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Focusing on Legislative Representation

LEGISLATIVE REPORT July 15, 2026

INTRODUCTION

After passing a long-awaited budget before the July 4th Holiday, the General Assembly has adjourned for a temporary break. Lawmakers are scheduled to return to Raleigh on July 27 under the same procedural rules governing the current short session. It remains to be seen which policy measures will be taken up upon their return. However, there are plenty of conference reports still floating around that could be seen in any shape or form at the end of the month. It's also unclear how long they'll stick around once they're back. The expectation, though, is that this won't be the last trip. Legislators will likely return at least a couple more times before a newly elected legislative body is sworn in this January.

BUDGET

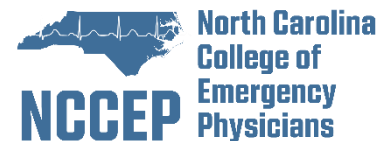
After nearly three years without a comprehensive spending plan, North Carolina lawmakers have finalized a \$34.4 billion state budget, sending it to Gov. Stein and likely ending one of the state's longest fiscal stalemates.

Republicans framed the budget as a fiscally responsible plan that balances growth with restraint. Senate Leader Berger said, "Our state's fiscal health remains in great shape... This is a responsible spending plan that takes aim at bureaucratic bloat without endangering core services," while also reducing "the tax burden for all North Carolinians." Speaker Hall added, "This budget invests in the people of North Carolina... It delivers historic raises, keeps taxes low, strengthens public safety, and protects taxpayer dollars." Senate Appropriations Chairman Hise emphasized disaster funding, stating: "This budget supports additional recovery efforts for Western North Carolina following the devastation of Hurricane Helene... this budget is no different" from the state's long-term fiscal approach.

Despite all the time without a budget, the final agreement came together quickly. Republican leaders released the 634-page proposal after weeks of closed-door negotiations, and legislators approved it just over 24 hours later. The pace frustrated some Democratic members, but despite those concerns, the budget passed with strong bipartisan support, clearing the House with a vote of 88–21 and the Senate 35–10, with nearly half of Democrats in both chambers voting in favor.



NORTH CAROLINA COLLEGE OF EMERGENCY PHYSICIANS



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Democratic leadership ultimately described the bill as a compromise driven by necessity. House Minority Leader Reives called it a “mixed bag,” saying, “This is not the budget that House Democrats would have written... but... North Carolina has gone more than 1,000 days without a comprehensive state budget.” He added, “Any support given for this budget was because we cannot afford further delay.”

Several Democrats pointed to key provisions that justified their votes. Rep. Hawkins called increased funding for direct care workers “an incredible win for the IDD community,” noting it has been “one of our top 2 agenda items” and will help “stabilize and retain the workforce.” Rep. Crawford added she was “really pleased” with the funding but acknowledged, “It’s not enough, but this is definitely the right direction.” Rep. Morey also highlighted preservation of the Innocence Inquiry Commission as a “must.”

Gov. Stein took less than a week to review the budget and sign it into law!

Among the highlights of the 600-page spending plan, there is \$1 billion to fully fund the Medicaid rebase, \$700 million for Helene Disaster Recovery, raises for teachers and state employees, and continued individual income tax reductions (3.49% by 2027, 3.24% by 2030, potential reduction to 2.49% if revenue targets are met). We have provided some highlights of the budget below in this report.

IRYNA’S LAW CHANGES

House Bill 1104, Improve IVC Process and Enhance Public Safety, has been approved by both the House and the Senate and was signed into law by Governor Stein. This new law addresses the directive in the initial Iryna’s law that would have required law enforcement to bring many offenders to the emergency department for an initial evaluation – regardless of whether they had an acute medical emergency. The North Carolina College of Emergency Physicians worked with legislators and other health care groups and stakeholders to amend the law to allow first evaluations to be done in local jails and other health care settings. Although a complete update to the bill could not be accomplished in the short time frame, many studies and continued work will be done on the issue and the problematic provision has been delayed to July, 2028. We will continue to work on this issue to improve the IVC process and make sure the emergency department role is clear and used only for acute care.

