. Historically, courts have offered conflicting interpretations of the term.

### **[HB 291 Commercial Prop. Plan Rev./DOI Oversight](#) (Reps. Zenger, Potts and Johnson) - Passed House**

With this bill, House members sought to shake up local review of commercial building plans and specifications. The bill would impose short timeframes on local plan reviewers for evaluating plan submitters' compliance with building code and engineering requirements, among other restrictions on the discretion of local plan reviewers. And significantly, an amendment added by the last committee to consider the bill would give the N.C. Department of Insurance additional regulatory authority over local building inspections processes. This new regulatory scheme would be paid for by local inspections departments, which would be required to remit to the Department two percent of the building inspections fees they collected. Throughout the public discussions of this bill, the League and building industry representatives sought changes and improvements to make the reforms workable for local officials.

### **[HB 366 Regulatory Reform Act of 2021](#) (Reps. Yarborough, Bradford, Moffitt and Riddell) - Law - SL 2021-117 effective various dates; [SB 330 Use Your Outside Voice](#) (Sens. Sawyer and Perry) - Not Passed**

In contrast to omnibus "regulatory reform" proposals from past years, HB 366 did not attract a significant amount of controversy. Most importantly for city officials, among its many provisions, the bill included one that would require all building inspections departments to offer remote inspections (Section 12.5). This practice became common during the early months of the COVID-19 pandemic, though the language in this bill formalized the practice. Eventually, inspections departments will be assisted by the Building Code Council, which was directed to develop procedures for conducting inspections remotely.

Other provisions affecting city officials did not necessarily relate to development. For example, Section 1 raised the population and dollar ceilings for cities in which the public officials may be exempted from rules that otherwise forbid officials from benefitting from public contracts. And Section 5 directed the N.C. Department of Revenue to provide a legislative oversight committee with information related to the property taxation of billboards. Also related to billboards, Section 11 of the bill incorporated the language of SB 330 and prevented certain recent billboard rules promulgated by the N.C. Department of Transportation from becoming effective. Then, Section 7 directed the N.C. Division of Emergency Management to conduct a study of the needs of public safety personnel when responding to emergencies on the state's interstate highways.

**[HB 367/SB 363 Uniform Partition of Heirs Property Act](#) (Reps. Szoka, K. Hall, White and Turner; Sens. McInnis, Perry and Woodard) – Passed House**

Leading House and Senate members introduced companion measures that offered a legal tool to assist heirs property owners in selling their residential properties. These complex cases often feature multiple heirs, many of them unknown or unreachable. The situation clashes with typical methods of selling property, which usually require all owners to agree upon a sale. So, this proposal would put into law another method of selling the properties, even if the express permission of all owners was lacking. At the time these bills were introduced in March, 18 other states had put this uniform act into their state codes. Most of those states were in the southeastern United States. If HB 367/SB 363 was eventually passed into law, North Carolina would join these states in addressing a situation that often leads to vacant properties and non-payment of property taxes. Thus, this bill responds directly to a legislative goal sought by city officials to revitalize vacant and abandoned properties with enhanced legal tools. Additionally, this proposal could assist property owners in upkeep of their homes, as only owners with clear title to their properties may apply for disaster relief and other funding to repair and improve their properties.

**[HB 425 Development Regulations/Multijurisdictional](#) (Reps. Brody, Potts, Moffitt and Richardson) – Passed House; [SB 707 Development Regulations & Airport Authorities](#) (Sen. Lee) – Passed Senate**

Each chamber of the legislature passed a bill this session that detailed very specific procedures for handling land use matters that applied in a small, narrow number of instances across the state. The House proposal, HB 425, would establish a process to determine the jurisdiction for regulations of land that lies within the planning and development jurisdiction of more than one local government. And the Senate proposal, SB 707, would require written notice be provided to large commercial airports, defined as those with more than 10,000 passenger boardings, when a local government proposes to change its zoning map or permitted uses of land located within five miles of the airport. This bill would also require that local government to take into consideration any comments made by the affected airport on the action.

