

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

FILED SENATE
Apr 30, 2026
S.B. 1007
PRINCIPAL CLERK

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SENATE BILL DRS15442-MLa-158A

Short Title: Human Trafficking Omnibus. (Public)

Sponsors: Senators Alexander, Barnes, and Lazzara (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT DIRECTING THE HUMAN TRAFFICKING COMMISSION TO CONTRACT WITH A VENDOR TO DEVELOP AND IMPLEMENT A REPORTING AND RESPONSE SYSTEM TO USE FOR IDENTIFYING AND REPORTING SUSPECTED HUMAN TRAFFICKING; TO IMPOSE AN EXCISE TAX ON CERTAIN PRURIENT MATERIALS; TO CORRECT THE EXCEPTIONS LISTED TO THE PROHIBITION ON THE VIEWING OF PORNOGRAPHY ON GOVERNMENT NETWORKS AND DEVICES; TO CLARIFY THAT THIRD-PARTY CONTRACTORS ARE RESPONSIBLE FOR ENSURING THEIR EMPLOYEES RECEIVE CERTAIN HUMAN TRAFFICKING AWARENESS TRAINING; AND TO APPROPRIATE FUNDS TO THE DEPARTMENT OF PUBLIC SAFETY TO ALLOCATE TO THE CLEVELAND COUNTY SHERIFF'S OFFICE FOR COSTS RELATED TO ITS TASK FORCE TO COMBAT HUMAN TRAFFICKING, CHILD SEXUAL ASSAULT, AND CHILD SEXUAL EXPLOITATION.

The General Assembly of North Carolina enacts:

HUMAN TRAFFICKING REPORTING AND RESPONSE SYSTEM

SECTION 1.(a) This section shall be known as "The Human Trafficking Identification and Reporting Act."

SECTION 1.(b) The General Assembly finds all of the following:

- (1) Human trafficking is a pervasive crime that often goes undetected. National statistics indicate that hundreds of thousands of people are trafficked in the United States each year, yet the vast majority are never identified. Existing reporting systems, including the National Human Trafficking Hotline, are critical but rely primarily on phone calls or text messages, which many witnesses or victims are unable or unwilling to make.
- (2) Frontline professionals — law enforcement officers, healthcare providers, teachers and social workers — often lack a unified, secure, trauma-informed system to document and triage suspected trafficking. Current approaches are fragmented and underutilized, resulting in missed opportunities to protect victims and prosecute.
- (3) Advances in technology now permit the development of secure, multilingual platforms that allow anonymous reporting, AI-assisted triage, and real-time routing of tips to appropriate authorities. Such platforms can empower both the public and professionals to identify suspected trafficking and connect survivors with support.

SECTION 1.(c) G.S. 7A-354(c) is amended by adding a new subdivision to read:



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1 "(8) To develop and implement a human trafficking reporting and response system
2 in accordance with G.S. 7A-354.2."

3 **SECTION 1.(d)** Article 29 of Chapter 7A of the General Statutes is amended by
4 adding a new section to read:

5 **"§ 7A-354.2. Reports of human trafficking.**

6 (a) Definitions. – The following definitions apply in this section:

7 (1) Human trafficking. – Modern-day slavery that includes extreme exploitation
8 and the denial of freedom or liberty of an individual for purposes of deriving
9 benefit from that individual's commercial sex act or labor. This term includes
10 all of the offenses set forth in G.S. 14-43.11 through G.S. 14-43.14.

11 (2) Mandated reporter. – Any individual who is required by law to report
12 suspected abuse, exploitation, or human trafficking of a minor or vulnerable
13 person, including a teacher, health care professional, law enforcement
14 personnel, and social worker.

15 (b) Development & Implementation. – The North Carolina Human Resources
16 Commission (Commission), in consultation with the Department of Information Technology,
17 shall contract with a vendor to develop and implement a human trafficking reporting and response
18 system. The system required under this subsection shall do all of the following:

19 (1) Provide multichannel access for the public and professionals, including
20 mobile applications, web portals, short messaging services, and voice or live
21 chats.

22 (2) Guide users through structured questions to identify indicators of human
23 trafficking and enables users to upload supporting evidence.

24 (3) Allow reporters to remain anonymous and exercises consent-based controls
25 over personally identifiable information.

26 (4) Utilize an artificial intelligence assisted risk model or similar decision support
27 system to triage reports based on severity and credibility and push
28 notifications to authorized investigative agencies.

29 (5) Route high priority reports in real time to the appropriate law enforcement
30 agency, child protection agency, or vetted service provider based on
31 jurisdiction.