We want to thank the NCCEP IVC Task Force for their work along with all of our NCCEP members who reached out to legislators about this important issue. Here is a summary of the provisions in the final version of the bill which is now law:

- Directs multiple studies and pilot programs to improve the involuntary commitment (IVC) process, including data collection, use of telehealth in jails, mobile crisis units for first examinations, and evaluation of training for IVC examiners.
- Requires plans and reports on addressing behavioral health bed and staffing shortages in state-operated facilities, and studies on outpatient commitment, legal standards for IVC and incapacity to proceed, and provision of medical/behavioral health care in jails.
- Directs the North Carolina Collaboratory to study the feasibility of transferring operation or administration of state psychiatric hospitals to other entities.

- Substantially revises outpatient commitment statutes by:
 - Replacing references to “physician or center” with “provider” and expanding the definition of outpatient treatment provider.
 - Modifying criteria for outpatient commitment to require a reasonable determination of safe survival in the community without posing a danger, and adding new criteria related to treatment nonadherence, history of violent convictions, repeated violations/incarcerations/hospitalizations, and discharge from institutional settings.
 - Requiring initial outpatient treatment plans, specifying plan content, and mandating their incorporation into court orders.
 - Extending maximum outpatient commitment and combined inpatient/outpatient commitment periods from 90 to 180 days.
 - Requiring LME/MCOs or alternatives to maintain lists of individuals on outpatient commitment and to monitor compliance, with confidentiality provisions for such data.
 - Clarifying procedures for supplemental hearings, transfers between counties, and rehearings, and updating notification and documentation requirements.
- Grants the Department of Health and Human Services access to confidential court data for its duties under Article 5, with confidentiality protections.
- Overhauls procedures for criminal defendants found incapable to proceed:
 - Establishes state policy favoring capacity restoration services and defines such services, including educational and psychoeducational instruction.
 - Provides civil immunity for individuals and entities involved in custody, treatment, or supervision of such defendants, absent gross negligence.
 - Requires detailed forensic evaluation reports, including opinions on causes, likelihood of restoration, and recommended settings.
 - Mandates referral to capacity restoration programs (community-based, detention center, or inpatient-based) as a condition of release or custody, with specified enrollment periods and extensions.
 - Prohibits compelled medication for capacity restoration except under limited, court-approved circumstances for serious felony charges, with detailed findings and procedural safeguards.
 - Revises procedures for supplemental hearings, reporting, and return for trial upon restoration of capacity.
 - Requires courts to consider civil commitment upon dismissal of charges for incapacity, with specific procedures for violent offenses.
- Expands and defines capacity restoration pilot programs, including inpatient-based programs.
- Requires DHHS to adopt and publish guidelines for capacity restoration programs by December 1, 2026.
- Modifies effective dates for the provisions of Iryna's Law that would require law enforcement to bring certain offenders to the emergency department, delaying some sections to July 1, 2028.

The bill was approved by the General Assembly and was signed into law by Governor Stein.

BILLS OF INTEREST

House Bill 1240, Constitutional Amendment/Early Voting, is a new bill filed that would amend the State Constitution, if approved by a majority of the qualified voters of the State at the statewide general election to be held on November 3, 2026, to: (1) guarantee voters a minimum of 14 days for early voting in primary and general elections; (2) ensure that early voting sites are open for a designated minimum number of hours; (3) authorize county boards of elections to establish sites, hours, and staffing for early voting; and (4) guarantee same-day registration during early voting so that individuals qualified to register to vote can both register and vote during early voting. **Introduced by Representatives R. Pierce, Hawkins, Price, and Morey and referred to the House Rules Committee.**

BILL UPDATES

House Bill 328, Regulate Hemp-Derived Consumables. As amended in Conference Committee, this bill would regulate the sale, distribution, and possession of hemp-derived consumable products and add kratom as a Schedule VI controlled substance. **The House and Senate will next vote to adopt the Conference Committee report.**

House Bill 437, Drug-Free Zones/Unauthorized Public Camping. This bill to establish drug-free homeless service zones and increase the punishment imposed for committing certain drug offenses in a drug-free homeless service zone and to ban unauthorized public camping or sleeping in the state and local governments was vetoed by the Governor on July 8, 2026.