**[HB 456 Justice for Rural Citizens](#) (Rep. Pittman) – Not Passed**

Repeating similar proposals made for most of the legislative sessions in the past decade, HB 456 would eliminate all municipal extraterritorial jurisdictions in the state. As in the past, the bill attracted little legislative support and did not receive a hearing.

**[HB 477 Temporary Event Venues](#) (Reps. Brody, Bradford, Faircloth and Cunningham) – Passed House**

This proposal, built off similar proposals that did not pass into law in prior legislative sessions, would allow local governments to establish zoning rules for temporary event venues. The bill defined “temporary event venue” as a structure used for events relating to entertainment, education, marketing, meetings, sales, trade shows, and any other activities. Under this proposal, local governments would have discretion to set the circumstances under which they would permit such events, which could not take place more than 24 times in a year. Importantly, if proceeding under this authority, a local government would not need to conduct formal building inspections beyond general structural stability, fire safety, and sufficient toilet facilities.

**[HB 489/SB 478 2021 Building Code and Dev. Reg. Reform](#) (Reps. Brody, Riddell, D. Hall and Hunter; Sens. Jarvis, McInnis and Woodard) – Law – SL 2021-121 effective various dates**

This omnibus development industry bill contained numerous provisions affecting city development practices. Despite opposition expressed by city officials, the final bill contained limitations on the fee structure and the operations of local sedimentation and erosion control programs. Even prior to the passage of this law, local governments operating a delegated state program were limited to charging fees only to recover the costs of providing the permitting service to developers. Now, those programs would calculate the fee based on the number of acres disturbed by the development, or \$100, in the case of a single-family home on a lot of less than one acre.

In addition to the language restricting local fees, the bill also contained other provisions regarding the operation of local sedimentation programs, which incorporated language suggested by the League to lessen the impacts of the changes on local governments. These changes addressed the information a local program may require in a sedimentation plan; self-inspections of erosion controls by site owners; and placement of silt fences.

This bill also contained other provisions unrelated to local sedimentation programs. One provision with a direct impact on cities dictated the engineering calculations for sight distances at street intersections, stating that measurements must begin within the roadway or edge of pavement of a proposed or existing street. And another provision would require the N.C. Building Code Council to broaden its examination of the cost-benefit analysis of the rules it passes when updating the building code. Local governments implement this code.

**[HB 496 Property Owners' Rights/Tree Ordinances](#) (Reps. Boles, Hunter, Brody and Moffitt) – Passed House; [SB 436 Local Tree Ordinances Authorized](#) (Sens. Mayfield and Woodard) – Not Passed**

Legislators again responded this session to a frequent push by development interests regarding local regulation of tree removal, making one proposal to limit local authority (HB 496) and another to grant it (SB 436). City officials strenuously opposed the limitations in HB 496 that restricted their ability to prevent clear-cutting and other tree removal activity, such as for enhanced flooding controls and preservation of historic trees. Specifically, HB 496 invalidated many tree ordinances that currently exist in the state, allowing only those ordinances for which the N.C. General Assembly had passed a local act. Further, it would require local governments that lacked a local act but wished to reinstate an old tree removal ordinance—or institute a new one—to first gain permission from the General Assembly via a local act. In committee debates, several legislators questioned the authority of localities to approve tree ordinances without express authority from the General Assembly, describing the bill as “clarifying.”

The proposal in HB 496 was similar in concept to bills proposed in other recent legislative sessions, but it advanced farther in this legislative session than it had in the past. In addition to passing the House as a standalone bill on a divided vote, it was also included in the House version of the state budget before ultimately being removed from the final compromise version. Because it would tie the hands of local governing boards as they tried to protect property values, this proposal received a large amount of attention from local officials, citizen groups, and the media. For example, Wake Forest Mayor Vivian Jones addressed a House committee on behalf of her town and NCLM, saying that allowing municipalities to establish tree ordinances allowed them to be responsive to their residents and business owners. “I have been mayor of Wake Forest for 20 years,” she said. “And the number one complaint that I receive is about trees being removed.”

