



Topsail Island Shoreline Protection Commission

Legislative Report
June 29, 2025

Despite expectations for resolution, the North Carolina General Assembly ended the week in gridlock, adjourning without a finalized state budget or clear path forward. While lawmakers reached agreement on a substantial \$700 million Hurricane Helene relief package, other key negotiations—on tax cuts, state employee raises, education funding, and Medicaid adjustments—remained unresolved. Instead of a comprehensive budget, lawmakers leave Raleigh with continued reliance on a stopgap spending plan. Multiple “mini-budgets” failed to gain traction, and Senate and House leaders could not even agree on an adjournment resolution, underscoring the deep divide between chambers.

Much of the legislative action this week was dominated by polarizing cultural debates and power shifts. Controversial bills advancing or passing included bans on diversity, equity and inclusion (DEI) programs, new immigration enforcement requirements, restrictions on gender identity recognition, a school cell phone policy mandate, and expanded gun permissions on private school campuses. A bipartisan foster care reform bill and the final passage of a Charlotte transit referendum bill marked rare moments of cross-party agreement. Meanwhile, tensions flared within the Republican party in both chambers over a failed push to ban inshore shrimp trawling, as protests from commercial fishermen drew significant media attention and internal friction.

Outside the General Assembly, headlines were shaped by JetZero’s incentive negotiations, ongoing Wolfspeed bankruptcy proceedings, education policy changes, and litigation over transparency at Central Piedmont Community College. The week also brought the rollout of DMV modernization efforts, the launch of a Southern public university accreditor including the UNC System, and renewed attention to climate impacts amid record energy use and ongoing Helene recovery efforts. Lawmakers are now expected to return in late July, with major budget and policy questions still hanging in the balance.

The legislature adjourned on Thursday, June 26. The House and Senate will return next week but are not expected to vote on legislation. Although things could change, the House is expected to reconvene on Monday, July 14 and the Senate is expected to reconvene on Tuesday, July 29 for voting sessions.

TISPC LEGISLATIVE PRIORITIES

The shellfish lease study provision is included in the House version of the NC Farm Act, House Bill 401 summarized below. We have discussed the provision with Senator Jackson, and we hope that when the House and Senate meet to negotiate a compromise of the Farm Act, the shellfish lease study provision will be included.

The BIMP funding request is in both the House and Senate versions of the state budget bill. The budget bill has not been enacted yet, and the House and Senate do not plan to meet to attempt to negotiate a compromise until late August or September.

The abandon and derelict vessel legislation has not move forward yet this year. I understand the plan is to include the language in the state budget bill once an agreement is reached on the provisions of the bill. Again, the state budget bill has not been enacted yet.

BILL STATUS UPDATES

House Bill 251, Various Disaster Recovery Reforms, was signed by the Governor and is now law. **SL 2025-18**

House Bill 352, Bid Reqs/Permitting/Inundation Maps/CAMA, was withdrawn from the Senate floor calendar and re-referred to the Senate Rules Committee.

House Bill 441, Shrimp Trawling Transition Program/Fees, was amended on the Senate floor, passed the full Senate, sent to the House and referred to the House Rules Committee. This bill, along with House Bill 442, is considered dead by the House in its current form. The Senate amendment makes several key changes to the Shrimp Trawling Transition Program established in Section 1 of the bill.

It authorizes the Division of Marine Fisheries to use up to \$2 million per year from the North Carolina Marine Resource Endowment Fund's cash balance to cover any shortfalls in Program payments.

Eligibility for transition payments is clarified to apply only to holders of commercial fishing licenses with verifiable *inshore* shrimp landings between January 1, 2023, and June 30, 2025. All references to landings are updated to specify inshore waters.

The annual payment formula for eligible applicants is revised. Each applicant will now receive the sum of:

1. The average monthly value of their eligible inshore shrimp trip tickets multiplied by 12, and
2. An additional flat payment of \$180.

For applicants holding multiple commercial fishing licenses, the payment is based only on the license with the highest reported shrimp landings, using the same calculation above.

