



2025-2026 General Assembly

SENATE BILL 257: 2026 Appropriations Act, Sec. 12.6: Cape Fear/Emergency IBT Moratoriums And Study

Analysis of: S.L. 2026-41, Sec. 12.6

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Prepared by: Legislative Analysis
Division Staff

Section 12.6 of S.L. 2026-41 (Senate Bill 257) imposes a moratorium on the issuance of certificates authorizing a new or increased surface water transfer from the Cape Fear River Basin. This moratorium does not prohibit any existing transfers, or any proposed transfers for which a notice of intent to file a petition for a surface water transfer was filed prior to July 1, 2026. This section also imposes limitations on emergency transfers from the Cape Fear River Basin, providing that the Secretary of the Department of Environmental Quality can only approve emergency transfers to address water supply problems caused by drought or pollution when certain criteria are met and limits the transfers to no more than 90 days, with the opportunity to extend that period twice. The Secretary must report to the Environmental Review Commission any emergency transfers granted within 30 days of authorizing the transfer.

This section also directs the North Carolina Collaboratory (Collaboratory) to study the State's water resources and supply, projected water needs, and the statutory framework surrounding water allocation to determine the long-term water needs of the State and make recommendations for any legislative changes necessary to ensure the sustainability of North Carolina's water supply for future generations, focusing on the Cape Fear, Neuse, and Catawba river basins (collectively, the High Growth Basins). The Collaboratory must include all the following in its study:

- An assessment of current and projected water supply and demand in the High Growth Basins through the year 2055, accounting for population growth, economic and industrial development, agricultural use, and projected drought frequency and severity.
- An assessment of the reliable yield of water supply of the High Growth Basins, including an assessment for each subbasin and major tributary.
- An evaluation of the adequacy, condition, and resilience of existing major water supply infrastructure in the High Growth Basins relevant to long-term water supply planning, including raw water intakes, storage, treatment capacity, and system interconnections.
- An evaluation of options for efficient use of existing water supply or expanding existing water supply, including regional interconnection, conjunctive use of surface and groundwater, water reuse, conservation and demand management, and new or expanded storage.
- An assessment of water quantity, supply, utilization, and conservation data collected from consumers of water resources under existing water resource regulatory and planning programs, identification of gaps in those data, and recommendations for new reporting requirements to support informed data-centered decision making on water resource allocation issues.
- In the portion of the study focusing on the Neuse and Cape Fear Rivers, the Collaboratory will include an assessment of the current and anticipated water supply

Kara McCraw
Director



Legislative Analysis
Division
919-733-2578

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needs of the Triangle region of the State, and an evaluation of potential water supply resources to meet the Triangle's growing need that are alternatives to an interbasin transfer certificate authorizing a withdrawal from the Cape Fear River Basin, including an analysis of water reduction and conservation options and the feasibility of obtaining interbasin transfer certificates for withdrawal from another water source, like Kerr Lake.

- Any other matters pertaining to water quality, quantity, utilization, conservation, or governance issues the Collaboratory deems relevant.

In conducting the study, the Collaboratory must consult with the United States Army Corps of Engineers, the Department of Environmental Quality, the Environmental Management Commission, the State Water Infrastructure Authority, the North Carolina League of Municipalities, and other relevant public and private entities, as determined by the Collaboratory. The Collaboratory must provide an interim report on the study set forth in this section by December 31, 2028, and a final report of its findings, together with any proposed legislation, no later than July 1, 2029, to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division.

This section became effective July 1, 2026.