## **[HB 712 Preservation of Workforce Housing](#) (Reps. B. Jones and Wray) – Passed House**

House members passed HB 721 on a divided vote, with bill opponents responding to concerns about how the bill preempted local zoning controls. Specifically, the bill was rewritten from its filed version to limit the use of the conditional zoning tool by local officials for developments that contain any housing units for individuals below 80 percent of the area median income. As rewritten, the proposal would likely stop the use of conditional zoning for many major developments in cities across the state, ultimately leading to less density and small developments. This bill joined HB 821, HB 853, and SB 349/HB 401 (detailed elsewhere in this Bulletin) in seeking to reduce the use of conditional zoning in North Carolina.

## **[HB 794 Allow Schools in All Zoning Districts](#) (Reps. Arp, Saine, Brody and Torbett) – Passed House**

This measure continued a practice of House members proposing to preempt local control of specific development interests, in this case, charter and public school interests. The bill would preempt all local ability to say where a school could be located. This preemption would tie local officials' hands and allow schools to be sited on any parcel anywhere in the state. In doing so, the proposal meant local officials would have to ignore the adequacy of infrastructure serving those sites, such as road infrastructure, as well as hazards posed by neighboring land uses. Additionally, unrelated to the preemption of local zoning authority over school siting, the bill added private schools to the list of schools for which a city must pay for certain transportation improvements. The House budget proposal contained a slightly modified version of HB 794, which was ultimately removed from the final compromise budget.

## **[HB 821 Various Land-Use Law Changes/Clarifications](#) (Rep. McNeely) – Not Passed**

This proposal morphed from a bill that initially attempted to address the issue of attorney's fees in land use matters to one that contained numerous problematic provisions for local land use authority. League staff noted these problematic provisions in comments during committee deliberations on this bill. Among the disparate provisions were ones that would award attorney's fees to prevailing parties if a local government appealed a decision in a land use case and lost; prevent inclusion of several common items in conditional zoning actions; and require municipal water systems to provide service to property owners in their extra-territorial jurisdiction upon request. Like HB 712, HB 853, and SB 349/HB 401 (detailed elsewhere in this Bulletin), this bill sought to reduce the use of conditional zoning in North Carolina. And like HB 831 (also detailed elsewhere in this Bulletin), this proposal attempted to dictate to whom municipal-owned water systems must provide water.

## **[HB 829 Chapter 160D Technical Correction](#) (Rep. Arp) – Passed House; [HB 911 Regulatory Reform 2.0](#) (Reps. Riddell, Bradford, Moffitt and Yarborough) – Passed House**

House members again this session attempted to reduce or eliminate cities' ability to control the operation of short-term rentals with identical language that appeared in both HB 829 and HB 911 (Section 2), as well as the House version of the state budget. This language struck from the statutes legal citations that may have had the effect of upending local rules on short-term rentals, like the vacation homes listed on AirBnB and VRBO. The provision caused controversy as the House considered it in both standalone bills, and each of those bills passed the House only on a divided vote. Debate of the omnibus regulatory reform bill focused almost exclusively on this provision, where legislators engaged in a robust discussion of the merits of approving these restrictions on local authority. Undeterred, House budget-writers included this provision in their version of the budget, though it was ultimately removed from the final compromise version.

## **HB 831 Cities/Prohibited Service Agreements (Rep. Iler) – Not Passed**

This proposal, flatly and vigorously opposed by cities, was revived before failing to pass the full House. In its filed version, the bill prohibited agreements between cities and private property owners that required annexation prior to the city extending water and sewer service to that property. Such arrangements represent the primary way N.C. cities grow their boundaries. In his explanation of HB 831, the primary sponsor stated that he only wanted to affect a local situation in his district, but that the bill had to be written as a statewide bill due to constitutional limitations imposed by the N.C. constitution. Though it originally had expansive statewide impact, a subsequent amendment removed many municipal water systems from the proposal while retaining the bill's statewide application. That second version of the bill missed a key deadline for advancement. However, legislators breathed new life into the proposal by adding a small appropriation. They then engaged in a committee debate marked by confusion and questions about the effects of the bill before ultimately declining to advance it.

