

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

HOUSE BILL 1012
RATIFIED BILL

AN ACT TO PROVIDE ADDITIONAL APPROPRIATIONS AND EXTEND REGULATORY FLEXIBILITY FOR COMMUNITIES AND CITIZENS IMPACTED BY HURRICANE HELENE AND WILDFIRES.

The General Assembly of North Carolina enacts:

PART I. TITLE AND SCOPE OF ACT

SECTION 1.1. Title. – This act shall be known as "The Disaster Recovery Act of 2025 – Part II."

SECTION 1.2. Maximum Amounts; Effectuate Savings. – The appropriations and allocations made in this act are for maximum amounts necessary to implement this act. Savings shall be effected where the total amounts appropriated or allocated are not required to implement this act.

SECTION 1.3. Scope. – Unless otherwise provided, Part II of this act applies to the North Carolina counties in the affected area, as defined in Section 1.4 of this act.

SECTION 1.4. Definitions. – Unless otherwise provided, the following definitions apply in this act:

- (1) Affected area. – The counties designated before, on, or after the effective date of this act under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Helene.
- (2) FEMA. – The Federal Emergency Management Agency.
- (3) Helene Fund. – The Hurricane Helene Disaster Recovery Fund established in Section 4.1 of S.L. 2024-51.
- (4) HUD. – The United States Department of Housing and Urban Development.
- (5) NCEM. – The Division of Emergency Management of the Department of Public Safety.
- (6) NCSBE. – The North Carolina State Board of Elections.
- (7) OSBM. – The Office of State Budget and Management.

SECTION 1.5. Findings for Western North Carolina Wildfires. – The North Carolina General Assembly finds that several wildfires have burned thousands of acres in Western North Carolina in 2025, and efforts were hampered to extinguish those wildfires due to Hurricane Helene. Dry conditions in the region and storm debris left from Hurricane Helene have contributed to the many wildfires that have burned. On March 26, 2025, Governor Josh Stein declared a state of emergency due to the current and anticipated impacts from those wildfires in all of Western North Carolina, as well as the tribal lands in the State of North Carolina held by the Eastern Band of Cherokee Indians.

PART II. HURRICANE HELENE DISASTER RECOVERY APPROPRIATIONS AND PROGRAMS

SUBPART II-A. DISASTER RECOVERY APPROPRIATIONS AND TRANSFERS



SECTION 2A.1.(a) Helene Reserve. – The State Controller shall reserve to the Hurricane Helene Disaster Recovery Fund (Helene Fund) established in Section 4.1 of S.L. 2024-51 funds transferred from the following for the 2025-2026 fiscal year:

Source	2025-2026
(1) State Emergency Response and Disaster Relief Fund	\$104,963,059
(2) Federal Infrastructure Match Reserve	45,469,983
(3) Medicaid Contingency Reserve	476,512,736
(4) Information Technology Reserve	8,304,222.

SECTION 2A.1.(b) Reservations Not Appropriation. – Funds reserved pursuant to this section do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2A.2.(a) Additional Transfer of Unused and Underutilized Funds. – The State Controller shall transfer to the Helene Fund the sum of sixty-four million seven hundred fifty thousand dollars (\$64,750,000) in the 2025-2026 fiscal year appropriated or allocated to the agencies as set forth in this section:

- (1) Forty-five million dollars (\$45,000,000) for the Department of Environmental Quality:
 - a. Twenty-five million dollars (\$25,000,000) previously allocated for the Water Infrastructure Emergency Bridge Loan Program in accordance with Sections 2.1(a) and 4C.7 of S.L. 2024-53.
 - b. Twenty million dollars (\$20,000,000) previously allocated for the Emergency Infrastructure Bridge Loan Program for Commercial Underground Storage Tanks in accordance with Sections 2.1(a) and 4C.8 of S.L. 2024-53.
- (2) Twelve million five hundred thousand dollars (\$12,500,000) for the Department of Public Instruction previously allocated for lost compensation from school closures in accordance with Sections 6.1(a) and 8.1(c) of S.L. 2024-51.
- (3) Five million dollars (\$5,000,000) for The University of North Carolina System Office previously allocated for the repair and renovation of facilities in accordance with Section 2.1(a) of S.L. 2024-53 and the Committee Report described in Section 6.1 of that act.
- (4) Two million two hundred fifty thousand dollars (\$2,250,000) for the NCSBE previously allocated to conduct the 2024 General Election in the affected area in accordance with Sections 6.1(a) and 9.1(c) of S.L. 2024-51.

SECTION 2A.2.(b) Reallocation of Unused and Underutilized Funds. – Of the funds appropriated to the North Carolina Community Colleges System Office for the tuition grant program established pursuant to Section 4A.3 of S.L. 2024-53, the following amounts shall be reallocated as follows:

- (1) Two million four hundred seventy-three thousand nine hundred seventy-one dollars (\$2,473,971) in unexpended funds shall instead be used for community colleges located in the affected area that experienced enrollment declines from the 2023-2024 academic year to the 2024-2025 academic year.

- (2) One million one hundred sixty-three thousand twenty-nine dollars (\$1,163,029) in unexpended funds shall instead be used for funding for students to pay for tuition, fees, and emergency expenses that impact a student's ability to remain enrolled.

