



HOUSE BILL 268: 2026 Budget Technical Corrections - II.

2025-2026 General Assembly

Committee:
Introduced by: Reps. Hastings, Pickett
Analysis of: Conference Committee Substitute
(H268-CCSLUxr-4)

Date: July 27, 2026
Prepared by: Committee Staff

OVERVIEW: *The Conference Committee Substitute (CCS) for House Bill 268 makes additional technical, clarifying, and other changes to the 2026 Current Operations Appropriations Act (SB 257).*

BILL ANALYSIS: The CCS does the following:

PART I. GENERAL PROVISIONS

Section 1.1. Applicability to S.L. 2026-42 – Provides clarification on the applicability of S.L. 2026-42 (Budget Tech I) to this act.

Section 1.2. Stabilization and Inflation Reserve/Technical Correction for Certain Transfers – Adjusts transfers from the Stabilization and Inflation Reserve for the Office of the State Auditor and State Board of Elections.

Section 1.3. Clarify Directed Grant Disbursement Thresholds – Clarifies the directed grant disbursement procedures in the State Budget Act for directed grants that are exactly one million dollars.

Section 1.4. Clarify State Budget Act Budget Adjustment Authorization – Clarifies that budget adjustments necessary to offset federal overdraws that occur in June and are then repaid the following month in the new fiscal year are permitted under the State Budget Act.

Section 1.5. Repeal Claremont Building Height Limitation – Repeals authorization for the City of Claremont to enact building height restrictions.

Section 1.6. Kernersville ETJ – Corrects a drafting error to eliminate the Town of Kernersville's ETJ authority for an identified parcel.

Section 1.7. Local Government Commission Board Technical Corrections – Clarifies that the Secretary of State is off the Local Government Commission and the PPT is to name her successor; and, per agency request, that rulemaking to effect the changes from the budget is as needed and not compulsory.

Section 1.8. EDPNC Board Appointment Authority – Modifies the appointment authority of the State Treasurer and the Commissioner of Labor to allow them to each appoint one member from a development tier three area to the EDPNC Board.

PART II. DISASTER RELIEF

Section 2.1. Division of Community Revitalization Cashflow Needs and Directed Grant Modifications for Hurricane Helene – Allows flexibility for State match funds to be used for CDBG-DR related programs to improve cashflow ability; and modifies certain directed grants to allow for disbursement structure that is more amenable to traditional disaster recovery purposes.

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Section 2.2. Expand Allowable Uses for Disaster Recovery Match Funds – Allows certain disaster recovery State match funds to be used to repay federal deobligation costs.

Section 2.3. Amend Disaster Recovery Budget Fund – Amends a budget fund in the Disaster Recovery portion of the Committee Report, as requested by DPS.

Section 2.4. Modification to Previous 2022 Disaster Recovery Allocation – Provides use flexibility for a previously-allocated grant to assist an impacted facility from 2022.

Section 2.5. Amend the Reversion Date for the Agricultural Disaster Crop Loss Program – Delays the reversion date for funds appropriated for the Crop Loss Program.

Section 2.6. Amend List of Eligible Dams Under Dam Safety Grant Program – Adds two dams to the budget's list of dams eligible for grants under the Dam Safety Grant Program.

Section 2.7. Small Business Infrastructure Grant Program Modifications – Modifies the Small Business Infrastructure Grant Program to allow for certain projects already permitted prior to Hurricane Helene to be eligible for costs incurred due to direct and actual costs from the damage.

Section 2.8. Golden Leaf – Hurricane Helene Bridge Loan Modifications – Extends the interest-only period for Hurricane Helene Bridge Loans from 24 months to 30 months (of loan award date); and requires Golden LEAF's authorized lenders to recapture loan funds in instances where funds were used for purposes inconsistent with the program.

PART III. EDUCATION

Section 3.1. Change to Budget Fund Reduction for Enterprise Resource Planning – Changes Budget Fund reference to the correct Budget Fund.

Section 3.2. Change to Budget Fund for Appropriation for Customer Relationship Management System – Changes Budget Fund reference to the Budget Fund preferred by the Community Colleges System.