Bill opponents, led by city officials, questioned whether the proposal unconstitutionally interfered with water system contracts in place across the state. In addition to inviting constitutional challenges, bill opponents pointed out the chilling effect on growth this proposal would have. By removing the primary incentive for voluntary annexation (i.e., extension of water service to new developments), the bill would substantially slow growth in areas with these agreements. Without access to water and sewer, bill opponents said, developers would build less because they must build on larger lots to accommodate wells and septic tanks. In that way, the proposal would slow the pace of growth in the state.

## **HB 853 Plan Review & Cert of Occup. Scope Changes (Reps. Brody, Moffitt and Zenger) – Not Passed**

This bill represented another omnibus development proposal introduced this year that would make significant changes to how local governments review and approve development plans. Primary bill sponsor and homebuilder Rep. Mark Brody stated in his committee explanation of the bill that it was necessary because it addressed many of the problems that the development industry faced at the local level on an ongoing basis. Many of the bill's proposed items were intended to reduce local governing boards' discretion in how development occurs in their community, such as a provision in the filed version of the bill that appeared to eliminate the use of the conditional zoning tool. Legislators also took aim at conditional zoning in different ways in three other bills this session (HB 712, HB 821, and SB 349/HB 401), all of which are detailed elsewhere in this Bulletin.

While House members removed the conditional zoning language during a subsequent committee hearing, the remaining provisions in the bill would make significant changes to how local governments review and approve development plans. Taken together, these provisions would limit local flexibility in reviewing all but the most basic applications for development. They would mandate strict and onerous new requirements on local officials who review development proposals, such as a provision that would grant a local government only a 30-day window in which to review any development applications or building plans submitted for its approval. In that window of time, local officials would have to identify—in writing—all deficiencies in the application, the legal basis for the deficiency, and suggestions for corrective action. These procedures would present staffing challenges to local governments and greatly increase the workload of existing staff.

Committee members and League staff raised numerous concerns about the tight development approval timeframes, as well as other features of the bill. These other provisions would restrict communities from receiving information about a proposed project's effects on traffic, tree cover, and endangered species; prevent local rules that tailored road standards to local circumstances; and dramatically increase the legal exposure for local governments when entering into development agreements. After the airing of these concerns in the last committee meeting where this bill was discussed, it advanced only in a narrow, rare roll call vote.

## **HB 865 Private Commercial Inspection System (Reps. Brody, Hardister, Moffitt and Arp) – Not Passed**

Privatization of building inspections, as contained in HB 865, would represent a major policy change for North Carolina. Over 13 pages, HB 865 lays out a new building inspections system, allowing developers and contractors the option of choosing a private building inspector for commercial projects. In contrast, inspectors employed by local governments perform these inspections now. Under this proposal, these public officials would still bless commercial projects by conducting a final fire inspection and issuing a final certificate of occupancy. In hearings held by two different committees, House members expressed concerns mirrored by city officials. These concerns included the potential for compromises to public safety as well as a lack of transparency and legal accountability on the part of private inspectors. In the second of those committee hearings, the House Finance Committee did not vote on the proposal.

## **HB 911 Regulatory Reform 2.0 (Reps. Riddell, Bradford, Moffitt and Yarborough) – Passed House**

In addition to a controversial provision that appeared to remove local authority to regulate short-term rentals (Section 2, detailed in the HB 829 summary elsewhere in this Bulletin), the second of the House's regulatory reform proposals contained other provisions of interest to cities. Similar to HB 794 and SB 450 (detailed elsewhere in this Bulletin), Section 5 addressed tensions between charter school interests and the local officials approving the schools' development plans. Specifically, this section allowed the school's charter term to be automatically extended if the school's developers could not secure necessary local development approvals. Elsewhere in the bill, Section 9 removed from the definition of a public record any plans and engineering designs related to proposed or existing critical infrastructure. This infrastructure includes public water facilities such as those used in the treatment, transmission, or distribution of water and the "outfall, collection, or treatment of wastewater." Finally, Section 11 established a House study committee on developmental permitting and fees, which would focus on permits issued by the N.C. Department of Environmental Quality that regulate development.

