

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 171
PROPOSED COMMITTEE SUBSTITUTE H171-PCS30202-RN-1

Short Title: Equality in State Agencies/Prohibition on DEI.

(Public)

Sponsors:

Referred to:

February 24, 2025

1 A BILL TO BE ENTITLED
2 AN ACT ELIMINATING DIVERSITY, EQUITY, AND INCLUSION (DEI) INITIATIVES IN
3 STATE AND LOCAL GOVERNMENT AND CLARIFYING THE PENALTY
4 PROVISIONS OF THE STATE BUDGET ACT AND LOCAL GOVERNMENT BUDGET
5 AND FISCAL CONTROL ACT.

6 The General Assembly of North Carolina enacts:

7
8 **PART I. NO DEI IN STATE OR LOCAL GOVERNMENT**

9 **SECTION 1.1.(a)** Article 5 of Chapter 126 of the General Statutes is amended by
10 adding a new section to read:

11 **"§ 126-14.7. Equality and merit in State government workplaces; no DEI.**

12 (a) No State agency shall promote, support, fund, implement, or maintain workplace DEI
13 programs, policies, or initiatives, including using DEI in State government hirings and
14 employment; maintaining dedicated DEI staff positions or offices; or offering or requiring
15 diversity, equity, and inclusion (DEI) training.

16 (b) The following definitions apply in this section:

17 (1) Differential treatment. – Any distinction, exclusion, or difference in policy,
18 practice, or action that impairs equal access to opportunities or benefits, based
19 on a protected characteristic. This definition does not apply to
20 antidiscrimination measures, reasonable accommodations, legal requirements,
21 or bona fide occupational qualifications.

22 (2) Diversity, equity, and inclusion or DEI training. – A program, policy,
23 initiative, or activity designed or implemented to:

24 a. Influence hiring or employment practices with respect to race, sex,
25 color, ethnicity, nationality, country of origin, or sexual orientation
26 other than through the use of merit-based hiring processes in
27 accordance with any applicable State and federal antidiscrimination
28 laws.

29 b. Promote differential treatment of or providing special benefits to
30 individuals on the basis of race, sex, color, ethnicity, nationality,
31 country of origin, or sexual orientation.

32 (3) Protected characteristic. – Any trait protected by State or federal
33 antidiscrimination laws.

34 (c) Nothing in this section shall be construed to conflict with, restrict, limit, or infringe
35 upon speech protected by the First Amendment of the U.S. Constitution.



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1 (d) Nothing in this section shall be construed to conflict with or prohibit compliance with
2 Title IX of the Education Amendments of 1972, as amended; the Americans with Disabilities
3 Act, as amended; the Age Discrimination in Employment Act, as amended; Title VI of the Civil
4 Rights Act of 1964; or other applicable State or federal law.

5 (d1) Nothing in this section shall be construed to alter the relationship between the State
6 and an American Indian tribe which shall continue to enjoy all rights, privileges, and immunities
7 as an American Indian tribe with a recognized tribal governing body carrying out and exercising
8 substantial governmental duties and powers similar to the State, being recognized as eligible for
9 the special programs and services provided by the United States to Indians because of their status
10 as Indians. This section shall not apply to the North Carolina State Commission of Indian Affairs
11 and Indian education services and positions.

12 (e) The State Auditor shall conduct periodic compliance audits to determine whether
13 there has been a violation of this section. If the State Auditor determines that a violation of this
14 section has occurred, the determination shall be reported to the General Assembly and the Joint
15 Legislative Commission on Governmental Operations.

16 (f) A State officer or employee who violates this section is subject to removal from office
17 or employment.

18 (g) It is a Class 1 misdemeanor for a person to knowingly and willfully violate this
19 section.

20 (h) An employee of a State agency may bring a civil action for damages to the employee
21 resulting from violation of this section. The civil action may be brought in the county where the
22 employee resides or in which all or a substantial part of the acts or omissions giving rise to the
23 action occurred.

24 (i) Any person may bring a civil action for a violation of this section seeking injunctive
25 or declaratory relief and the recovery of reasonable attorneys' fees and costs. The action may be
26 brought in the county in which all or a substantial part of the acts or omissions giving rise to the
27 action occurred.