Section 3.3. Change to Budget Fund for Appropriation for Short-Term Workforce Credentials Financial Assistance – Changes Budget Fund reference to the Budget Fund preferred by the Community Colleges System.

Section 3.4. Technical Change to Performance Funding Reduction for Community Colleges – Clarifies language related to reduction in performance funding for community colleges; and allows NCSBCC to continue setting performance measures in their discretion, but limits performance funding only to basic skills courses.

Section 3.5. Technical Change to Workforce Diploma Program Reporting – Removes Office of Learning Research as report recipient for report on Workforce Diploma Program.

Section 3.6. Adjust Apprenticeship Study Report Deadline – Extends deadline for apprenticeship study.

Section 3.7. Technical Correction to Reference for Shifting Transfer of Supplemental Exceptional Children Funding for the Regional School – Corrects a citation.

Section 3.8. Change to Budget Fund Reduction for the North Carolina Association of School Business Officials – Corrects a Budget Fund reference.

Section 3.9. Permit TeachReadyNC Program to Begin in the 2026-2027 School Year – Provides authority for the TeachReadyNC program to begin operating in the 2026-2027 school year.

Section 3.10. Clarify Liability of Governing Bodies of Public School Units Related to Cardiac Emergency Response Plans and Use of AEDs – Clarifies that the subsection regarding liability for cardiac emergency response plans and use of AEDs extends to governing bodies of public school units.

Section 3.11. Clarify Allowable Number of Hours for Released Time Religious Instruction – Clarifies the number of hours a student may be excused to attend released time religious instruction.

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Section 3.12. North Carolina High School Redesign Commission – Establishes a commission to study and recommend changes to policies and systems governing education to prepare North Carolina students for later success, and terminates the commission in 2031.

Section 3.13. Allow Friday Institute to Carryforward Nonrecurring Funds for AI Professional Development Modules – Provides that nonrecurring funds appropriated to the Friday Institute to develop professional development training modules for K-12 teachers will not revert until the end of the 2027-2028 fiscal year.

Section 3.14. Clarify Bonuses for School Nutrition and Custodial Personnel – Clarifies that bonuses provided for school nutrition and custodial personnel are limited to employees of local school administrative units.

Section 3.15. Remove Deadline for Educator Preparation Program Rule Adoption – Removes deadlines for the State Board of Education to adopt rules related to educator preparation programs (EPPs) and requires the State Board to report on recommendations for an EPP accountability model.

Section 3.16. UNC System Health Care Access Fund – Creates the "UNC System Health Care Access Fund" and directs the funds provided in the budget for the Rural Residency Medical Education and Training Fund and for Healthcare Workforce Programs Expansion to instead be allocated to the new UNC System Health Care Access Fund.

Section 3.17. Extend Deadline for Public School Open Enrollment Study – Extends the deadline for the study.

Section 3.18. Collaboratory Shellfish Study Extension – Extends the due date for a Collaboratory study on shellfish regulation authorized in the 2026 Farm Act.

Section 3.19. Collaboratory Report on Recovery Courts Study Results – Adds the discretionary second phase of this study to the original study mandate, as requested by the Collaboratory.

Section 3.20. Water Safety Act Revisions – Makes various clarifying revisions to the POTW and Industrial Discharger study portion of the Water Safety Act provision, as requested by the Collaboratory and DEQ.

Section 3.21. Clarify Applicability of Early Graduate High School Scholarship Funds – Clarifies that funds provided for the Early Graduate Scholarships Program may be used beginning with students graduating in the 2025-2026 school year.

Section 3.22. Clarify Public Records Exemption for Opportunity Scholarship Testing Records – Confirms public records exemption for student test records to account for elimination of reporting requirement for those records.

Section 3.23. Advise NC Carryforward – Permits funds appropriated to the State Education Assistance Authority for the Advise NC College Access Initiative to be carried forward for one additional fiscal year.

Section 3.24. Specify Procedure Following Removal of an Educator Preparation Program from the Teaching Fellows Program – Specifies procedure to be followed after an educator preparation program is removed from the Teaching Fellows Program.