## **SB 308 Various Building Code Amend (Sens. Johnson and Jarvis) – Law – SL 2021-183 effective various dates**

Complementing the House's efforts to reform state building code regulations in HB 110 and SB 329 (detailed elsewhere in this Bulletin), the Senate building code reform proposal faced minimal legislative opposition and focused on miscellaneous changes promoted by development interests. First, the bill tweaked state laws that already limit local officials' decision-making in instances of re-inspections (Section 1). The proposal also specified how to place fire access roads for constrained development sites, limiting the discretion of local officials in these instances (Section 3).

## **SB 349/HB 401 Increase Housing Opportunities (Sens. Edwards, Newton and Fitch; Reps. D. Hall, Moffitt, Brody and Richardson) – Not Passed; HB 854 Land Use Clarifications (Reps. Hardister, Szoka, Bradford and Richardson) – Law – SL 2021-168**

The twin measures contained in the filed versions of SB 349 and HB 401 represented the most controversial proposals for city officials in the 2021 Long Session. The sweeping measures would have implemented a radical, one-size-fits-all approach to zoning and land use, eliminating single family-only zoning in the guise of creating affordable housing. As such, they earned strenuous, vocal opposition from city officials all over the state. Backed by the state's homebuilding interests, the bills sought to allow duplexes, triplexes, quadplexes and townhomes in all zones that also included single-family homes. However, the bills provided a few exceptions for places such as registered historic districts. Then, the bills would have mandated that local

governments allow at least one accessory dwelling unit per lot in every single-family residential zone, giving all single-family landowners the right to build such structures if they conformed with established property line setbacks.

The sustained and vocal opposition to these provisions stopped both bills from proceeding. In the only hearing legislators held on SB 349, they failed to advance the bill after hearing from members of the public, including NCLM President and Salisbury Mayor Karen Alexander, who spoke in opposition to the bill. She told committee members that the measure “will harm the character of local communities, damage the value of existing homes, undermine the rights of adjacent property owners, and prevent local officials from reaching consensus development decisions that balance the rights of everyone.”

Originally, SB 349/HB 401 also made dozens of other changes to the state’s land use laws in Part II. For example, the bills originally froze zoning codes in place with respect to downzoning any property from a high-intensity use to a lesser-intensity use, unless there was a change of circumstances related to public health, safety, and welfare. And as in numerous other proposals detailed elsewhere in this Bulletin (HB 712, HB 821, and HB 853), these bills initially severely restricted the use of conditional zoning, a tool used to tailor development projects to fit a community’s specific needs. Finally, these bills originally made over a dozen changes that would disfavor local government interests when litigating land use matters.

However, after much negotiation between the League and state home building interests, a few of these “Part II” provisions were improved and rewritten, eventually becoming law in HB 824. The consensus language in HB 824 made minor clarifications of various land use statutes, including those concerning the duration of vested rights; when state law trumps local land use authority; the rights of cities to settle litigation; and procedural issues related to land use litigation.

### **[SB 423 Housing Finance Agency/PED Study](#) (Sens. Edwards, Corbin and Davis) – Not Passed**

This proposal grew out of a 2020 examination of the state Housing Finance Agency by the now-defunct legislative watchdog Program Evaluation Division (PED). It contained the PED’s recommendations for more accountability and program transparency by the agency. SB 423 also directed the agency to study and propose changes to its statewide housing credit plan, with an aim of increasing the production of affordable housing across the state. The state budget incorporated similar study language (SB 105 Appropriations Act of 2021, Section 29.1).

### **[SB 465 Trash Collection/Multifamily Residential](#) (Sens. Johnson, Craven and Corbin) – Passed Senate**

This Senate proposal laid out specific rules for communities across the state to follow when regulating the placement of household trash and recycling containers in the hallways of multifamily developments. SB 465 also gave specific instructions to the Office of the State Fire Marshal for creating statewide fire safety regulations for private-sector “valet trash” companies that collect household waste in multifamily stru

# ENVIRONMENT & UTILITIES

[HB 20 1998 Clean Water Bond Add'l Connections](#) (Reps. Sasser and Moss) – Law – SL 2021-37 effective June 16, 2021



This law amends the Clean Water and Natural Gas Critical Needs Bond Act of 1998 to expand the criteria under which the Secretary of the Department of Environmental Quality must grant a waiver to allow additional connections for provision of water to include structures located on lots that are zoned for residential use or mixed-use development. This law eliminates the requirement under existing law that the structure be “habitable” and located on lots that are zoned for a “single-family residence.”