SECTION 2A.3.(a) Appropriation. – There is appropriated from the Helene Fund the sum of five hundred million dollars (\$500,000,000) in nonrecurring funds for the 2025-2026 fiscal year as follows:

- (1) Sixty-three million dollars (\$63,000,000) to the Department of Agriculture and Consumer Services as follows:
 - a. Twenty-five million dollars (\$25,000,000) for the Agricultural Disaster Crop Loss Program (Program) established in Section 2D.1 of S.L. 2025-2. These funds shall only be used for verifiable losses of farm infrastructure, as that term is defined in Section 2D.1(g) of S.L. 2025-2, in the affected area. These funds are not subject to the Commissioner of Agriculture's discretion under Section 2D.1(h) of S.L. 2025-2. The reporting requirements of the Program apply to these funds. The Department of Agriculture may apply these funds to existing applicants who have applied for farm infrastructure losses in the affected area prior to the date this act becomes law and shall open a new application period for these funds.
 - b. Fifteen million dollars (\$15,000,000) for the Streamflow Rehabilitation Assistance Program to be used in accordance with Article 6 of Chapter 139 of the General Statutes in the affected area.
 - c. Fifteen million dollars (\$15,000,000) for the North Carolina Forest Service for wildfire assets and preparedness, including contract services and equipment to respond and fight wildfires in the affected area.
 - d. Eight million dollars (\$8,000,000) for the North Carolina Agricultural Manufacturing and Processing Initiative for grants to eligible recipients under Section 10.2(b)(3) of S.L. 2023-134, as amended by Section 4.10 of S.L. 2024-1, for atmosphere-controlled projects in the affected area.
- (2) Ten million dollars (\$10,000,000) to the Department of Commerce as follows:
 - a. Five million dollars (\$5,000,000) for the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) for Visit NC to promote Western North Carolina tourism.
 - b. Five million dollars (\$5,000,000) for the Division of Community Revitalization for operational expenses and staffing.
- (3) Thirteen million dollars (\$13,000,000) to the Department of Environmental Quality as follows:
 - a. Ten million dollars (\$10,000,000) for the Dam Safety Grant Fund to repair, modify, or remove dams damaged by Hurricane Helene in the affected area, consistent with G.S. 143-215.32B, as enacted by Subpart II-E of this act.
 - b. Three million dollars (\$3,000,000) for landslide hazard mapping in the affected area.
- (4) Three million dollars (\$3,000,000) to the Department of Information Technology to develop the disaster recovery constituent portal in accordance with Subpart II-F of this act.
- (5) Twelve million two hundred fifty thousand dollars (\$12,250,000) to the Department of Natural and Cultural Resources for the Parks and Recreation

Trust Fund for eligible uses in the affected area. Of these funds, sixty five percent (65%) shall be used for the State Parks System or State recreational forests in accordance with G.S. 143-135.56(b)(1) and thirty five percent (35%) for matching funds to units of local government or public authorities in accordance with G.S. 143B-135.56(b)(2). The North Carolina Parks and Recreation Authority shall not impose the maximum grant size set forth in NCAC Subchapter 13K .0100 with respect to funds provided by this subdivision.

- (6) Eight million dollars (\$8,000,000) to the Department of Public Instruction to disburse as a competitive grant program to public school units to repair public school infrastructure or buildings damaged by Hurricane Helene in the affected area. To qualify for these funds, public school units must have been denied insurance coverage and federal aid for the infrastructure damaged prior to receipt of the funds. Each grant awarded under this subdivision shall be no more than five hundred thousand dollars (\$500,000).
- (7) Two hundred eight million dollars (\$208,000,000) to NCEM as follows:
 - a. Seventy-five million dollars (\$75,000,000) for the Private Road and Bridge Repair Program (Program), established in Subpart II-C of S.L. 2025-2. Of these funds, twenty-five million dollars (\$25,000,000) shall be used solely for reimbursement to persons and homeowners associations (HOAs) with qualifying projects that have been completed. Persons and HOAs applying for reimbursement shall be eligible for fifty percent (50%) of costs. Applications for reimbursement shall be accepted by NCEM for a period of six months from the date NCEM opens an application process to persons in the affected area. If funds remain after the application period closes for reimbursement, the remaining funds shall be repurposed within the Program for new construction of eligible projects. The reporting requirements under Section 2C.1(e) of S.L. 2025-2 apply to these funds.
 - b. Seventy million dollars (\$70,000,000) for the 2025-2026 fiscal year for NCEM to provide the nonfederal share for FEMA disaster recovery programs for Hurricane Helene.
 - c. Twenty-five million dollars (\$25,000,000) for the Aerial Asset Accessibility Grant Program in accordance with Subpart II-D of this act.
 - d. Twenty million dollars (\$20,000,000) for the Disaster Relief and Mitigation Fund for the Hurricane Helene Flood Mitigation Grant Program in accordance with Subpart II-C of this act.
 - e. Eighteen million dollars (\$18,000,000) to disburse grants to any member organization of Volunteer Organizations Active in Disaster (VOADs) actively involved in actual and ongoing repair and reconstruction projects. NCEM shall submit a report by October 1, 2025, and every six months thereafter until all funds are expended, to the Joint Legislative Emergency Management Oversight Committee and Fiscal Research Division detailing the use of the funds allocated to VOADs under this subdivision and Section 2A.2(7) of S.L. 2025-2.
- (8) Ninety-six million two hundred fifty thousand dollars (\$96,250,000) to OSBM as follows:
 - a. Seventy million dollars (\$70,000,000) for the Hurricane Helene Local Government Capital Grant Program (Program) in accordance with