Section 3.25. Conform Nursing Fellows Pilot Program to Existing Forgivable Loan Programs Administered by the State Education Assistance Authority – Makes various changes to the loan distribution and forgiveness criteria of the Nursing Fellows Pilot Program to conform to other forgivable loan programs administered by the State Education Assistance Authority.

Section 3.26. Competitive Speech and Debate Grant Program – Establishes a grant program to support public school speech and debate teams.

PART IV. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Section 4.1. Base Budget Adjustments for SNAP Expansion Items – Directs OSBM and DHHS, when building the DHHS base budget for the 2027-2029 fiscal biennium, to adjust the requirements and receipts

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for the SNAP expansion items funded by Section 9B.7 of S.L. 2026-41 so that they do not result in a net increase of General Fund spending.

Section 4.2. Allow Additional Nonrecurring Funds for Dolly Parton's Imagination Library to Not Revert – Provides that nonrecurring funds provided for Dolly Parton's Imagination Library to remain will not revert until June 30, 2032.

Section 4.3. Medicaid Hospital Assessments Technical Correction – Corrects a missing date in the Medicaid hospital assessment statutes.

Section 4.4. Hyperbaric Oxygen Therapy Treatment Directed Grant - Redirects a directed grant of \$1.5M nonrecurring for hyperbaric oxygen therapy treatment from The Community Foundation of NC East, Inc. to HBOT 4 Heroes.

Section 4.5. Competitive Grants to Sheriffs' Offices for Addiction Treatment in Jails – Makes technical change to reference the Department of Adult Correction rather than the Department of Public Safety.

Section 4.6. Technical Adjustments/Transfer of JUUL Settlement Funds – Increases the beginning balance of the Youth Electronic Nicotine Dependence Abatement Fund for the 2026-2027 fiscal year by \$22.5M to reflect a transfer into the Fund during the 2025-2026 fiscal year and, for technical accuracy, directs the DHHS to refrain from budgeting an additional transfer of \$22.5M into the Fund for the 2026-2027 fiscal year.

Section 4.7. Adjust Budgeted Amounts for NC Health Works County Costs – Adjusts amounts budgeted for NC Health Works county costs to account for federal receipts.

Section 4.8. Children's Home Society Recipient Clarification – Clarifies language in the Committee report to change the recipient from the Children's Home Society Foundation, Inc. to the Children's Home Society of North Carolina.

Section 4.9. Technical Modifications to the Guardianship Assistance Program Boilerplate to Align with S.L. 2025-16 – Modifies language in the boilerplate provision to align with program changes codified in S.L. 2025-16 (Fostering Care in NC Act).

Section 4.10. Funding Adjustment to the Responsible Fatherhood NC Program – Reduces \$250,000 in nonrecurring funds provided for the grants portion of the Responsible Fatherhood NC Program.

Section 4.11. Authorization to Use Certain Unexpended Federal Block Grant Funds – Authorizes the use of \$60M in unexpended Child Care and Development Block Grant funds for subsidized child care and \$1.8M in unexpended Community Services Block Grant funds for community action agencies.

PART V. AGRICULTURE & NATURAL & ECONOMIC RESOURCES

Section 5.1. Transfer Farm to School Program Funding – Transfers funds provided in S.L. 2026-41 to administer the North Carolina Farm to School Program from the Department of Public Instruction to the Department of Agriculture and Consumer Services.

Section 5.2. DACS Vacant Position Funding Restoration/Additional Funding Changes – Provides the Department of Agriculture and Consumer Services \$3.75M in recurring funds to restore vacant position funding that was eliminated in S.L. 2026-41; and changes the following appropriations to the North Carolina Forest Service from a recurring to a nonrecurring basis: (i) \$2 million for emergency equipment repair and restoration and (ii) \$1 million for the Prescribed Burning Cost Share Program.

Section 5.3. Sports Championship Events Incentive – Appropriates \$10M from the Economic Development Project Reserve to the Department of Commerce to be provided to the Piedmont Triad Charitable Foundation for securing at least 4 PGA Tour Championship Series Events in Greensboro over consecutive years; and further provides the intent to appropriate an additional \$30M over the following three fiscal years.