[HB 121 Clarify EQIP Funding/Dredging Cost-Share](#) (Rep. Hall) – Law – SL 2021-108 effective August 16, 2021

Among other provisions, this law amends water resource development grants in the Environmental Quality Incentives

Program (EQIP) to provide that existing local 50% matching requirements do not apply to any grant awarded for a project that is part of EQIP, including grants awarded pursuant to S.L. 2013-360, S.L. 2014-100, and S.L. 2015-241.

[HB 220 Choice of Energy/Add'l Provisions](#) (Reps. Arp, Miller, Saine and Szoka) – Vetoed

Despite there not being any indication that local governments in North Carolina intend to limit the type of energy source that could serve a building, HB 220 would prevent a local government from adopting an ordinance that prohibits connection, reconnection, modification, or expansion of an energy service based on the type or source of energy to be delivered to the end-user.

This bill is similar to ones the natural gas industry has tried to pass at the state level across the nation in response to cities like San Francisco and Seattle passing building electrification requirements that ban gas connection for new construction to promote clean energy options and reduce greenhouse gas emissions. HB 220 passed both chambers of the General Assembly at the end of the session on close partisan lines and vetoed by Governor Cooper in December. Before passing, the bill received an unrelated addition in the Senate that exempts design or vulnerability information about electric, water, and wastewater infrastructure from public record.

[HB 230 NC Managing Environmental Waste Act of 2021](#) (Reps. Warren and Richardson) – Passed House

This bill proposes a variety of measures to incentivize the reduction of waste from single-use plastics. A provision of interest to local governments would allocate 5 percent of revenue generated by the solid waste disposal tax to cities and counties that provide plastics recycling services and food service ware reduction programs within their jurisdictions. HB 230 was not taken up by the Senate.

**[HB 344 System Development Fees Update](#) (Reps. Arp, Hardister, Hanig and Meyer) – Law – SL 2021-76 effective July 2, 2021; [SB 319 Local Gov’t Units/System Development Fees](#) (Sen. Lowe) – Not Passed**

Two bills were filed this session to make changes to the laws governing system development fees imposed by local governments for public water and sewer systems. The first, HB 344, became law and clarified certain minimum standards of the methodologies used to calculate system development fees. It also provided that the system development fee applies to service provided under a wholesale arrangement between a water and sewer authority and a local governmental unit. The second bill, SB 319, was an attempt to address affordable housing, but was not considered; it would have granted local governments the authority to not impose a system development fee on property that was being developed as affordable housing.

**[HB 355 Firefighting Foam Registry/ PFAS Ban](#). (Rep. Davis) - Passed House; [SB 327 Firefighting Foam Registry](#) (Sens. Lee, Barnes and Galey) – Not Passed; [SB 544 2021 Water Safety Act](#) (Sens. Lee, Ballard and Edwards) – Not Passed**

House Bill 355 and SB 327 would require the Office of State Fire Marshal (OSFM) to assist the North Carolina Policy Collaboratory at UNC Chapel Hill (Collaboratory) to develop an online reporting portal for state, local, and public airport fire departments to report inventory, storage, and deployment of Aqueous Film-Forming Foams (AFFF) and educate fire departments on the reporting requirements required by the bill. The bill would also prohibit certain firefighting foams for training, practice or testing purposes and require non-fluorinated or other non-fluorinated substitute training foams to be used instead.

SB 544 would provide funding to the Collaboratory to continue to analyze and address per-and poly-fluoro-alkyl substances (PFAS) through the continuation of the NC PFAS Testing Network, including: 1) statewide drinking water sampling, testing, and monitoring; and 2) developing and deploying technologies to mitigate exposure to PFAS and to remove or mitigate presence of PFAS from water supplies. While neither of these bills passed the legislature, provisions of substantive equivalency became law with the passing of the state’s budget ([SB 105/SL 2021-180 2021 Appropriations Act](#), Sec. 8.10).