- Subpart II-B of this act. Of these funds, twenty million dollars (\$20,000,000) shall be allocated to Madison County. Of these funds, OSBM may use up to two hundred fifty thousand dollars (\$250,000) for administrative costs to implement and operate the Program.
- b. Sixteen million dollars (\$16,000,000) to the Town of Canton (Town) as follows:
 - 1. Two million dollars (\$2,000,000) to provide emergency operating support directly related to ensuring continuity of wastewater treatment service for customers of the wastewater system serving the Town.
 - 2. Fourteen million dollars (\$14,000,000) for acquisition of the former Pactiv wastewater treatment facility and other related properties for the purpose of constructing a new regional wastewater treatment facility and other related infrastructure outside of the floodplain for disaster mitigation and recovery.
 - c. Four million two hundred fifty thousand dollars (\$4,250,000) to disburse grants to repair damage from Hurricane Helene:
 - 1. One million five hundred thousand dollars (\$1,500,000) to Lees-McRae College.
 - 2. One million five hundred thousand dollars (\$1,500,000) to Montreat College.
 - 3. Five hundred thousand dollars (\$500,000) to Mars Hill University.
 - 4. Two hundred fifty thousand dollars (\$250,000) to Brevard College.
 - 5. Two hundred fifty thousand dollars (\$250,000) to Gardner-Webb University.
 - 6. Two hundred fifty thousand dollars (\$250,000) to Lenoir-Rhyne University.
 - d. Six million dollars (\$6,000,000) to the entities listed in this sub-subdivision in the following amounts to provide technical assistance to units of local governments in the affected area with (i) federal financial aid applications, (ii) disaster recovery funding, (iii) support planning and permitting assistance, and (iv) building capacity for building and trade inspections. In providing this assistance, these entities shall prioritize assistance to units of local government in counties with a population of less than 250,000 in the affected area. Any unit of local government that has received a separate allocation of federal aid through HUD for Hurricane Helene is not eligible for this funding.
 - 1. Two million dollars (\$2,000,000) to the North Carolina League of Municipalities.
 - 2. Two million dollars (\$2,000,000) to the North Carolina Association of County Commissioners.
 - 3. Two million dollars (\$2,000,000) to the North Carolina Association of Regional Councils of Government.
- (9) Ten million dollars (\$10,000,000) to the Office of the Governor for the Governor's Recovery Office for Western NC. Of these funds, five million dollars (\$5,000,000) shall be used for each year of the 2025-2027 fiscal biennium.

- (10) Eighteen million dollars (\$18,000,000) to the Office of the State Fire Marshal to disburse grants of fifty thousand dollars (\$50,000) to fire departments and rescue squads to be used to repair or replace equipment and facilities damaged by Hurricane Helene and to enhance wildfire response and preparedness. Notwithstanding Section 1.3 of this act, the recipients of these grants must be located in the following counties: Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Clay, Cleveland, Cherokee, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Watauga, Wilkes, and Yancey. Grants disbursed pursuant to this subdivision shall not be used to fund full-time equivalent positions or staffing.
- (11) One million dollars (\$1,000,000) to the North Carolina School for the Deaf in Morganton to repair, replace, renovate, or construct buildings or infrastructure damaged by Hurricane Helene.
- (12) Six million dollars (\$6,000,000) to the Board of Governors of The University of North Carolina to disburse grants to the following schools to repair, replace, renovate, or construct buildings or infrastructure damaged by Hurricane Helene, and for resiliency and hazard mitigation on campus property to prepare for future disasters:
 - a. Two million dollars (\$2,000,000) to Western Carolina University.
 - b. Two million dollars (\$2,000,000) to Appalachian State University.
 - c. Two million dollars (\$2,000,000) to the University of North Carolina – Asheville and the North Carolina Arboretum.
- (13) Fifty-one million five hundred thousand dollars (\$51,500,000) to the Department of State Treasurer for cash flow loans to local governments in the affected area, consistent with the requirements of Section 4E.5 of S.L. 2024-53, as amended by Section 1F.1 of S.L. 2024-57.

SECTION 2A.3.(b) NCSBE Remaining Funds Flexibility for Affected Area. – Of the funds allocated to the NCSBE under Sections 6.1(a) and 9.1(c) of S.L. 2024-51, not including the funds transferred under this subpart, the NCSBE may use the remaining funds for conducting and staffing elections, including for equipment, technology, and other purposes necessary for operation, in the affected area.

