

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 1012
Second Edition Engrossed 5/22/25
Senate Appropriations/Base Budget Committee Substitute Adopted 6/23/25

Short Title: Disaster Recovery Act of 2025 - Part II.

(Public)

Sponsors:

Referred to:

May 21, 2025

A BILL TO BE ENTITLED
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



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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	428,526,115
(4)	Information Technology Reserve	55,127,214.

SECTION 2A.1.(b) State Agencies Operations. – In order to augment State funds that are available for operational needs of various State agencies resulting from recovery and relief efforts related to damage and suffering caused by Hurricane Helene, the General Assembly has identified and transferred to the Helene Fund funds from other reserves, in the amount of six hundred thirty-four million eighty-six thousand three hundred seventy-one dollars (\$634,086,371), that are currently unutilized or underutilized and has used a portion of those funds for multiple agencies, as provided elsewhere in this act. These additional reservations, along with the reallocation of underutilized funds, provide for a total of seven hundred million dollars (\$700,000,000) in additional availability to the Helene Fund.

SECTION 2A.1.(c) 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-five million nine hundred thirteen thousand six hundred twenty-nine dollars (\$65,913,629) 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.
- (5) One million one hundred sixty-three thousand six hundred twenty-nine dollars (\$1,163,629) for the Community Colleges System Office previously allocated for a tuition support program in accordance with Section 4A.3 of S.L. 2024-53.

SECTION 2A.2.(b) Reallocation of Unused and Underutilized Funds. – Of the funds appropriated for the tuition grant program established pursuant to Section 4A.3 of S.L. 2024-53, the sum of 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.

SECTION 2A.3.(a) Appropriation. – There is appropriated from the Helene Fund the sum of four hundred sixty-five million dollars (\$465,000,000) in nonrecurring funds for the 2025-2026 fiscal year as follows:

- (1) 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.
- (2) Twenty-three million dollars (\$23,000,000) to the Department of Agriculture and Consumer Services as follows:
 - a. 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.
 - b. 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.
- (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) Twenty million dollars (\$20,000,000) 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. 143B-135.56(b)(1) and thirty-five percent (35%) for matching funds to

- 1 units of local government or public authorities in accordance with
2 G.S. 143B-135.56(b)(2).
- 3 (5) Eight million dollars (\$8,000,000) to the Department of Public Instruction to
4 disburse as a competitive grant program to public school units to repair public
5 school infrastructure or buildings damaged by Hurricane Helene in the
6 affected area. To qualify for these funds, public school units must have been
7 denied insurance coverage and federal aid for the infrastructure damaged prior
8 to receipt of the funds. Each grant awarded under this subdivision shall be no
9 more than five hundred thousand dollars (\$500,000).
- 10 (6) Two hundred twenty-one million dollars (\$221,000,000) to NCEM as follows:
- 11 a. Seventy-five million dollars (\$75,000,000) for the Private Road and
12 Bridge Repair Program (Program), established in Subpart II-C of S.L.
13 2025-2. Of these funds, twenty-five million dollars (\$25,000,000)
14 shall be used solely for reimbursement to persons and homeowners
15 associations (HOAs) with qualifying projects that have been
16 completed. Persons and HOAs applying for reimbursement shall be
17 eligible for fifty percent (50%) of costs. Applications for
18 reimbursement shall be accepted by NCEM for a period of six months
19 from the date NCEM opens an application process to persons in the
20 affected area. If funds remain after the application period closes for
21 reimbursement, the remaining funds shall be repurposed within the
22 Program for new construction of eligible projects. The reporting
23 requirements under Section 2C.1(e) of S.L. 2025-2 apply to these
24 funds.
- 25 b. Seventy million dollars (\$70,000,000) for the 2025-2026 fiscal year
26 for NCEM to provide the nonfederal share for FEMA disaster recovery
27 programs for Hurricane Helene.
- 28 c. Twenty-five million dollars (\$25,000,000) to distribute to units of
29 local government in the affected area for unmet needs not covered by
30 insurance or available federal aid.
- 31 d. Twenty million dollars (\$20,000,000) for the Disaster Relief and
32 Mitigation Fund for the Hurricane Helene Flood Mitigation Grant
33 Program in accordance with Subpart II-C of this act.
- 34 e. Sixteen million dollars (\$16,000,000) to disburse grants to any
35 member organization of Volunteer Organizations Active in Disaster
36 (VOADs) actively involved in actual and ongoing repair and
37 reconstruction projects. NCEM shall submit a report by October 1,
38 2025, and every six months thereafter until all funds are expended, to
39 the Joint Legislative Emergency Management Oversight Committee
40 and Fiscal Research Division detailing the use of the funds allocated
41 to VOADs under this subdivision and Section 2A.2(7) of S.L. 2025-2.
- 42 f. Fifteen million dollars (\$15,000,000) for the Aerial Asset
43 Accessibility Grant Program in accordance with Subpart II-D of this
44 act.
- 45 (7) Fifteen million dollars (\$15,000,000) to the Office of the State Fire Marshal
46 to disburse grants to small and volunteer fire departments and rescue squads
47 in counties in the affected area that qualify for Individual and Public
48 Assistance Categories C through G to cover expenses incurred due to
49 Hurricane Helene, to purchase equipment, or to make capital improvements
50 to assist with readiness for future emergency response. A grant under this
51 subdivision shall not exceed five hundred thousand dollars (\$500,000). The