**[HB 500 Disaster Relief and Mitigation Act of 2021](#) (Reps. Bell, B. Jones, McElraft and Miller) – Not Passed; [SB 602 Flood Resiliency and Prevention Act](#) (Reps. Britt and Perry) – Not Passed**

Proposals to address flood resiliency and disaster mitigation garnered sweeping bi-partisan support this session with separate proposals in both chambers that included significant funding for flood mitigation and resiliency measures. While neither bill ultimately became law, similar provisions became law with the passing of the state’s budget ([SB 105/SL 2021-180 2021 Appropriations Act](#), Sec. 5.9). Among the provisions of interests to municipalities were the following:

- Appropriating \$20 million to the NC Department of Environmental Quality to develop “Flood Resilience Blueprints” for major watersheds impacted by flooding, specifically stating the blueprints “should support the establishment and furtherance of local government stormwater maintenance programs.”
- Investing \$20 million to the Land and Water Fund (formerly the Clean Water Management Trust Fund) for its existing purpose of protecting and restoring floodplains and wetlands for the purpose of storing water, reducing flooding, improving water quality, providing wildlife and aquatic habitat, and providing recreational opportunities. Local governments are eligible recipients of these funds.

- Providing \$40 million in the existing Coastal Storm Mitigation Fund for grants to local governments for storm damage mitigation projects.
- Establishing two new grant funds within the Department of Public Safety, appropriating \$15 million to each:
  - Disaster Relief and Mitigation Fund—which would provide grants to entities (including local governments) for flood mitigation efforts.
  - Transportation Infrastructure Resiliency Fund—which would provide grants to the state or local governments to ensure transportation resilience against natural disasters.
- Appropriating funds to specific mitigation projects.

**[HB 806 Study Water and Sewer Infrastructure](#) (Rep. Moffitt) – Passed House; [HB 836 State Infrastructure Bank Study](#) (Rep. Harris) – Not Passed**



Recognizing the large infrastructure needs in our state, bills were introduced that would study various aspects of infrastructure issues. HB 806 would require the Department of Environmental Quality and the Local Government Commission, with assistance from the Environmental Finance Center at the UNC School of Government to study matters related to water and sewer infrastructure in the State, and report findings to the Joint Legislative Committee on Local Government by March 1, 2022. HB 836 would have established a joint legislative study commission to study the feasibility of establishing a state infrastructure bank to sustainably finance infrastructure projects to spur economic development. Neither of these bills was ultimately passed into law.

**[HB 885 Modernize Sewer Overflow Notification](#). (Reps. Farkas, Harrison and A. Baker) – Passed House**

This bill aimed to increase existing reporting requirements for discharges of untreated wastewater to the surface waters of the state to enhance public notification, adding the local health director and customers as additional people to which a wastewater utility would need to provide notice. In addition, the bill would have provided the Department of Environmental Quality (DEQ) with the authority to extend the time period for any required notice of discharge during extraordinary circumstances, including major floods, named storms, or extreme weather. It has passed the House but not the Senate.

**[HB 951 Energy Solutions for North Carolina](#) (Reps. Arp, Szoka, D. Hall and Bell) – Law – SL 2021-165 effective October 13, 2021**

A bipartisan bill with steps toward massive, enforced cuts in carbon emissions became law this session, requiring state regulators to work toward a 70 percent reduction in carbon emissions by 2030, compared to 2005 levels, and “neutrality” (zero net emissions) by 2050—which may be accomplished in part by carbon offsets as well as by emission reductions. The legislation charges the Utilities Commission with developing a “Carbon Plan” by December 31, 2022, with Duke Energy and other stakeholders providing input. The plan will be reviewed and revised every two years. The second major change in the law is it allows regulated utilities to seek rate increases and incentives based on “performance-based regulation” and multi-year rate plans—which will increase the complexity of rate cases and require annual reviews between rate cases. A result should be that rate cases become less frequent.