SECTION 2A.3.(c) Public School Capital. – The State Controller shall transfer interest earned as of June 30, 2025, from the Needs-Based Public School Capital Fund established in Article 38B of Chapter 115C of the General Statutes, estimated at fifty-six million three hundred thousand dollars (\$56,300,000) to be allocated to the Department of Public Instruction as follows:

- (1) Twenty-five million dollars (\$25,000,000) to disburse to Yancey County for total rebuilds of destroyed public school infrastructure and buildings damaged by Hurricane Helene. To qualify for these funds, public school units must have sought insurance coverage and have infrastructure damaged that is not reimbursable under federal aid prior to application, if applicable. The county shall ensure that funds do not duplicate funds received from insurance for the same purposes.
- (2) Thirty-one million three hundred thousand dollars (\$31,300,000) for Capital Recovery Funds for the Public School Facilities Program, established in S.L. 2024-53, Committee Report, page F2, Item 7.

SECTION 2A.3.(d) Of the funds allocated to NCEM in this act, NCEM may use one-half percent (0.5%), totaling one million four hundred thousand dollars (\$1,400,000), for administrative purposes to implement and operate programs funded and established in this act.

SECTION 2A.3.(e) Division of Community Revitalization Funding. – The funds appropriated pursuant to G.S. 143C-5-4(b) to the Future Building Reserves which have been transferred to the Department of Commerce, Division of Community Revitalization (Budget Code 14600, Budget Fund 104639), are reduced by five million dollars (\$5,000,000) recurring in each year of the 2025-2027 fiscal biennium.

SECTION 2A.3.(f) G.R.O.W. NC Funding. – The funds appropriated pursuant to G.S. 143C-5-4(b) to the Future Building Reserves which have been transferred to G.R.O.W. NC (Budget Code 13000, Budget Fund 100201) are reduced for each fiscal year of the 2025-2027 fiscal biennium by the sum of five million dollars (\$5,000,000) in recurring funds.

SECTION 2A.3.(g) Contingency Repeal. – If House Bill 125, 2025 Regular Session, becomes law, then Sections 2A.3(e) and (f) of this act are repealed.

SECTION 2A.3.(h) Maximum Amounts for Certain Grant Programs. – Grant programs for units of local government that specifically allocate a portion of funds to a named unit of local government shall account for and reduce that unit's otherwise allowable amount from the program.

SECTION 2A.4.(a) Reallocate Previously Appropriated Funds. – Notwithstanding any other provision of law to the contrary, the following previously appropriated funds to the Department of Transportation shall be reallocated for use in accordance with subsection (b) of this section:

Unexpended Dorian Funds/NCFS Budget Fund 801278	\$28,161,418
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SECTION 2A.4.(b) Recovery Funds. – The following funds, the total sum of which is two hundred ninety-eight million one hundred sixty-one thousand four hundred eighteen dollars (\$298,161,418), shall be used by the Department of Transportation for cash flow and federal matching purposes for activities related to recovery from Hurricane Helene:

- (1) Funds allocated in accordance with Section 2A.5(b)(3) and subsection (a) of this section.
- (2) Notwithstanding subsections (f) and (f1) of G.S. 136-44.2 and any other provision of law to the contrary, for the 2025-2026 fiscal year, the Department of Transportation shall use up to two hundred seventy million dollars (\$270,000,000) in Credit Balance Funds.

In addition to the total amount of funds allocated by this subsection and notwithstanding subsections (f) and (f1) of G.S. 136-44.2 and any other provision of law to the contrary, the Department of Transportation shall use all future Credit Balance Funds for activities related to recovery from Hurricane Helene until recovery is completed.

SECTION 2A.4.(c) Management of Funds. – All funds used for Hurricane Helene recovery as set forth in this section shall be managed in a separate project account within the Reserve for General Maintenance (GMR). Federal reimbursements for funds expended from this account shall be deposited in this account. Upon recovery completion, any remaining Recovery Funds shall be transferred to GMR for use by the Department.

SECTION 2A.4.(d) Cash Watch Weekly Report. – In addition to the other items published in the weekly report required under G.S. 143C-6-11(n), the Department shall include the total sum of Hurricane Helene expenditures and the total sum of federal reimbursements received by the Department. This requirement shall remain in effect until recovery is complete and the Department has received all federal reimbursements.

SECTION 2A.5.(a) Temporary Authorization of NCRR Dividend. – For each year of the 2025-2027 fiscal biennium, any State-owned railroad company that has trackage in more than two counties shall issue an annual cash dividend to the State. The dividend shall be deposited in the Highway Fund. The amount of the dividend for each year of the biennium is twenty-five percent (25%) of the company's income from the prior year's trackage rights agreements. The

dividend is due by February 15 of each year, and interest shall accrue at the annual rate of prime plus one percent (1%) if the payment is not paid by the due date. The Directors of any State-owned railroad company who vote for or assent to the dividend required under this section shall not be held liable under G.S. 55-8-33.

