



SENATE BILL 257: 2026 Appropriations Act, Sec. 16.25: IOLTA Revisions

2025-2026 General Assembly

Analysis of: S.L. 2026-41, Sec. 16.25

Date: August 24, 2026

Prepared by: Legislative Analysis
Division Staff

Section 16.25 of S.L. 2026-41 (Senate Bill 257), as amended by Section 6.3 of S.L. 2026-61, does the following:

- Establishes the North Carolina Interest on Lawyers' Trust Accounts (NC IOLTA) Board of Trustees under the North Carolina State Bar to administer funds received by the North Carolina State Bar from banks by reason of interest earned on general trust accounts established by lawyers or interest earned on trust or escrow accounts maintained by settlement agents. The Board consists of nine members: three persons appointed by the Council of the North Carolina State Bar, two persons appointed by the Chief Justice of the Supreme Court of North Carolina, two persons appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, and two persons appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. The Chief Justice will designate one of the Chief Justice's appointees as Chair of the Board, and the Chair of the Board can designate another member as the vice-chair.
- Provides that NC IOLTA grants will not be awarded to any of the following:
 - Any entity that provides representation, assistance, or advocacy in matters governed by federal immigration law.
 - Any entity that provides representation, assistance, or advocacy in matters related to the performance of or in furtherance of surgical gender transition procedures, or the provision of puberty-blocking drugs or cross-sex hormones to a minor.
 - Any entity that engages in any oral, written, or electronically transmitted communication or any advertisement, telegram, letter, article, newsletter, or other printed or written matter or device which contains a direct suggestion to the public to contact public officials in support of or in opposition to pending or proposed legislation, regulations, executive decisions, or any decision by the electorate on a measure submitted to it for a vote.
- Provides that NC IOLTA grants can be made from available funds not used to cover administrative expenses as follows:
 - No more than \$15 million per fiscal year of funds received on or after July 1, 2025, to the Office of Indigent Defense Services for the Private Assigned Counsel (PAC) Fund.
 - All unexpended and unencumbered funds received prior to July 1, 2025, for programs designed to improve the administration of justice as may be proposed by the IOLTA Board of Trustees and approved annually by the North Carolina Supreme Court. No more than \$2.5 million can be used per fiscal year for these grants.

Kara McCraw
Director



Legislative Analysis
Division
919-733-2578

Senate Bill 257

Page 2

- Requires the North Carolina State Bar to adopt rules to amend its rules consistent with this section by no later than November 1, 2026, including temporary rules if necessary.
- Provides that all funds received by the North Carolina State Bar from banks by reason of interest earned on general trust accounts established by lawyers or interest earned on trust or escrow accounts maintained by settlement agents will not be encumbered or expended for the purpose of awarding grants or for any purpose other than administrative costs except pursuant to this section.

This section became effective July 1, 2026.