32 (6) Provide secure dashboards for authorized agencies to view, manage, and
33 respond to reports with role-based access controls and audit logging.

34 (7) Is interoperable with the National Human Trafficking Hotline, State child
35 welfare systems, law enforcement case management systems, and other
36 relevant platforms through standardized application programming interfaces.

37 (8) Comply with all applicable federal and State privacy laws, including the
38 Health Information Portability and Accountability Act (HIPAA) and the
39 Criminal Justice Information Services security policy.

40 (c) Utilization of System. – Mandated reporters may utilize the system developed under
41 subsection (b) of this section as the primary mechanism for reporting suspected human
42 trafficking. The platform shall facilitate referral to the National Human Trafficking Hotline for
43 crisis support as necessary. The provisions of this subsection do not preclude a mandated reporter
44 from utilizing the National Human Trafficking Hotline or other reporting channels.

45 (d) Notifications. – The system developed under subsection (b) of this section shall send
46 notifications of high priority reports to designated law enforcement and child protection officials
47 and shall provide a secure dashboard for authorized personnel to view, triage, and respond to
48 reports. The system shall support real-time communication between investigators and survivors
49 or reporters with consent.

50 (e) Data Privacy. – The system developed under subsection (b) of this section shall
51 employ encryption in transit and at rest, role-based access controls, audit logging, and

1 consent-based data sharing. Individuals reporting to the system may do so anonymously. Except
2 as otherwise required by law, personal data of the individual providing a report to the system
3 shall not be shared with law enforcement or other agencies without the individual's consent. The
4 system shall not permit downloading, printing, or copying of data outside the system. All user
5 actions shall be logged and subject to audit. Except where State or federal law require otherwise,
6 data collected through the system shall be retained for no more than five years from the date the
7 data was collected.

8 (f) Funds. – Notwithstanding other provisions of law, the Commission is authorized to
9 spend any federal, State, local, or private funds available for this purpose to administer the
10 provisions of this section.

11 (g) Reporting. – The Commission shall submit a quarterly report to the Joint Legislative
12 Oversight Committee on Justice and Public Safety that includes all of the following information
13 for the quarter immediately preceding the report:

14 (1) The number of reports submitted to the system developed under subsection
15 (b) of this section and their classification by risk level.

16 (2) The number of reports routed to law enforcement and other agencies.

17 (3) The time from submission to the system to action by the investigating agency.

18 (4) The number of human trafficking survivors connected to services.

19 (5) Any outreach activities completed.

20 (6) Any operational issues, privacy incidents, or system enhancements.

21 (h) Biennial Evaluation. – No later than two years from the date the system developed
22 under subsection (b) of this section is operational, and every two years thereafter, the
23 Commission shall commission an independent evaluation of the system's impact on victim
24 identification, prosecution outcomes, and service delivery. The Commission shall make
25 evaluations completed under this subsection available to the public."

26 **SECTION 1.(e)** The North Carolina Human Trafficking Commission shall develop
27 and implement a public awareness campaign to inform the public and relevant professionals of
28 the availability of the reporting system required under G.S. 7A-354.2, as enacted by subsection
29 (d) of this section.

30 **SECTION 1.(f)** The first quarterly report under G.S. 7A-354.2(g), as enacted by
31 subsection (d) of this section, shall be submitted by no later than March 1, 2027.

32 **SECTION 1.(g)** There is appropriated from the General Fund to the Administrative
33 Office of the Courts, North Carolina Human Trafficking Commission, the sum of (i) two hundred
34 thousand dollars (\$200,000) in nonrecurring funds for the 2026-2027 fiscal year and (ii) one
35 hundred thousand dollars (\$100,000) in nonrecurring funds for the 2027-2028 fiscal year, to be
36 used for costs incurred by the Commission from implementing the provisions of G.S. 7A-354.2,
37 as enacted by subsection (d) of this section, and to provide grants to the vendor for costs incurred
38 by the vendor from implementing the provisions of G.S. 7A-354.2, as enacted by subsection (d)
39 of this section.

40 **SECTION 1.(h)** This section becomes effective July 1, 2026.

41 **EXCISE TAX ON PRUIENT MATERIALS**

42 **SECTION 2.(a)** Subchapter I of Chapter 105 of the General Statutes is amended by
43 adding a new Article to read:

44 "Article 2F.

45 "Harmful Materials Tax.