SECTION 2A.5.(b) Appropriation of NCRR Dividend First Year. – For the 2025-2026 fiscal year, the funds deposited in accordance with section (a) of this section are hereby appropriated to the Department of Transportation to be allocated in accordance with the following:

- (1) The sum of two million dollars (\$2,000,000) in nonrecurring funds to Blue Ridge Southern Railroad, LLC, for recovery and repair of infrastructure damaged by Hurricane Helene. The remaining funds from this allocation shall revert to the Highway Fund for use in accordance with Section 2A.4(c) of this act on June 30, 2027.
- (2) The sum of two million dollars (\$2,000,000) in nonrecurring funds to Great Smoky Mountains Railroad, LLC, for recovery and repair of infrastructure damaged by Hurricane Helene. The remaining funds from this allocation shall be deposited to the Highway Fund for use in accordance with Section 2A.4(c) of this act on June 30, 2027.
- (3) The sum of six hundred thousand dollars (\$600,000) in nonrecurring funds for use in accordance with Section 2A.4(b) of this act.

SECTION 2A.5.(c) Appropriation of NCRR Dividend Second Year. – For the 2026-2027 fiscal year the funds deposited in accordance with subsection (a) of this section are hereby appropriated to the Department of Transportation for use in accordance with Section 2A.4(b) of this act.

SECTION 2A.6. The State Controller shall transfer from the Stabilization and Inflation Reserve established in Section 2.2(q) of S.L. 2022-74 to the North Carolina Selectsite Fund established in Section 11.12(c) of S.L. 2023-134 the nonrecurring sum of fifteen million dollars (\$15,000,000) for the 2025-2026 fiscal year. Amounts transferred pursuant to this section are appropriated, and must be used, for (i) purposes consistent with Section 11.12 of S.L. 2023-134, as amended by Section 4.3 of S.L. 2025-4, and (ii) to the extent not otherwise allowed by this section, for costs for other public infrastructure and site development improvements at a site other than a selectsite that are needed to facilitate an economic development project on a selectsite.

SECTION 2A.7.(a) Lumber River Basin Funding. – The State Controller shall transfer the sum of twenty million dollars (\$20,000,000) in nonrecurring funds for the 2025-2026 fiscal year of the funds allocated to the Department of Environmental Quality from the State Capital and Infrastructure Fund as referenced in Section 40.7 of S.L. 2021-180, as amended, to Robeson County for State matching requirements for federal funding for the community-led Lumber River Basin Coalition waterway restoration project due to damage from Potential Tropical Cyclone #8 and Tropical Storm Debby.

SECTION 2A.7.(b) Reversion. – Remaining unspent funds appropriated under this section shall revert to the State Capital and Infrastructure Fund to be used for the original purpose set forth in Section 40.7 of S.L. 2021-180, as amended, if not used to draw down federal funds before the expiration of the federal deadline to receive those funds.

SUBPART II-B. HURRICANE HELENE LOCAL GOVERNMENT CAPITAL GRANT PROGRAM

SECTION 2B.1.(a) Establishment. – There is established the Hurricane Helene Local Government Capital Grant Program (Program) to be administered by the Office of State Budget and Management. The purpose of the Program is to disburse grants to eligible recipients

for capital projects in the affected area in accordance with the Program requirements set forth in this section.

SECTION 2B.1.(b) Criteria; Uses. – OSBM shall disburse grants to eligible recipients under a damage per capita formula developed from FEMA's damage estimates and reports in the affected area from Hurricane Helene. The grants shall be used for capital projects to repair, renovate, or replace infrastructure damaged by Hurricane Helene. These capital projects must be projects that have been denied eligibility for FEMA Public Assistance reimbursement.

SECTION 2B.1.(c) Eligible Recipients. – To be eligible for a grant under the Program, a recipient shall be a unit of local government or a federally recognized tribe on lands held in trust by the United States located in the affected area.

SECTION 2B.1.(d) Prioritization. – OSBM shall prioritize grants to an eligible recipient with a population of 300,000 or fewer based on the 2023 Certified County Population Estimates from the State Demographer and that qualify, in whole or in part, for FEMA Public Assistance Categories C through G.

SECTION 2B.1.(e) Maximum Grant Awards. – OSBM shall not award more than the following percentages of the funds appropriated for the Program:

- (1) Twenty percent (20%) to one county, including grants to units of local government within that county.
- (2) Five percent (5%) per eligible recipient.
- (3) Five percent (5%) per zip code if that zip code only qualifies for FEMA Public Assistance Categories A through B.

SECTION 2B.1.(f) Reporting Requirement. – OSBM shall submit a report to the chairs of the Joint Legislative Oversight Committee on General Government and the Joint Legislative Emergency Management Oversight Committee and the Fiscal Research Division no later than six months after the application period for this Program opens, and every six months thereafter until all funds are expended. The report shall include, at a minimum, all of the following:

- (1) The number of grants disbursed and to which eligible recipients.
- (2) The proposed uses for each grant.
- (3) The average and median amounts of the grants disbursed under the Program.

SUBPART II-C. HURRICANE HELENE FLOOD MITIGATION GRANT PROGRAM

SECTION 2C.1.(a) Establishment. – There is established the Hurricane Helene Flood Mitigation Grant Program (Program). The funds appropriated in this act to NCEM for the Disaster Relief and Mitigation Fund (DRMF) shall be used to provide funds to the Program to provide flood mitigation grants to units of local government and nonprofit organizations to undertake flood mitigation projects in the affected area. Units of local government may also apply for engineering assistance grants.