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Section 5.4. Restore Commerce Department Culture and Community Engagement Position – Appropriates \$23,000 in recurring funds from the General Fund to the Department of Commerce to restore the Equal Employment Opportunity Program specialist position eliminated in S.L. 2026-41; and makes a \$70,000 reduction in recurring funds allocated to the Department for administrative operating costs.

Section 5.5. India/Ireland Trade Commissions Administrative Funding – Appropriates \$20,000 in recurring funds from the General Fund to the Department of Commerce to be allocated equally between the India and Ireland Trade Commissions and used by those commissions for administrative expenses.

Section 5.6. Restore Commerce Department Energy and Infrastructure Office – Appropriates \$188,000 in recurring funds from the General Fund to the Department of Commerce to restore the Department's Energy and Infrastructure Office and the position of Assistant Secretary for Clean Energy Economic Development, which were both eliminated in S.L. 2026-41.

Section 5.7. Military World Games Funding – Appropriates \$25M from the General Fund to the Department of Commerce to support the 2027 Military World Games in North Carolina and would require the Department to report to the Joint Legislative Commission on Governmental Operations on the use of those funds by October 1 of each year following the fiscal year in which funds are expended under the program.

Section 5.8. Micro-Budget Production Award Clarification – Clarifies that productions that receive grant awards under the Micro-Budget Production Grant Fund are ineligible to receive grant awards under the traditional Film and Entertainment Grant Fund.

Section 5.8A. Film and Entertainment Grant Funding – Appropriates \$15 million in nonrecurring funds from the General Fund to the Department of Commerce for the Film and Entertainment Grant Fund.

Section 5.9. Town of Sylva Directed Grant Changes – Clarifies that the Town of Sylva may use directed grant funds allocated to the Town by S.L. 2026-41 for repairs to buildings owned by the Town and for other public works facilities.

Section 5.10. DEQ Emerging Contaminant Funding Clarification – Clarifies that DEQ may use funds appropriated in S.L. 2026-41 for emerging contaminant research to support and expand the capacity of the Division of Water Resources' laboratory operations.

Section 5.11. UST Program Budget Code Adjustments – Corrects an inaccurate budget code number listed in the Committee Report to S.L. 2026-41.

Section 5.12. NCUC Emergency Loan Program – Rulemaking Modification - Modifies the rulemaking requirement on the Department of Environmental Quality for the NCUC Emergency Loan program from mandatory to permissive and clarifies that NCUC Emergency Reserve loans may include advance disbursements or up-front payments.

Section 5.13. Wastewater and Drinking Water Grant Changes – Increases the maximum amount of merger/regionalization feasibility grants that DEQ may award to a local government or nonprofit from \$75,000 over three consecutive fiscal years to \$75,000 per fiscal year.

Section 5.14. Exempt Department of Labor from DIT – Adds the Department of Labor to the list of agencies that are exempt from the Department of Information Technology.

Section 5.15. OSBM Grants/Funds Reallocation – Reduces by \$1,090,000 the nonrecurring funds allocated to the Great Trails Fund for the 2026-2027 fiscal year, and makes a corresponding appropriation of \$1,040,000 to OSBM to provide directed grants to certain local governments and nonprofit organizations. For budget administration purposes, this provision incorporates the \$650,000 reduction to the Great Trails Fund that was enacted in Section 4.7 of S.L. 2026-42, in addition to the three directed grants provided for in that section.

Section 5.16. North Carolina Museum of Art/Funding Changes – Gives the North Carolina Museum of Art additional flexibility to use for operational expenses certain funds appropriated in S.L. 2026-41 to support a Judaic art curator position.

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Section 5.17. Restore DNCR Office of Education and Outreach – Appropriates \$481,000 in recurring funds from the General Fund to the Department of Natural and Cultural Resources to restore the Department’s Office of Education and Outreach (also referred to as the Learning Happens Here initiative), and six full-time positions which were eliminated in S.L. 2026-41; and makes a \$481,000 reduction in recurring funds allocated to the Department for software subscription costs.