The amendment also defines "value of the eligible shrimp tickets" as the reported value of shrimp caught by trawl net in inshore waters, explicitly excluding tickets where the majority of the catch occurred in the ocean. This ensures the Program is strictly tied to inshore shrimping activity.

The House Republican Caucus announced that House Bill 442, the In-Shore Shrimp-Trawling Ban, would not move forward so House Bill 441 will not be needed.

House Bill 442, Flounder/Red Snapper Seasons & Shrimp Trawl, was referred to the House Rules Committee and after a House Republican Caucus, was announced that the bill in its current form is dead.

House Bill 850, Interbasin Transfer Moratorium/Study, was reported favorable on the committee substitute in the Senate Agriculture, Energy, and Environment Committee, passed the full Senate 45-0 and sent to the House. The bill was concurred on by the House and will be sent to the Governor.

The Senate committee substitute to House Bill 850 amends the bill to set a fixed end date for the moratorium. The moratorium will now expire on March 1, 2027, replacing the previous provision that tied the expiration to six months after the submission of a required report under Section 2(c) of the act.

Senate Bill 401, NC Farm Act of 2025, was reported favorable on the committee substitute in the House Agriculture and Environment Committee, amended on the floor, passed the full House, failed on concurrence in the Senate and a Conference Committee was appointed.

Senate Bill 401 is a wide-ranging agricultural and environmental regulatory reform bill that underwent significant revisions in the House. The House committee substitute replaced the original content and added 20 detailed sections covering water resource planning, environmental permitting, agricultural education, composting regulations, and land use policy.

Section 15.5 – Shellfish Aquaculture Leasing Study

Section 15.5 of the bill directs the North Carolina Collaboratory to conduct a comprehensive study on shellfish aquaculture regulations to guide state policy with a balanced approach to economic development, environmental protection, and public access to coastal waters.

Key Components:

- **Scope of the Study:**
 - Effectiveness of current shellfish aquaculture regulations and permitting processes.
 - Evaluation of existing moratoriums (temporary and permanent) — including their history and justification — and whether they should be lifted, modified, or expanded.
 - Best practices from other states.
 - Economic impact on coastal economies and tourism.
 - Conflicts with private property rights, fishing, boating, and other coastal uses.
 - Environmental considerations such as water quality, seagrass, and marine habitat impacts.
 - Regulatory differences between bottom leases and water column leases.
 - Role of local governments in shellfish leasing.
 - Recommendations for a statewide regulatory framework that supports industry growth while managing user conflicts.
- **Consultation Requirements:**

The Collaboratory must consult with:

 - Division of Marine Fisheries
 - Marine Fisheries Commission
 - Shellfish growers
 - Commercial and recreational fishermen
 - Property owners
 - Coastal local governments
- **Reporting Deadlines:**
 - **Interim report** due: December 1, 2025
 - **Final report** with recommendations due: May 1, 2026

Among its major provisions, the bill directs the Department of Agriculture and Consumer Services to update its strategic plan for protecting agricultural water resources and establishes a Feral Swine Working Group to address damage caused by invasive hog populations. It amends several statutes related to land use and animal waste, including eliminating the Violation Points System for swine waste permits and expanding eligibility for fertilizer conversion cost-share programs.

The bill also allows equine and bovine composting systems to be deemed permitted without individual permits under certain conditions and expands excused school absences for agricultural events. It modifies rules related to farmed cervids and shellfish aquaculture, implements new pesticide registration authority, and updates propane gas oversight and public weighmaster requirements. It includes penalties for crop theft and broadens the legal definition of agriculture to include composting operations.

A significant policy change involves allowing dimension lumber from small or mobile sawmills to be used in residential construction, provided certain certification and inspection requirements are met. The bill mandates a lumber grading training program through the NC Cooperative Extension and sets rules for registering uncertified lumber sales. It also facilitates the use of certain wastewater systems in driveways and private areas.