SECTION 2C.1.(b) Flood Mitigation Grants. – Grants disbursed under the Program for eligible flood mitigation grants must be for projects that reduce the risk of future damage from flooding through structural or nonstructural measures through the following:

- (1) Culvert or bridge retrofits or replacements.
- (2) Stormwater and drainage system improvements.
- (3) Relocation of at-risk infrastructure.
- (4) Hardening of critical facilities and utilities.

SECTION 2C.1.(c) Engineering Assistance Grants. – Grants disbursed under the Program may also be used by units of local government to identify and design shovel-ready projects related to flood mitigation.

SECTION 2C.1.(d) Cost-Share. – There is no cost-share or matching requirement by recipients to receive grants under the Program. Recipients of grants will be paid under a

reimbursement model for costs incurred for eligible flood mitigation or engineering assistance grants.

SECTION 2C.1.(e) Maximum Grant Awards. – NCEM shall not award a grant larger than (i) ten percent (10%) to a single recipient or (ii) twenty percent (20%) to a single county, of the total amount of funds appropriated in this act for the Program.

SECTION 2C.1.(f) Administrative Expenses. – NCEM may retain up to one and one-half percent (1.5%) of the funds appropriated for the Program created by this section for administrative expenses.

SECTION 2C.1.(g) DRMF Requirements. – To the extent the Program requirements described in this section conflict with the DRMF requirements, this section controls.

SUBPART II-D. AERIAL ASSET ACCESSIBILITY GRANT PROGRAM

SECTION 2D.1.(a) Program; Purpose. – There is established the Aerial Asset Accessibility Grant Program (Program) to be administered by NCEM. The purpose of the Program is to disburse grants to local airports in the affected area to (i) repair, replace, and restore infrastructure damaged by Hurricane Helene and (ii) build and improve capacity for emergency preparedness and disaster response for future natural disasters and emergencies. NCEM shall consult with the Department of Transportation if grant applications concern airport roads or other infrastructure, as necessary.

SECTION 2D.1.(b) Grants for Damaged Infrastructure. – NCEM shall disburse grants to eligible recipients to repair, replace, and restore infrastructure on airport property, including terminals, runways, gates, hangars, curtilage structures, airport roads, and other structures damaged by Hurricane Helene. Applicants for these grants must pursue insurance coverage and federal aid prior to being awarded a grant for these purposes.

SECTION 2D.1.(c) Grants for Capacity for Emergency Preparedness. – NCEM shall disburse grants to eligible recipients to improve the capacity for emergency preparedness and disaster response through capital projects and infrastructure and communication improvements on airfield property. Eligible recipients must demonstrate how the project or improvement will increase emergency preparedness and disaster response.

SECTION 2D.1.(d) Eligible Recipient. – An eligible recipient for a grant awarded under this Program shall be limited to persons or units of local government that own an airport that (i) is currently in operation or (ii) was in operation prior to Hurricane Helene and not currently in operation but for damage from Hurricane Helene and meets the following criteria:

- (1) Must have a fuel truck available 24 hours per day and seven days per week.
- (2) The county in which the airport resides must enter into an agreement with the State giving the State untethered access to any facilities provided under the Program.
- (3) Must have on-site aviation mechanics that offer services to the public.
- (4) During a state of emergency, the airport must be able to be open 24 hours per day and seven days per week.
- (5) Does not offer passenger service.

SECTION 2D.1.(e) Prioritization. – NCEM shall prioritize applicants with facilities that demonstrate adequate runway capacity, storage capacity, and personnel that can substantially contribute to enhanced regional emergency and disaster readiness. These prioritized applicants shall also be capable of facilitating access of various forms and sizes of aircraft providing adequate takeoff and landing clearance.

SECTION 2D.1.(f) Maximum Grant Award. – Grants awarded under this Program shall not exceed five million dollars (\$5,000,000) per eligible recipient. A county in the affected area shall not receive more than two grants from the Program.

SECTION 2D.1.(g) Reporting Requirement. – NCEM shall submit a report to the chairs of the Joint Legislative Emergency Management Oversight Committee and the Fiscal

Research Division no later than six months after the application period for this Program opens, and every six months thereafter until all funds are expended. The report shall include, at a minimum, all of the following:

- (1) The number of grants disbursed and to which eligible recipients.
- (2) The proposed uses for each grant.
- (3) The average and median amounts of the grants disbursed under the Program.

SUBPART II-E. DAM SAFETY GRANT FUND

SECTION 2E.1. Part 3 of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-215.32B. Dam Safety Grant Fund.

(a) Creation; Purpose. – There is created within the Department a special, nonreverting account to be known as the Dam Safety Grant Fund to issue grants from the Fund to eligible dam owners for the purpose of dam repair, modification, or removal, if the dam was damaged by a natural disaster. The Fund shall be administered by the Division of Energy, Mineral, and Land Resources.

(b) Prioritization. – The Department shall assign priority for grants that serve as the State match to eligible projects based on the Risk-Based Prioritization Method established under the Federal Emergency Management Agency (FEMA) High Hazard Potential Dams (HHPD) Rehabilitation Grant Program. Funds may also be used for dams not eligible for federal match under the HHPD Rehabilitation Grant Program if the dam was damaged by a natural disaster and classified as high hazard.

