



2025-2026 General Assembly

# SENATE BILL 257: 2026 Appropriations Act, Sec. 39.3: Local Economic Development Expenditure Controls

**Analysis of:** S.L. 2026-41, Sec. 39.3

**Date:** August 24, 2026  
**Prepared by:** Legislative Analysis  
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Section 39.3 of S.L. 2026-41 (Senate Bill 257) does the following:

- Requires a local government governing board, in adopting the budget ordinance, to only use economic development appropriations for economic development purposes expressly allowed by law.
- Directs the local government finance officer or governing board, as applicable, to notify the State Auditor of all approved disbursements for economic development purposes if the disbursement exceeds \$25,000.
- Makes the State Auditor responsible for receiving reports of economic development disbursements from local governments. The State Auditor must (i) make notification forms available to local governments for the required disclosure of economic development disbursements and (ii) annually send all reports it receives from local governments under this provision to the Local Government Commission and the Joint Legislative Commission on Governmental Operations.

This section became effective July 7, 2026, and applies to local government budgets adopted, and disbursements occurring, on or after that date.

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