Section 5.18. WRC Operating Funds – Appropriates \$1M in recurring funds to the Wildlife Resources Commission to use for operational expenses.

PART VI. JUSTICE & PUBLIC SAFETY

Section 6.1. Revise Effective Date for Transfer of Magistrate – Adjusts the effective date for the transfer of a magistrate from Vance to Franklin County, as requested by AOC.

Section 6.3. Increase Dollar Limit on IOLTA Grants – Raises the annual dollar limit on IOLTA funds used for administration of justice grants from \$2M to \$2.5M.

Section 6.4. Provide Funding for Second Chance Initiative at Campbell University – Provides \$1M in nonrecurring funds for the 2026-2027 fiscal year to Campbell University to continue providing support for the Second Chance Initiative at the University.

Section 6.5. Adjust Date by Which the Department of Public Safety is to Move Out of the Archdale Building – Moves the date by which DPS must move out of the Archdale Building from December 1, 2026, to April 1, 2027.

Section 6.6. Adjust Funding for the Transfer of Samarcand Training Academy to the State Bureau of Investigation – Adjusts an incorrect amount for the Samarcand Training Academy transfer.

Section 6.7. Additional Funding for Operational Costs Related to Facility Closing – Provides \$105,000 in nonrecurring funds for the 2026-2027 fiscal year to DPS for operational costs incurred by DPS from the closing of a National Guard facility.

Section 6.8. Amend Various JPS Budget Funds – Amends various budget funds in the JPS portion of the Committee Report, as requested by DPS.

Section 6.9. Increase Number of Exempt Positions Under the State Human Resources Act at the State Bureau of Investigation – Increases the number of SBI positions exempted from the SHRA by 5 (from 10 to 15).

Section 6.10. Adjust Management and Administration of the Operating Budget of the Samarcand Training Academy – Adjusts the management and administration of the operating budget of the Samarcand Training Academy.

Section 6.11. Exempt State Bureau of Investigation from Certain Procurement, Contract, and Public Contract Requirements – Exempts the SBI from certain procurement, contract, and public contract requirements.

Section 6.12. Exempt State Highway Patrol from Certain Procurement, Contract, and Public Contract Requirements – Exempts the State Highway Patrol from certain procurement, contract, and public contract requirements.

PART VII. GENERAL GOVERNMENT

Section 7.1. Litigation Funds Allocation for Office of Administrative Hearings – Litigation Funds Allocation for OAH - Allocates \$500k for 26-27 FY to the Rules Review Commission's litigation fund.

Section 7.2. Department of the State Auditor Budget Code Adjustments – Transfers 17 FTEs from Budget Code Field Audit Division 100703 to Budget Code 100701 Administration. Transfers \$500,000 from Budget Code 100701 Administration to Budget Code 100703 Field Audit Division for the same

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purpose. Transfers \$2.5 million in recurring funds from Budget Code 100701 Administration to Budget Code 100700 State Auditor - General for the same purpose.

Section 7.3. Funds for Rural Health Care Stabilization Program – Appropriates \$10M in nonrecurring funds to OSBM for the 2026-2027 fiscal year to be used for the Rural Health Care Stabilization Program.

Section 7.4. OSBM Directed Grant Changes - Makes various technical changes to the directed grant provision from SL 2026-41 and SL 2026-42, and further modifications to specific directed grants allocated by the Office of State Budget and Management to non-State entities.

Section 7.5. Friends of NC Maritime Museum Grant Extension – Friends of Maritime Museum Grant Extension - Provides a grant extension for the NC Maritime Museum allocated in the 2023 budget.

Section 7.6. Bentonville State Historic Site Grant Extension – Bentonville State Historic Site Grant Extension - Provides a grant extension for the Bentonville Battlefield allocated in the 2023 budget.

Section 7.7. Edgecombe County Economic Development – Modifies a previous 2022 directed grant in Edgecombe County to allow the County to use remaining funds for economic development.