28 (j) The provisions of this section are severable. If any provision of this section or its
29 application is held invalid, that invalidity shall not affect other provisions or applications that can
30 be given effect without the invalid provision or application."

31 **SECTION 1.1.(b)** G.S. 126-5 is amended by adding a new subsection to read:

32 "(c22) Notwithstanding any provision of law to the contrary, G.S. 126-14.7 shall apply to all
33 (i) nonexempt State employees in the executive branch, including nonexempt employees of The
34 University of North Carolina and nonexempt employees of the Community Colleges System
35 Office, and (ii) community college employees."

36 **SECTION 1.2.** Article 10 of Chapter 143 of the General Statutes is amended by
37 adding a new section to read:

38 **"§ 143-162.8. No public funds for DEI.**

39 (a) No State agency, unit of local government, or non-State entity may use any State
40 funds or public monies to promote, support, fund, implement, or maintain diversity, equity, and
41 inclusion (DEI) initiatives or programs.

42 (b) No State agency, unit of local government, or non-State entity shall apply for, accept,
43 or utilize federal funds, grants, or other financial assistance that require compliance with DEI
44 policies, initiatives, or mandates. Any existing programs funded through such means shall be
45 discontinued unless continued participation is expressly required by federal law.

46 (c) The following definitions apply in this section:

47 (1) Diversity, equity, and inclusion or DEI. – A program, policy, initiative, or
48 activity designed or implemented to:

49 a. Influence State government practices with respect to race, sex, color,
50 ethnicity, nationality, country of origin, or sexual orientation other

- 1 than for compliance with applicable State and federal
2 antidiscrimination laws.
- 3 b. Promote (i) differential treatment of or providing special benefits to
4 individuals on the basis of race, sex, color, ethnicity, nationality,
5 country of origin, or sexual orientation; or (ii) a difference in policy,
6 practice, or action that impairs equal access to opportunities or
7 benefits, based on a protected characteristic. This definition does not
8 apply to antidiscrimination measures, reasonable accommodations,
9 legal requirements, bona fide occupational qualifications, or any trait
10 protected by State or federal antidiscrimination laws.
- 11 (2) Non-State entity. – As defined in G.S. 143C-1-1.
- 12 (3) Public monies. – Funds from any source budgeted or expended by a local
13 political subdivision of the State, including revenue authorized by
14 G.S. 153A-149 or G.S. 160A-209.
- 15 (4) State agency. – A unit of the executive, legislative, or judicial branch of State
16 government, such as a department, institution, division, commission, board,
17 council, community college, or The University of North Carolina system.
- 18 (5) State funds. – As defined in G.S. 143C-1-1. The term includes any monies
19 received or held by a constituent institution of The University of North
20 Carolina, including endowment funds as defined in G.S. 116-36 and
21 institutional trust funds as defined in G.S. 116-36.1.
- 22 (6) Unit of local government. – As defined in G.S. 143C-1-1.
- 23 (d) The prohibitions contained in subsections (a) and (b) of this section include using
24 State funds or public monies to do any of the following:
- 25 (1) Utilize DEI in hirings, employment, admissions, or the awarding of contracts.
26 (2) Offer or require DEI training.
27 (3) Maintain DEI offices or dedicated staff positions, whether permanent,
28 time-limited, full-time, part-time, or temporary.
- 29 (e) Nothing in this section shall be construed to conflict with, restrict, limit, or infringe
30 upon speech protected by the First Amendment of the U.S. Constitution.
- 31 (f) Nothing in this section shall be construed to conflict with or prohibit compliance with
32 Title IX of the Education Amendments of 1972, as amended; the Americans with Disabilities
33 Act, as amended; the Age Discrimination in Employment Act, as amended; Title VI of the Civil
34 Rights Act of 1964; or other applicable State or federal law.
- 35 (f1) Nothing in this section shall be construed to alter the relationship between the State
36 and an American Indian tribe which shall continue to enjoy all rights, privileges, and immunities
37 as an American Indian tribe with a recognized tribal governing body carrying out and exercising
38 substantial governmental duties and powers similar to the State, being recognized as eligible for
39 the special programs and services provided by the United States to Indians because of their status
40 as Indians.
- 41 (g) This section shall not be construed to apply to any of the following:
- 42 (1) Academic course instruction.
43 (2) Scholarly research or a creative work by an institution of higher education's
44 students, faculty, or other research personnel or the dissemination of that
45 research or work.
- 46 (3) An activity of a student organization registered with or recognized by an
47 institution of higher education.
- 48 (4) Guest speakers or performers on short-term engagements.
49 (5) A policy, practice, procedure, program, or activity to enhance student
50 academic achievement or postgraduate outcomes that is designed and
51 implemented without regard to race, sex, color, or ethnicity.