House Bill 1200, Tax-Free Family Essentials Act, was amended in the House Finance Committee to remove over-the-counter children's medication and prenatal vitamins from the new sales tax exclusions. **The bill as amended was approved by the House Finance and Rules Committees and the full House. The bill will next be considered by the Senate Rules Committee.**

LEGISLATION ENACTED

House Joint Resolution 1244, Adjournment Resolution, adjourns the House of Representatives and the Senate on Thursday, July 2, 2026, until Monday, July 27, 2026, at 12:00 noon, and sets out the matters that may be considered upon reconvening. **Effective: July 2, 2026.**

Senate Joint Resolution 1089, Appoint Melanie Bush Division of Health Benefit. This joint resolution would provide for the confirmation of Melanie Bush as the director of the Division of Health Benefits, Department of Health and Human Services. **This resolution was approved by the House and the Senate and her confirmation is ratified.**

BUDGET

General budget provisions

- Reduces personal income taxes as follows: 3.99% in 2026 (from 4.25% in 2025); 3.49% in 2027, 2028, and 2029; 3.24% in 2030, 2031, and 2032; and 2.99% after 2032.
- Provides \$151 million for Hurricane Helene recovery and \$10.7 million on Tropical Storm Chantal recovery.
- Cuts funding for Legal Aid and similar groups from the interest on lawyers trust accounts (IOLTA).
- Raises taxes on sports betting companies and allows UNC and NC State athletics to get a percentage of funding.
- Provides raises for teachers and other state employees. Most state employees would receive a 3% raise. Teachers would get raises averaging 8%, with veteran teachers receiving less and early career teachers getting more. None of the raises would be retroactive for the current fiscal year and would begin in the next fiscal year.
- Provides bonuses as follows: Teachers and state employees would also be given a one-time bonus: State employees would receive a \$1,000 bonus for those making more than \$65,000 a year, and \$1,750 for those making less. Teachers and assistant principals would receive a \$500 if they have less than 16 years of experience, and \$1,000 if more experienced. It also gives a \$1,750 bonus to every local law enforcement officer in the state.
- Provides additional funding for the State Health Plan.
- Adds new staffing in some agencies, including the State Bureau of Investigation, the State Auditor and the Department of Justice, and cuts hundreds of jobs in other agencies, particularly corrections, agriculture and health and human services.
- Makes changes to K-12 policies related to improving math instruction and bans schools from serving alternative meals to kids with meal debt.
- Closes certain tax loopholes and exemptions for data centers and nonprofits, including some hospitals.
- Provides funding an additional \$105 million toward a new children's hospital to be built in Apex, through a partnership between UNC Health and Duke Health. The hospital is expected to create 8,000 jobs and conduct cutting-edge treatments and research into rare or hard-to-treat pediatric disorders.
- Provides \$15 million to the North Carolina Collaboratory at UNC-Chapel Hill for research and remediation of PFAS near North Carolina fire stations. The proposal also requires the UNC program to study the effects of PFAS more broadly and conduct "toxicological impact assessments" of its effects on the state's drinking water.
- Eliminates motor vehicle registration cards and motor vehicle registration renewal stickers. The Division of Motor Vehicles of the North Carolina Department of Transportation would be required to develop and implement a system that allows vehicle owners, law enforcement agencies, and other authorized entities to access and verify registration status without the need for physical registration cards or renewal stickers.
- Permanently authorizes the North Carolina Department of Transportation (Department) to enter into agreements with the North Carolina State Bureau of Investigation (SBI) for the right-of-way owned by the Department. The bill would also permanently authorize the SBI to enter into these agreements on its own behalf or acting as an administrative agent for a federal, State, or local law enforcement agency. Currently, the Department and SBI are authorized to enter into these agreements under a pilot program that expires on July 1, 2026.