Section 7.8. All Pro Dad/Department of Public Instruction Correction – Transfers the allocation of a directed grant for Family First, Inc., from the Department of Public Instruction to the Office of State Budget and Management.

Section 7.9. CAGC Grant Funding for Community Colleges Modification – Makes a change to the uses of the CAGC Foundation's funds received for the 2026-2027 fiscal year.

Section 7.10. Senatorial Advice and Consent – Provides that any unconfirmed Governor's Cabinet appointment made in a legislative biennium expires upon the earlier of the end of that biennium or the General Assembly's adjournment sine die, prohibits reappointment of the unconfirmed individual during the Governor's term of office, and requires the unconfirmed individual to vacate the position.

Section 7.11. Direct DOI and OSFM to Lease State-Owned Property – Requires OSFM to seek to renew its current lease if unable to find suitable state-owned facilities, rather than requiring OSFM to renew its current lease.

Section 7.12. Reduce Staffing Cuts to DOI – Changes DOI staffing reduction from \$2.6 million recurring to \$1.5M in recurring funds.

Section 7.13. Use of Insurance Regulatory Fund by Department of Insurance for Legal Expenses Incurred – Allows DOI to use the cash balance of the IRF after January 1, 2027 for legal expenses incurred by DOJ services representing the Department.

Section 7.14. SPFIF/PSIF Technical Correction – Redirects \$20 million from SPFIF to PSIF.

Section 7.15. OSFM Motor Fleet Appropriation – Redirects \$100,000 from DOI to OSFM to cover increased motor fleet management rates.

Section 7.16. OSFM Administrative Independence – OSFM Administrative Independence - Provides OSFM with increased administrative independence from DOI.

Section 7.17. Office of State Fire Marshall Budget Code Management – Authorizes the Office of State Fire Marshal to manage various budget codes to assist in achieving administrative independence; and tasks OSFM and other State agencies to identify further Budget Funds to transfer to OSFM's control.

Section 7.18. Department of Military and Veterans Affairs Statutory Changes – Replaces "Assistant Sec. of Veterans Affairs" with "Sec. of Department" and broadens the expenditure allowance for the Trust Fund.

Section 7.19. Secretary of State Implementation Costs of Annual Report – Appropriates the recurring sum of \$200,000 to implement the annual report requirement enacted by Session Law 2026-52.

Section 7.20. Secretary of State Trademark Registration Act Prosecutor Funding – Provides \$160,000 in nonrecurring funds to support an intellectual property prosecutor in the Department to cover a lapse in federal fund support.

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Section 7.21. Secretary of State/Prohibited Foreign Party Land Registry Implementation – Appropriates \$255,000 in recurring funds to the Secretary of State for two positions and subscription costs to implement the prohibited foreign party land registry required by S.L. 2026-54.

Section 7.22. Emergency Video Notarization/Video Witnessing Validation for Certain Dates – Deems certain notarial acts and video witnessing actions that occurred between July 1 and July 7, 2026 validated due to a delay in implementation of an extension of the video notarization and witnessing laws upon the passage of S.L. 2026-52.

Section 7.23. Allow North Carolina Investment Authority to Retain the Services of Recruitment Firms – Exempts the North Carolina Investment Authority from the prohibition and regulations on using recruitment firms, accounting for changes to the North Carolina Human Resources Act which go into effect on October 1, 2026.

Section 7.24. Investment of Local Government Idle Funds Modification Technical Correction – Makes a technical correction to the budget section that broadened the available mutual funds in which moneys could be invested.

Section 7.25. Address Unexpended Bond Proceeds – Allows OSBM, at the direction of the State Treasurer, to use unexpended proceeds from previously authorized bonds and indebtedness no longer needed for their original purpose to be used to retire debt or reimburse the SCIF provided it (i) maximizes savings and minimizes costs to the State, (ii) does not result in adverse tax consequences for the State, and (iii) does not violate, where applicable, the question approved by the vote of the people authorizing the indebtedness.

PART VIII. INFORMATION TECHNOLOGY

Section 8.1. CJLEADS/GDAC Changes – Removes the requirement for DIT to work with GDAC & CJLEADS on real-time data availability for the Behavioral Health Statewide Central Availability Navigator (BH SCAN) and to share access to BH SCAN with law enforcement.

