



HOUSE BILL 506: 2025 State Investment Modernization Act.

2025-2026 General Assembly

Analysis of: S.L. 2025-6

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Prepared by: Legislative Analysis
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S.L. 2025-6 (House Bill 506) does the following:

- Reorganizes laws concerning the State Treasurer.
- Creates the North Carolina Investment Authority (Investment Authority) as a State agency within the Department of State Treasurer, independent of any fiscal control exercised by the Director of Budget, the Department of Administration, and the Department of State Treasurer, and outlines the powers and duties of the Investment Authority.
- Establishes a Board of Directors to govern the Investment Authority and describes the powers and duties of the Board.
- Clarifies that rules, codes of ethics, policies and procedures adopted by the State Treasurer in effect on June 30, 2025, that are impacted by the provisions pertaining to the creation of the North Carolina Investment Authority Act must remain in authority until repealed or amended by law or the Investment Authority.
- Allows funds appropriated and available to the Department of State Treasurer to be used to pay expenses of the Investment Authority until the Investment Authority begins to manage investments on January 1, 2026.
- Adds the Investment Authority as an entity to advise the Governor and Council of State with investments.
- Requires the Investment Authority to invest the excess cash of the General Fund, the Highway Fund, the Highway Trust Fund, and special funds held by the State Treasurer.
- Removes the public procurement process to select a third-party professional investment management firm and authorizes the Investment Authority to select the third-party professional investment firm to invest the assets of the Escheat Fund.
- Allows the Investment Authority to charge administrative fees for the operation of investment programs.
- Requires the Investment Authority's designated attorneys to review all proposed investment contracts and all proposed contracts for investment-related services and confirm that the contracts meet specified criteria.
- Permits the Supplemental Retirement Board of Trustees to request support or assistance from the Investment Authority.

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- Amends the laws governing reports and audits of the State Treasurer by transferring authority from the State Treasurer to the Investment Authority and requiring the Investment Authority to report monthly on the performance of all investments.
- Requires the Board of Directors to ensure a portion of the Retirement Systems' invested assets are always available to be converted to cash proceeds sufficient to meet projected net benefit payments and highly probable contractual obligations.
- Directs the Chief Investment Officer to manage the Retirement Systems' investments to remain within the approved risk operating range set by the Board of Directors.
- Clarifies that rules adopted by the State Treasurer in effect as of December 31, 2025, that are impacted by the provisions pertaining to the duties and start date of the Investment Authority must remain in effect until repealed or amended by law or the Investment Authority, and makes further technical and conforming changes.

The provisions pertaining to the creation of the North Carolina Investment Authority became effective July 1, 2025. The provisions pertaining to the duties and start date of the Investment Authority become effective January 1, 2026. Certain technical and conforming changes have various effective dates. Except as otherwise provided, this act became effective June 13, 2025.