## **[SB 60 Disapprove Various Solid Waste Rule Changes](#) (Sen. B Jackson) – Law – SL 2021-153 effective September 16, 2021**

This law requires the Environmental Management Commission (EMC) to readopt certain rules governing permitting and operation of municipal solid waste and construction and demolition debris landfills in accordance with specific criteria and would require the Department of Environmental Quality to implement the rules subject to those criteria until permanent rules are adopted.

## **[SB 227 Cities/Flood Reduction Techniques](#) (Sen. Lowe) – Not Passed**

While not considered by the Senate, SB 227 would have granted cities the authority to undertake activities within their stormwater management programs to implement flood reduction techniques that result in improvements to private property, including purchasing property for the purpose of demolishing flood-prone buildings and implementing flood damage reduction techniques (such as elevating structures, demolishing or retrofitting flood-prone structures). Many municipalities already believe they have the authority to use funds for these purpose based on other laws, but the passage of a local bill in 2014 (S.L 2014-14), granting some counties similar authority, put into question whether municipalities needed specific legislation to authorize these activities.

## **[SB 389 DEQ/DNCR Omnibus.-AB](#) (Sens. B. Jackson, Sanderson and Edwards) – Law – SL 2021-158**

This law makes various changes to the natural, environmental, and cultural resources laws of the State, as recommended by the Department of Environmental Quality and the Department of Natural and Cultural Resources. One provisions of interest to municipalities modifies conditions for state funding of the Public Beach and Coastal Waterfront Access Program, eliminating the requirement that a local government transfer title to any real property to state if the property acquired with the grant is used for non-beach/coastal purposes, and instead requires that the local government to dedicate the lands in perpetuity for public access and for the benefit of the public (recording the dedication with the register of deeds in the relevant county).

## **[SB 450 Various Education Changes](#) (Sens. Lee, Ballard and Barnes) – In Conference**

A bill that addresses various issues related to education included a mandate on cities to provide water and sewer utility service to charter schools. This proposal represented the first time the state legislature would require cities to provide public water service to a favored development interest. In doing so, it overrides the business and operational decisions made by municipal water providers. The bill requires that municipalities provide water and/or sewer service to properties used as charter school facilities if requested by the school, the municipality has the available capacity, the property owner agrees to requirements in the utility extension agreement, and the property owner agrees to pay for all costs of extending the service. If not within the municipal limits, the property owner could petition for annexation. Different versions of the bill passed each chamber, so a conference committee was appointed in July for the two chambers to resolve the differences; that committee has not yet produced an agreed-to conference report.

# APPENDIX I

## 2021-2022 NCLM Legislative Goals

WORKING AS ONE. ADVANCING ALL.



# NCLM LEGISLATIVE GOALS

## HEALTHY FINANCE

- Secure federal and state aid directly to municipalities to offset all lost revenues due to the Covid-19 pandemic.
- Expand incentives and funding for local economic development.
- Reduce pressure on property tax payers by expanding locally-controlled options for revenue generation.
- Ensure state funding for any new, state mandated benefits for municipal employees.

## RESILIENT INFRASTRUCTURE

- Grant local governments the authority to build broadband infrastructure in order to partner with private providers, and provide additional funding to help close the digital divide.
- Create a permanent and adequate funding stream for local infrastructure needs.
- Provide funding to keep aging water and sewer systems financially solvent today and viable for the future.

## RACIAL EQUITY

- Improve state-wide funding and support for LEO training focused on use of force, mental health and de-escalation skills.
- Increase public safety grant funding and expand allowable uses.

## VIBRANT COMMUNITIES AND NEIGHBORHOODS

- Revitalize vacant and abandoned properties with enhanced legal tools and funding.
- Increase state and federal funding for affordable housing.

## ADAPTIVE MUNICIPAL OPERATIONS

- Extend notification timeline for any changes to sales tax revenue disbursement.

# APPENDIX II

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 make sure that the concerns of all North Carolina cities and towns are represented at the General Assembly, before state agencies during regulatory process, and wherever policies are considered that affect the state's municipalities. If you have any questions, please do not hesitate to contact any team member.

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