PART IX. SALARIES & BENEFITS

Section 9.1. Clarify Community College Recruitment and Retention Funding – Clarifies community college faculty recruitment and retention funding.

Section 9.2. Labor Market Adjustment Reserve Funds/Clarification – Clarifies that LMAR reductions shall be achieved either with LMAR funds or other salary funds.

PART X. CAPITAL

Section 10.1. FSU Chancellor's Residence/Special Fund for Sale Proceeds – Directs that proceeds from any sale of the Chancellor's residence at FSU be held in a special fund for the eventual purchase of a new Chancellor's residence.

Section 10.2. Expansion of Allowable Uses for Existing Youth Detention Facilities – Expands the allowable uses of capital funds allocated to DPS to include the expansion of existing youth detention facilities.

PART XI. TRANSPORTATION

Section 11.1. DMV In-Home Drivers License Renewal Pilot – Replaces the DMV in-home license renewal pilot program with a study evaluating the feasibility of a pilot program.

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Section 11.2. Require DMV to Establish or Amend Rules to Clarify Application of Rules Controlling the Operation of Safety or Emissions Inspections Stations – Requires the Division of Motor Vehicles to establish or amend rules clarifying that K-12 schools and community colleges operating vehicle inspection stations are not subject to the hours of operation requirements for public inspection stations.

Section 11.3. Pavement Preservation Study – Changes the reporting date of the pavement preservation study from on or before the convening of the 2027 Regular Session to March 1, 2027.

Section 11.4. Board of Transportation Fee Authority – Removes the ability of the Board of Transportation to set fees for Department of Transportation owned rail corridors.

Section 11.5. Wake Forest/Rolesville County Driver License Office Technical Correction – Corrects an error in committee report snappy title to remove the word "county".

Section 11.6. Technical Corrections and Clarifications to the Elimination of Motor Vehicle Registration Cards – Makes two technical and clarifying changes to Section 43.10 of S.L. 2026-41, which eliminated motor vehicle registration cards.

Section 11.7. Outdoor Advertising Modifications – Removes the clause making outdoor advertising signs, relocated because of Department of Transportation right-of-way acquisition, subject to those local regulations in effect at the time the sign was originally erected, rather than current local regulations; and increases the time for the Department of Transportation to review an outdoor advertising sign permit, and the first time violations in which the Department will revoke an outdoor advertising permit.

PART XII. FINANCE

Section 12.1. Modify Sampson County Local Sales Tax Effective Date – Provides that the additional local sales tax authorized for Sampson County may not be levied earlier than July 1 following a successful referendum.

Section 12.2. Vapor Registry Clarifications – Makes several changes related to vapor products and the registry: (i) changes from July 1, 2027, to October 1, 2026, the effective date of the new definitions for nicotine analogues and specialty retailers of vapor products, (ii) requires a specialty retailer of vapor products to obtain an OTP license and/or a Vapor Products license, as applicable, in addition to the Specialty Retailer license, (iii) clarifies that certain products are eligible to be on the registry if they are not subject to federal enforcement priority under a published FDA enforcement policy in addition to having a premarket tobacco product application either under review or with no final decision, (iv) clarifies that the SBI may request, rather than direct, a law enforcement official to investigate reported violations of Part 3 of Article 4 of Chapter 143B related to the Vapor Product and Consumable Product Registry, (v) clarifies that the entity responsible for storing, disposing, or destroying noncompliant vapor or consumable products is the seizing law enforcement agency, and (vi) changes from October 1, 2026, to when law, the effective date of G.S. 143B-245.12(b)(6), to match the enactment date of the corresponding compliance requirement.

PART XIII. MISCELLANEOUS

Section 13.1. Adjustments to Appropriations – Provides that Part II of S.L. 2026-41 shall be adjusted in accordance with provisions of this act.

Section 13.2. Effective Date – Except as otherwise provided, makes the act effective July 1, 2026.

**Staff Attorneys with the Legislative Drafting Division substantially contributed to this summary.*