Below are the budget provisions of interest to your Association:

- Provides \$847.2 million for the Medicaid rebase which should fully fund Medicaid for the fiscal year.
- Appropriates to the North Carolina Department of Health and Human Services, Division of Mental Health, Developmental Disabilities and Substance Use Services, \$2 million in recurring funds beginning in the 2026-2027 fiscal year for the issuance of competitive grants to sheriffs' offices for addiction treatment in jails under the Medication Assisted Treatment (MAT) Grant Program.
- Increases the fee paid to the medical examiner for each investigation and report from \$200 to \$400.
- Requires the Division of Social Services of the North Carolina Department of Health and Human Services to maintain a "Child Welfare Case Escalation Team" to assess certain juveniles that have a history of involvement with child protective services due to safety concerns and risk factors. The bill would authorize an escalation specialist to "demand, in writing, records in possession of State or local law enforcement."
- Requires the issuance of a Specialty Retailer of Vapor Products License for each location in which the retailer sells, offers to sell, distributes, or stores vapor products. Retailers would also be subject to State law enforcement and local law enforcement compliance checks, including compliance checks by sheriffs and police departments.
- Directs the North Carolina Collaboratory (Collaboratory) to study health care costs in North Carolina. The study will identify factors contributing to the rapid increases in health care costs and propose options to mitigate those increases. The study will include an examination of how other states are attempting to address the rise in health care costs. The Collaboratory will submit to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Commission on Governmental Operations, and the Fiscal Research Division, (1) an initial report by April 1, 2027 including information related to: actions taken so far in this State to address increasing health care costs in North Carolina; initial recommendations to further mitigate increasing health care costs in North Carolina; and any funds needed to complete the study; and (2) a final report by April 1, 2028, with recommendations to mitigate increasing health care costs in North Carolina, including any legislative recommendations to achieve that purpose.
- Directs the Office of State Budget and Management to transfer the balance of the Medicaid Transformation Fund to be used for the Medicaid program.
- Directs the Department of Health and Human Services, Division of Health Benefits (DHB), to use \$1.5 million in recurring funds beginning in the 2026-2027 fiscal year for fraud, waste, and abuse prevention and payment recovery efforts in the State Medicaid program through the Government Data Analytics Center (GDAC). These funds may be used for payment integrity analytics, software, information reporting, managed services, and technical infrastructure.
- Directs the Department of Health and Human Services (DHHS) to report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid, no later than October 1, 2026, on DHHS's recent efforts to address the issue of the inappropriate use of acute care hospital settings for the delivery of behavioral health services. The report must include all of the following: (1) actions DHHS has taken since July 1, 2023, and plans to take through June 30, 2028, to address this issue; (2) an analysis of any gaps that will remain once current plans are implemented, as well as any additional authority, resources, and funding needed to address those gaps;

(3) any impact, or anticipated impact, from the implementation of behavioral health and intellectual/developmental disabilities tailored plans on this issue; (4) the metrics DHHS uses and will use to measure the effectiveness of actions taken to address this issue; and (5) any measurable progress toward addressing this issue.

- Requires the State Controller to reserve to the Medicaid Contingency Reserve from funds available in the General Fund the sum of \$333 million in nonrecurring funds for the 2026-2027 fiscal year, and requires the State Controller to transfer from funds available in the Medicaid Contingency Reserve to the Department of Health and Human Services, Division of Health Benefits, the sum of \$200 million in nonrecurring funds for the 2026-2027 fiscal year to support the State share of Medicaid costs.
- Revises the Primary Care Medicine and Psychiatry Targeted Assistance Program to increase for students enrolled in a medical school at an institution of higher education that is an eligible institution the loan award per academic year from \$25,000 to \$50,000 and the total amount of loans from \$100,000 to \$200,000.
- Modifies North Carolina Medical Board licensing and registration fees:
 - increases from \$400 to \$550 the application fee each applicant for a license to practice medicine and surgery in this State must pay to the North Carolina Medical Board;
 - increases from \$100 to \$125 the fee for a limited license to practice in a medical education and training program;
 - increases from \$250 to \$350 the annual registration fee, except those who have a limited license to practice in a medical education and training program approved by the Board for the purpose of education or training would increase from \$125 to \$150.
- Provides \$4.5 million in nonrecurring funds for the 2026-2027 fiscal year to be allocated to the Board of Governors of The University of North Carolina for the UNC System Medical Education and Training Fund;
- Establishes a cardiac emergency response plan (CERP) as follows:
 - Requires the governing body of each public school unit to develop a cardiac emergency response plan (CERP) that addresses the appropriate response of school personnel to incidents involving individuals experiencing sudden cardiac arrest or a similar life-threatening emergency while on school grounds. The CERP must integrate evidence-based core elements, including those recommended by the American Heart Association, or other nationally recognized recommendations. At a minimum, the CERP must do all of the following:
 - Establish a cardiac emergency response team.
 - Describe how the response team will be activated in response to a cardiac emergency.
 - Identify the school staff who will receive annual training on cardiopulmonary resuscitation (CPR) and use of automatic external defibrillators (AEDs). At a minimum, school nurses and any staff with supervisory responsibility over students participating in physical activity shall complete this training.
 - Plan annual practice drills for the response team.
 - Describe how local emergency service providers will be integrated into the plan.
 - Requires the governing body of each public school to review and update the CERP annually.