- Office of the State Fire Marshal may use up to two hundred fifty thousand dollars (\$250,000) of the funds appropriated in this subdivision for administrative costs related to disbursing these grants.
- (8) Thirty-eight million dollars (\$38,000,000) to OSBM as follows:
- a. 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.
 - b. Fifteen million dollars (\$15,000,000) for the Hurricane Helene Local Government Capital Grant Program in accordance with Subpart II-B of this act.
 - c. Six million dollars (\$6,000,000) to OSBM to the entities listed in this sub-subdivision in the following amounts to provide grants for 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 grants 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.
 - d. One million dollars (\$1,000,000) to MANNA Food Bank, Inc., a nonprofit corporation.
- (9) 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.
- (10) One million dollars (\$1,000,000) to the Department of Transportation, Rail Division to Great Smoky Mountains Railroad, LLC, for recovery and repair of infrastructure damaged by Hurricane Helene. The remaining funds from this allocation shall revert to the Helene Fund on June 30, 2027.
- (11) 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.
- (12) One hundred million dollars (\$100,000,000) 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.

- (13) Five million dollars (\$5,000,000) to the Board of Governors of The University of North Carolina to disburse grants to schools to repair, replace, renovate, or construct buildings or infrastructure damaged by Hurricane Helene.

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) 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.(d) 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.(e) If House Bill 125, 2025 Regular Session, becomes law, then Sections 2A.3(c) and (d) of this act are repealed.

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 (c) of this section:

DMV Tech Modernization/NCFS Budget Fund 801169	\$30,000,000
Unexpended Dorian Funds/NCFS Budget Fund 801278	\$28,161,418

SECTION 2A.4.(b) Nonrecurring Reductions. – From the funds appropriated pursuant to G.S. 143C-5-4(b) for the 2025-2027 fiscal biennium to the Department of Transportation, the following amounts shall be reallocated for use in accordance with subsection (c) of this section:

	FY 2025-26	FY 2026-2027
State Aid to Municipalities	\$50,000,000	\$50,000,000
Bridge Preservation	\$22,500,000	\$22,500,000
Pavement Preservation	\$22,500,000	\$22,500,000
FRRCSI Program	\$21,000,000	\$21,000,000

SECTION 2A.4.(c) Recovery Funds. – The following funds, the total sum of which is five hundred sixty million one hundred sixty-one thousand four hundred eighteen dollars (\$560,161,418), 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 subsections (a) and (b) 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.(d) 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.(e) 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) North Carolina Railroad Dividend. – G.S. 124-18, as it existed before it was repealed by Section 4.4(b) of S.L. 2019-231, is reenacted and reads as rewritten: "**§ 124-18. Dividends required of State-owned railroad company.**

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 Freight Rail & Rail Crossing Safety Improvement Fund (FRRCSI) within the Highway Fund. The amount of the annual dividend 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) For the 2025-2027 fiscal biennium, the funds deposited in accordance with G.S. 124-18, as enacted by subsection (a) of this section, are hereby appropriated to the Department of Transportation as follows:

	FY 2025-26	FY-2026-2027
FRRCSI Program/NCFS Budget Fund 801272	\$4,600,000	\$4,600,000

SECTION 2A.6. Powell Bill Funds. – Notwithstanding G.S. 143C-5-4(b), for the 2025-2027 fiscal biennium:

- (1) Except as provided in Section 2A.4(b) of this act, the Department of Transportation shall not reduce the funds allocated to the State Aid to Municipalities (Powell Bill funds).
- (2) Notwithstanding G.S. 136-41.1(a), Powell Bill funds shall only be allocated to municipalities with a population of less than 150,000.

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.