One section initially added a requirement for county approval of some non-contiguous annexations, but this provision was later removed by a House amendment. The bill includes severability language and takes effect in stages, with some provisions effective immediately and others phased in through late 2025 and 2026.

Senate Bill 472, Coastal Regulatory Reform, was reported favorable on the committee substitute in the House Rules Committee, amended on the House floor, passed the full House, sent to the Senate and concurred on by the full Senate. The bill was presented to the Governor. Senate Bill 472 was modified by a House committee substitute and a subsequent House amendment. The committee substitute amends proposed GS 143-214.1A(c) to extend the timeframe in which the Department must notify an applicant if additional information is required following a public hearing on an Individual Water Quality Certification. The deadline is extended from five business days to 15 business days after the close of the public comment period.

The House amendment further revises the definition of "man-made ditches" in GS 113A-103 by clarifying that the term "altered" does not include the alteration of a natural stream or natural wetland, narrowing the scope of what qualifies as a man-made feature.

Senate Bill 595, Various Revenue Laws Changes, was reported favorable on the committee substitute in the House Finance Committee, reported favorable in the House Rules Committee, passed the full House and failed on concurrence in the Senate.

Senate Bill 595, as revised by the House committee substitute, is a comprehensive regulatory and tax reform bill containing key provisions in three major areas: tax policy, credit union modernization, and technical corrections.

Part VI makes a minor technical change to GS 105-274.1 concerning the prohibition on double taxation.

Part VIII creates a new state tax credit under GS 105-129.71 for rehabilitation expenditures made on an "eligible corporate campus." Taxpayers who qualify for the federal rehabilitation credit under IRC § 47 and invest at least \$10 million in rehabilitating a historic corporate

headquarters located on a 20-acre or larger site can receive a 40% state credit on qualifying expenditures. The expenditures must occur on or after January 1, 2026, and the credit cannot be claimed for tax years beginning before then. Phased projects placed into service in multiple years are eligible under special timing provisions.

Part XI is a major overhaul of North Carolina’s credit union statutes, modernizing and consolidating provisions from Articles 14A–14L into a broader framework extending through Article 15A. Key changes include:

- **Terminology and Governance Updates:** Defines new terms such as “Administrator” and “Division” for the Credit Union Division of the Department of Commerce. References throughout the statutes are updated accordingly.
- **Fee Authority and Penalties:** Allows the Administrator to charge or waive fees and impose civil penalties for violations, with proceeds directed to the Civil Penalty and Forfeiture Fund.
- **Reporting and Exam Requirements:** Increases flexibility for the Administrator in setting reporting schedules and penalties. Requires digital access for examinations and reduces reliance on paper recordkeeping.
- **Disciplinary and Emergency Powers:** Expands the Administrator’s enforcement tools, including removal or suspension of officers and authority to act during emergencies. Creates a formal administrative hearing and appeals process under Article 3A of the APA.
- **Expanded Investment Powers:** Updates investment limits, permits fintech-focused investments, and allows for funding of employee benefit plans outside of traditional caps if tied to the plan.
- **Membership Reforms:** Broadens eligibility to include low-income residents, underserved rural communities, and family members of those in a common bond group. Clarifies how businesses and entities may become members.
- **Governance Modernization:** Modernizes rules for member meetings, voting, and expulsion procedures. Removes rigid notice/hearing rules for expulsions and allows service limitations as alternatives.
- **Parity with Federal Credit Unions:** Grants state-chartered credit unions broader authority to engage in activities permitted for federally chartered credit unions unless disapproved by the Administrator within 45 days.
- **Suspension/Conservation Process:** Streamlines conservation actions and replaces prior hearing processes with the new appeals structure under GS 54-109.18A.

Effective Date: All changes take effect January 1, 2026.

Senate Resolution 766, Confirm Secretary of DEQ, was adopted by the Senate.

For more information about legislation described in the legislative reports, feel free to contact us at chorton@maynardnexsen.com, dferrell@maynardnexsen.com, criemer@maynardnexsen.com or at (919) 573-7421. Information is also available on the General Assembly’s website: www.ncleg.gov.

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