(c) The Department shall, when funding is available, administer grants from the Fund in a manner consistent with applicable federal and State law and regulations.

(d) The Department shall submit an annual report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources detailing the projects funded, federal dollars drawn from the HHPD Rehabilitation Grant Program for those projects, and locations, types, and justification of each project."

SUBPART II-F. DISASTER RECOVERY CONSTITUENT PORTAL

SECTION 2F.1. The Department of Information Technology shall issue a request for proposals for the development and creation of a disaster relief portal, focused on constituent engagement, that will operate as a central platform for relevant updates and constituent services in response to natural disasters occurring in the State. The disaster focused constituent engagement portal shall be designed to consolidate critical information and programs from all relevant State agency websites and any federal resources from FEMA, HUD, or other federal agencies, including disaster recovery case management, into a single, centralized portal where affected citizens can engage with State agencies, find resources, and receive real-time information.

PART III. ADDITIONAL BUDGETARY FUNDING AVAILABILITY AND REGULATION

SECTION 3.1. Extension of State of Emergency. – In accordance with G.S. 166A-19.20(c)(2), the statewide declaration of emergency issued by the Governor in Executive Order No. 315, concurred to by the Council of State, and extended by Section 3.1 of S.L. 2024-51 and Section 3.1 of S.L. 2025-2, is further extended until October 1, 2025. This extension applies to the regulatory flexibilities listed in Section 5.1 of S.L. 2025-2. This provision has no effect on Executive Order No. 322, issued by the Governor on October 16, 2024.

SECTION 3.2.(a) Federal Funds for Water and Sewer Projects. – The General Assembly finds that the supplemental appropriations provided by Congress in the American Relief Act of 2025 (P.L. 118-158) and allocated by the U.S. Environmental Protection Agency

to the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund for wastewater treatment works, drinking water facilities, and decentralized wastewater treatment systems in the State impacted by Hurricane Helene should be expeditiously used for repair and replacement of drinking water and wastewater infrastructure damaged by Hurricane Helene.

Accordingly, the General Assembly appropriates in this act for the 2025-2026 fiscal year the sum of six hundred eighty-five million six hundred thirteen thousand dollars (\$685,613,000) in federal disaster funding in this act, which is allocated in and for the following amounts and uses:

- (1) Two hundred fifty-three million six hundred eighty-one thousand dollars (\$253,681,000) to the Clean Water State Revolving Fund established in G.S. 159G-22(b) (CWSRF) and four hundred nine million four hundred twenty-two thousand dollars (\$409,422,000) to the Drinking Water State Revolving Fund established in G.S. 159G-22(c) (DWSRF) for funding of projects consistent with applicable federal law and guidance to CWSRF and DWSRF eligible entities that were damaged, can demonstrate impact, or experienced a loss or disruption of a mission-essential function caused by Hurricane Helene.
- (2) Twenty-two million five hundred ten thousand dollars (\$22,510,000) to the CWSRF to improve the resilience of decentralized wastewater treatment systems to flooding, to assess the potential to connect homes served by decentralized wastewater treatment systems to centralized wastewater systems, and to fund such connections.

SECTION 3.2.(b) Receipt. – These funds shall be receipted by the Department of Environmental Quality in the amounts listed in subsection (a) of this section for those purposes.

SECTION 3.2.(c) The following entities are eligible to apply for a loan or grant from funds appropriated in this act to the Clean Water State Revolving Fund for decentralized wastewater treatment systems:

- (1) A local government unit or a nonprofit water corporation, as defined in G.S. 159G-20.
- (2) A Community Development Finance Institution or a nonprofit organization that provides financing assistance to homeowners to repair or replace decentralized wastewater systems in North Carolina.

SECTION 3.3. Extend Term of Water Infrastructure Loans. – Section 4C.7(j) of S.L. 2024-53, as amended by Section 1D.10 of S.L. 2024-57, reads as rewritten:

"SECTION 4C.7.(j) Terms. – A loan from the program is subject to all of the following:

- (1) Interest rate. – The loan does not bear interest.
- (2) Maturity. – The loan matures upon the earlier of (i) receipt of federal or State disaster relief by the provider or (ii) ~~June 30, 2030.~~ June 30, 2035."

SECTION 3.4. Emergency Flexibility of Funds. – G.S. 166A-19.40 reads as rewritten:

"§ 166A-19.40. Use of contingency and emergency funds.

(a) Use of Contingency and Emergency Funds. – The Governor may use contingency and emergency funds:

- (1) As necessary and appropriate to provide relief and assistance from the effects of an emergency.
- (2) As necessary and appropriate for National Guard training in preparation for emergencies with the concurrence of the Council of State.

(b) Repealed by Session Laws 2015-241, s. 6.19(a), effective July 1, 2015.

(c) Use of Other Funds. – The Governor may reallocate on a nonrecurring basis such other funds as may reasonably be available within the appropriations of the various departments when all of the following conditions are satisfied:

- (1) The severity and magnitude of the emergency so requires.
- (2) Contingency and emergency funds are insufficient or inappropriate.
- (3) A state of emergency has been declared pursuant to G.S. 166A-19.20(a).
- (4) Funds in the State Emergency Response and Disaster Relief Fund are insufficient."