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

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

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

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

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

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

24 25 **SUBPART II-C. HURRICANE HELENE FLOOD MITIGATION GRANT PROGRAM**

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

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

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

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

42 **SECTION 2C.1.(d)** Cost-Share. – There is no cost-share or matching requirement
43 by recipients to receive grants under the Program. Recipients of grants will be paid under a
44 reimbursement model for costs incurred for eligible flood mitigation or engineering assistance
45 grants.

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

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

1 **SECTION 2C.1.(g)** DRMF Requirements. – To the extent the Program requirements
2 described in this section conflict with the DRMF requirements, this section controls.
3

4 **SUBPART II-D. AERIAL ASSET ACCESSIBILITY GRANT PROGRAM**

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

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

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

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

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

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

39 **SECTION 2D.1.(f)** Maximum Grant Award. – Grants awarded under this Program
40 shall not exceed three million dollars (\$3,000,000) per eligible recipient. A county in the affected
41 area shall not receive more than two grants from the Program.

42 **SECTION 2D.1.(g)** Reporting Requirement. – NCEM shall submit a report to the
43 chairs of the Joint Legislative Emergency Management Oversight Committee and the Fiscal
44 Research Division no later than six months after the application period for this Program opens,
45 and every six months thereafter until all funds are expended. The report shall include, at a
46 minimum, all of the following:

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

50
51 **SUBPART II-E. DAM SAFETY GRANT FUND**

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

3 **"§ 143-215.32B. Dam Safety Grant Fund.**

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

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

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

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

21
22 **PART III. ADDITIONAL BUDGETARY FUNDING AVAILABILITY AND**
23 **REGULATION**

24 **SECTION 3.1.(a)** Competitive Grant Prioritization. – Notwithstanding any other
25 provision of law, for the 2025-2027 fiscal biennium, the following programs and funds, which
26 collectively represent over seven hundred fifty million dollars (\$750,000,000) in the base budget
27 from competitive grant programs over the biennium, shall prioritize applicants from counties that
28 (i) were designated, in whole or in part, by the United States Department of Housing and Urban
29 Development as the most impacted and distressed counties from Hurricane Helene and (ii) have
30 a population of 300,000 or fewer based upon the 2023 Certified County Population Estimates
31 from the State Demographer:

- 32 (1) Needs-Based Public School Capital Fund, established in Article 38B of
33 Chapter 115C of the General Statutes. The matching requirement under
34 G.S. 115C-546.11 is waived for applicants qualifying under this subsection
35 for prioritization.
- 36 (2) Community Health Grant Program administered by the Department of Health
37 and Human Services, Division of Central Management, Office of Rural Health
38 (Rural Health).
- 39 (3) State-Designated Rural Health Centers Support Grant Program and Rural
40 Health Capital Grants Program administered by Rural Health.
- 41 (4) Agricultural Water Resources Assistance Program, established under Article
42 5 of Chapter 139 of the General Statutes.
- 43 (5) Utility Account, established under G.S. 143B-437.01.
- 44 (6) Rural Engagement & Investment Program under the Department of
45 Commerce, Rural Economic Development Division.
- 46 (7) State and local projects funded from the Parks and Recreation Trust Fund,
47 established under G.S. 143B-135.56.
- 48 (8) North Carolina Land and Water Fund, established under G.S. 143B-135.234.
- 49 (9) Grants administered by the North Carolina Arts Council, established under
50 Part 14 of Article 2 of Chapter 143B of the General Statutes.

- (10) Grants awarded by the State Water Infrastructure Authority from the State Drinking Water and Wastewater Reserves.

SECTION 3.1.(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.

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. 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 thirty-nine million six hundred thousand dollars (\$39,600,000), to the Department of Public Instruction for Capital Recovery Funds for the Public School Facilities Program, established in S.L. 2024-53, Committee Report, page F2, Item 7.

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. Extend Expiration of Tree Ordinance Restriction. – The expiration date of Section 1D.8 of S.L. 2024-57, as extended by Section 5.1 of S.L. 2025-2, is extended until October 1, 2025.

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

1 federal funds that are made available, or that are anticipated to be made available, as a result of
2 natural disasters. The Governor shall also, to the extent practicable, avoid using State funds to
3 cover costs that will be, or likely will be, covered by federal funds.

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

7 **SECTION 4.1.(h)** Continuation of State Auditor Oversight. – The Office of the
8 Governor of North Carolina shall continue the reporting requirements set forth in Section 4.2 of
9 S.L. 2025-2. The State Auditor shall include all funds appropriated and allocated under this act
10 in their report to the Joint Legislative Commission on Governmental Operations and include the
11 expenditure of these funds in the public dashboard as set forth in Sections 4.2(c) and (d) of S.L.
12 2025-2.

13 14 **PART V. MISCELLANEOUS PROVISIONS**

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

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

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