- 1 (6) Data collection.
- 2 (7) Bona fide qualifications based on sex which are reasonably necessary to the
3 normal operation of public higher education, including:
- 4 a. Sports teams organized by sex.
- 5 b. Single-sex bathrooms and locker rooms.
- 6 c. Requiring a maintenance employee assigned to a single-sex locker
7 room to be a member of that respective sex.
- 8 d. Fraternities and sororities restricted to members of one sex.
- 9 e. Having single-sex housing options for students.
- 10 (8) The North Carolina State Commission of Indian Affairs.
- 11 (9) Indian education services and positions.
- 12 (h) It is a Class 1 misdemeanor for a person to knowingly and willfully violate this
13 section.
- 14 (i) A violation of this section is subject to the applicable penalty provisions of Article 10
15 of Chapter 143C of the General Statutes, Article 11 of Chapter 159 of the General Statutes,
16 G.S. 143C-6-22, or G.S. 159-183.
- 17 (j) Beginning February 1, 2026, and annually thereafter, each State agency, unit of local
18 government, and non-State entity shall prepare and publicly post on its website, as well as submit
19 to the Office of the State Auditor, a report detailing the actions taken to comply with this section.
20 The report must include each instance where a program or policy was revised or prohibited due
21 to a conflict with this section. The State Auditor shall compile this information and submit a
22 consolidated report to the Joint Legislative Commission on Governmental Operations and the
23 General Assembly by April 1, 2026, and then annually thereafter.
- 24 (k) The State Auditor shall conduct periodic compliance audits to determine whether
25 there has been a violation of this section. If the State Auditor determines that a violation of this
26 section has occurred, the determination shall be referred for prosecution by the district attorney
27 of the county where all or a substantial part of the alleged violation occurred and reported to the
28 Joint Legislative Commission on Governmental Operations or the Local Government
29 Commission, as appropriate.
- 30 (l) Any person may bring a civil action for a violation of this section seeking injunctive
31 or declaratory relief and the recovery of reasonable attorneys' fees and costs. The civil action
32 shall be brought in the county in which all or a substantial part of the acts or omissions giving
33 rise to the action occurred.
- 34 (m) An employee of a State agency, unit of local government, or non-State entity may
35 bring a civil action for damages to the employee resulting from a violation of this section. The
36 civil action may be brought in the county where the employee resides or in which all or a
37 substantial part of the acts or omissions giving rise to the action occurred.
- 38 (n) The liability and penalty provisions contained in this section for violating its
39 provisions are in addition to, and not in lieu of, liability under any other applicable provision of
40 law or cause of action in consequence of the violation.
- 41 (o) The provisions of this section are severable. If any provision of this section or its
42 application is held invalid, that invalidity shall not affect other provisions or applications that can
43 be given effect without the invalid provision or application."

44 **SECTION 1.3.(a)** Article 10 of Chapter 143C of the General Statutes reads as
45 rewritten:

46 "Article 10.

47 "Penalties.

48 **"§ 143C-10-1. Offenses for violation of Chapter.**

49 (a) Class 1 misdemeanor. – It is a Class 1 misdemeanor for a person to knowingly and
50 willfully do any one or more of the following:

51 ...

1 (5) Violate G.S. 143-162.8 regarding use of State funds.

2 (b) Class A1 misdemeanor. – It is a Class A1 misdemeanor for a person to make a false
3 statement in violation of G.S. 143C-6-23(c).