SECTION 3.5. Demolition Exception for Black Mountain Home for Children. – Notwithstanding any provision of law or policy promulgated or adopted by The University of North Carolina to the contrary, qualifying structures may be demolished if approved by the Chief Financial Officer, Chancellor, and Board of Trustees of North Carolina State University. All demolition work and activities that may occur with respect to qualifying structures shall be performed in accordance with all applicable laws, regulations, rules and ordinances, including, without limitation, permitting requirements. For purposes of this section, qualifying structures means up to three buildings (i) damaged as a result of Hurricane Helene, (ii) with an assessment of the damage to, and subsequent condemnation of, the structures by the State Construction Office, Department of Administration, (iii) owned by North Carolina State University, and (iv) leased to Black Mountain Home for Children as the Swannanoa 4-H Camp.

SECTION 3.6.(a) Competitive Grant Prioritization. – Notwithstanding any other provision of law, for the 2025-2026 fiscal year, the following programs and funds shall prioritize applicants from counties that (i) were designated, in whole or in part, by the United States Department of Housing and Urban Development as the most impacted and distressed counties from Hurricane Helene and (ii) have a population of 300,000 or fewer based upon the 2023 Certified County Population Estimates from the State Demographer:

- (1) State and local projects funded from the Parks and Recreation Trust Fund, established under G.S. 143B-135.56.
- (2) Grants awarded by the State Water Infrastructure Authority from the State Drinking Water and Wastewater Reserves.

SECTION 3.6.(b) Applicants. – Each agency overseeing the administration of funds from the programs and funds listed in subsection (a) of this section shall require applicants seeking prioritization to attest that (i) the application for funds is for repair, replacement, or construction of equipment, buildings, or natural features due to damage or effects from Hurricane Helene, including capacity-building, and (ii) the amount of funds requested is the amount of unmet need above the amount paid by insurance and available federal aid.

PART IV. REVERSION, LIMITATIONS ON USE OF FUNDS, AUDIT, AND REPORTING OF FUNDS

SECTION 4.1.(a) Reversion. – Except as otherwise provided, funds appropriated under Part II of this act shall revert to the Savings Reserve if not expended or encumbered by June 30, 2030.

SECTION 4.1.(b) Receipt of Allocations. – A recipient of State funds under this act shall use best efforts and take all reasonable steps to obtain alternative funds that cover the losses or needs for which the State funds are provided, including funds from insurance policies in effect and available federal aid. State funds paid under this act are declared to be excess over funds received by a recipient from the settlement of a claim for loss or damage covered under the recipient's applicable insurance policy in effect or federal aid. Where a recipient is an institution of higher education or a non-State entity, the requirement regarding alternative funds and the calculation of alternative funds received under this subsection includes seeking private donations to help cover the losses or needs for which State funds are provided. An agency awarding State funds for disaster relief shall include a notice to the recipient of the requirements of this subsection.

SECTION 4.1.(c) Remittance of Funds. – If a recipient obtains alternative funds pursuant to subsection (b) of this section, the recipient shall remit the funds to the State agency

from which the State funds were received. A recipient is not required to remit any amount in excess of the State funds provided to the recipient under this act. The State agency shall transfer these funds to the Savings Reserve.

SECTION 4.1.(d) Contract Requirements. – Any contract or other instrument entered into by a recipient for receipt of funds under this act shall include the requirements set forth in subsections (b) and (c) of this section.

SECTION 4.1.(e) Limitation on Powers of Governor. – The Governor may not use the funds described in this act to make budget adjustments under G.S. 143C-6-4 or to make reallocations under G.S. 166A-19.40(c). Nothing in this act shall be construed to prohibit the Governor from exercising the Governor's authority under these statutes with respect to funds other than those described in this act.

SECTION 4.1.(f) Directive. – The Governor shall ensure that funds allocated in this act are expended in a manner that does not adversely affect any person's or entity's eligibility for federal funds that are made available, or that are anticipated to be made available, as a result of natural disasters. The Governor shall also, to the extent practicable, avoid using State funds to cover costs that will be, or likely will be, covered by federal funds.

SECTION 4.1.(g) Continuation of Allocation Reporting Requirements. – OSBM shall add the appropriations and allocations provided for in this act to the reporting requirements set forth in Section 4.1(g) of S.L. 2025-2.

SECTION 4.1.(h) Continuation of State Auditor Oversight. – The Office of the Governor of North Carolina shall continue the reporting requirements set forth in Section 4.2 of S.L. 2025-2. The State Auditor shall include all funds appropriated and allocated under this act in their report to the Joint Legislative Commission on Governmental Operations and include the expenditure of these funds in the public dashboard as set forth in Sections 4.2(c) and (d) of S.L. 2025-2.

PART V. MISCELLANEOUS PROVISIONS

SECTION 5.1. Effect of Headings. – The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a part or section.

SECTION 5.2. Severability. – If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

SECTION 5.3. Effective Date. – Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 26th day of June, 2025.

s/ Ralph Hise
Presiding Officer of the Senate

s/ Diane Wheatley
Presiding Officer of the House of Representatives

Josh Stein
Governor

Approved _____m. this _____ day of _____, 2025