- Requires school officials to work directly with local emergency service providers to integrate the CERP into the community's EMS responder protocols.
- Directs the State Board of Education to adopt rules for the installation, use, and maintenance of AEDs in public school units, including, at a minimum, provisions for the following: (1) Installation and placement of at least one AED in each school in a public school unit; (2) Appropriate AED placement shall be determined from guidelines set by the American Heart Association or an organization focused on emergency cardiovascular care but, at a minimum, shall be identified with appropriate signage, not require a key to access or otherwise be stored behind a lock, and able to be placed on a victim within three minutes; (3) Implementation of an appropriate training course for public school personnel in the use of AEDs, including the role of cardiopulmonary resuscitation (CPR) and first aid; and (4) Proper maintenance and testing of the AEDs.
- Requires coordination with appropriate licensed professionals in the oversight of training on the AEDs.
- Provides that any public school unit employee authorized by the State Board of Education or the governing body of a public school unit, or its designee, to act under this section would not be liable in civil damages for any authorized act or for any omission relating to that act unless the act or omission amounts to gross negligence, wanton conduct, or intentional wrongdoing. Any person, serving in a voluntary position at the request of or with the permission or consent of the governing body of a public school unit or its designee, who has been given the authority by the governing body of a public school unit or its designee to give emergency health care when reasonably apparent circumstances indicate that any delay would seriously worsen the physical condition or endanger the life of a person experiencing a medical emergency on school grounds shall not be liable in civil damages for any authorized act or for any omission relating to the act unless the act amounts to gross negligence, wanton conduct, or intentional wrongdoing.
- Requires funds allocated pursuant to this section may only be used for automatic external defibrillator (AED) purchase and installation or training on cardiac emergency response, and of the \$4 million in nonrecurring funds appropriated to the Department of Public Instruction for the 2026-2027 fiscal year to ensure there is at least one AED installed in each public school and for training on cardiac emergency response, the Department shall do the following: (1) First, allocate to public school units \$2,000 per public school in the unit that does not have at least one AED installed on school grounds. (2) If funds remain, the Department may establish a process to distribute the remaining funds for replacement of existing AEDs or to support training required under a school's cardiac emergency response plan. No later than December 1, 2027, the Department will report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the number of public schools that have at least one AED installed, an overview of cardiac emergency training provided with funds allocated under this section, and any measurable impact on public school medical emergency readiness.
- Establishes and provides almost \$4.9 million for the Rural Residency Medical Education and Training Fund to be used to support expenses for training, residency programs, and associated capital improvement projects for the following: (1) medical schools and health affairs programs operated by constituent institutions of The University of North Carolina, including the medical schools and health affairs programs at East Carolina University and the University of North Carolina at Chapel Hill; and (2) private and public health care entities in the State.

- Provides \$15 million as a directed grant to Cape Fear Valley Medical Foundation, Inc. to support the establishment of the Methodist University Cape Fear Valley School of Medicine.
- \$25 million was provided to re-start the Healthy Opportunities Pilot Program (HOP) that was suspended in July, 2025.
- \$6 million was provided for crisis pregnancy centers.
- Over \$52 million was provided to assist Counties with the new work requirements for SNAP funds as Federal assistance is being reduced.

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