4 (c) Forfeiture of Office or Employment. – An appointed officer or employee of the State
5 or an officer or employee of a political subdivision of the State, whether elected or appointed,
6 forfeits his or her office or employment upon conviction of an offense under this section. An
7 elected officer of the State is subject to impeachment for committing any of the offenses specified
8 in this section.

9 **"§ 143C-10-2. Civil liability for violation of Chapter.**

10 (a) A person ~~convicted of an offense under~~ who violates G.S. 143C-10-1 is liable in a
11 civil action for any damages suffered by the State in consequence of the offense. A State agency
12 or non-State entity receiving public funds shall have a duty to pursue the recoupment of misspent
13 funds by all lawful means available, including the filing of a civil action in the General Court of
14 Justice.

15 (b) Any person may bring a civil action for a violation of this section seeking injunctive
16 or declaratory relief and the recovery of reasonable attorneys' fees and costs. The civil action
17 shall be brought in the county in which all or a substantial part of the acts or omissions giving
18 rise to the action occurred.

19 **"§ 143C-10-3. Suspension from office or impeachment for refusal to comply with Chapter.**

20 (a) State Officers or Employees of the Executive Branch. – The Governor may suspend
21 from the performance of his or her duties any State officer or employee of the executive branch
22 except an officer elected by the people, who persists, after notice and warning, in failing or
23 refusing to comply with the provisions of this Chapter or any lawful administrative directive
24 issued pursuant to this Chapter. Before acting to suspend, the Governor shall give the accused
25 notice and an opportunity to be heard in his or her own defense. The Governor shall report the
26 facts leading to suspension to the district attorney for the county in which all or a substantial part
27 of the violation occurred and to the Attorney General who may initiate appropriate criminal or
28 civil proceedings. The Governor may apply to the General Court of Justice for a restraining order
29 and injunction if a suspended officer or employee persists in performing official acts.

30 (b) Elected Officers. – A State officer elected by the people who knowingly and willfully
31 fails or refuses to comply with any provision of this Chapter or any lawful administrative
32 directive issued under this Chapter is subject to impeachment."

33 **SECTION 1.3.(b)** G.S. 159-182 reads as rewritten:

34 **"§ 159-182. Offending officers and employees removed from office.**

35 (a) If an officer or employee of a local government or public authority persists, after
36 notice and warning from the Commission, in failing or refusing to comply with any provision of
37 this Chapter, ~~he the officer or employee~~ forfeits his the office or employment. The Commission
38 may enter an order suspending the offender from further performance of his or her office or
39 employment after first giving him or her notice and an opportunity to be heard in his or her own
40 defense, pending the outcome of quo warranto proceedings. Upon suspending a local officer or
41 employee under this section, the Commission shall report the circumstances to the Attorney
42 General who shall initiate quo warranto proceedings against the officer or employee in the
43 General Court of ~~Justice.~~ Justice and to the district attorney for the county in which all or a
44 substantial part of the noncompliance occurred. If an officer or employee persists in performing
45 any official act in violation of an order of the Commission suspending him or her from
46 performance of his or her duties, the Commission may apply to the General Court of Justice for
47 a restraining order and injunction.

48 (b) Any person may bring a civil action for a violation of this section seeking injunctive
49 or declaratory relief and the recovery of reasonable attorneys' fees and costs. The civil action
50 shall be brought in the county in which all or a substantial part of the acts or omissions giving
51 rise to the action occurred."

1 **SECTION 1.3.(c)** Article 11 of Chapter 159 of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 159-183. Violation of G.S. 143-162.8.**

4 (a) It is a Class 1 misdemeanor for a person to knowingly and willfully violate
5 G.S. 143-162.8 regarding the use of public monies. An offending officer or employee is subject
6 to removal from office or employment as provided by G.S. 159-182.

7 (b) A person who violates G.S. 143-162.8 is liable for any damages suffered by a unit of
8 local government in consequence of the offense. A unit of local government or entity receiving
9 public funds shall have a duty to pursue the recoupment of misspent funds by all lawful means
10 available, including the filing of a civil action in the General Court of Justice."

11
12 **PART II. EFFECTIVE DATE**

13 **SECTION 2.1.** This act becomes effective December 1, 2025, and applies to acts,
14 omissions, or offenses occurring on or after that date.