46 **"§ 105-113.135. Definitions.**

47 The definitions of G.S. 14-190.13 and the following definitions apply to this Article:

48 (1) Harmful materials vendor. – A retailer that offers for sale material that is
49 harmful to minors at a physical retail location in the State.
50

- 1 (2) Harmful to minors. – That quality of any material or performance that depicts
 2 sexually explicit nudity or sexual activity and that, taken as a whole, has the
 3 following characteristics:
 4 a. The average adult person applying contemporary community
 5 standards would find that the material or performance has a
 6 predominant tendency to appeal to a prurient interest of minors in sex;
 7 and
 8 b. The average adult person applying contemporary community
 9 standards would find that the depiction of sexually explicit nudity or
 10 sexual activity in the material or performance is patently offensive to
 11 prevailing standards in the adult community concerning what is
 12 suitable for minors; and
 13 c. The material or performance lacks serious literary, artistic, political,
 14 or scientific value for minors.
 15 (3) Material. – Pictures, drawings, video recordings, films or other visual or
 16 physical depictions or representations, including digital or
 17 computer-generated visual depictions or representations created, adapted, or
 18 modified by technological means, such as algorithms or artificial intelligence,
 19 but not material consisting entirely of written words.
 20 (4) Retailer. – As defined in G.S. 105-164.3.
 21 (5) Secretary. – The Secretary of Revenue.

22 **"§ 105-113.136. Tax on harmful materials vendors.**

23 (a) Tax. – A tax at the rate of ten percent (10%) is imposed on each harmful materials
 24 vendor. The tax applies to the gross receipts attributable to the sale of material harmful to minors
 25 by the harmful materials vendor at a physical retail location in the State.

26 (b) Return. – Taxes levied by this Article are due when a return is required to be filed. A
 27 return is required to be filed on a quarterly basis and is due no later than the twentieth day of the
 28 month following the calendar quarter covered by the return. The return shall be filed on a form
 29 prescribed by the Secretary.

30 (c) Records. – A person who is required to file a return under this Article must keep a
 31 record of all documents used to determine information the person provides in a return. These
 32 records shall be open at all times for inspection by the Secretary or an authorized representative
 33 of the Secretary and shall be kept for the applicable period of statute of limitations as set forth
 34 under Article 9 of this Chapter.

35 **"§ 105-113.137. Registration requirement.**

36 A harmful materials vendor must register with the Secretary on a form required by the
 37 Secretary and include all information requested.

38 **"§ 105-113.138. Use of tax proceeds.**

39 The Secretary shall credit the net proceeds of the tax collected under this Article as follows:

- 40 (1) Fifty percent (50%) to the Administrative Office of the Courts to be allocated
 41 to the North Carolina Human Trafficking Commission established under
 42 G.S. 7A-354.
 43 (2) The remainder to the Domestic Violence Center Fund established in
 44 G.S. 50B-9."

45 **SECTION 2.(b)** This section becomes effective October 1, 2026.

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 47 **TECHNICAL CORRECTIONS**

48 **SECTION 3.(a)** G.S. 143-805(d) reads as rewritten:

49 "(d) Subsections (a) and (b) of this section shall not apply to an official or employee that
 50 is engaged in any of the following activities in the course of that official's or employee's official
 51 duties:

1 ...
2 (8) Investigating matters involving offenders incarcerated with, or otherwise
3 under the supervision of, the Department of Adult Correction or matters
4 related to the misuse of devices owned by the Department of Adult
5 Correction."

6 **SECTION 3.(b)** G.S. 42A-39 is amended by adding a new subsection to read:

7 "(c1) Third-Party Contractor Requirements. – A third-party contractor shall ensure that any
8 employee of the third-party contractor who performs housekeeping services at the vacation rental
9 or provides check-in and check-out services for the vacation rental receive human trafficking
10 awareness training as required by subsection (c) of this section."

11 **SECTION 3.(c)** G.S. 130A-511(b)(1) reads as rewritten:

12 "(1) In consultation with the North Carolina Human Trafficking Commission, the
13 North Carolina Restaurant and Lodging Association, and the Department of
14 Health and Human Services, develop a training course, or identify existing
15 training courses, to inform and educate individuals about human trafficking.
16 Chapter 150B of the General Statutes does not apply to any training required
17 to be developed or identified under this subdivision."

18 **SECTION 3.(d)** Subsection (a) of this section is effective when it becomes law and
19 applies to investigations occurring before, on, or after that date. Subsection (b) of this section is
20 effective when it becomes law and applies to training required to be completed on or after that
21 date. Subsection (c) of this section is effective when it becomes law and applies to training
22 developed or identified before, on, or after that date.

23
24 **APPROPRIATION**

25 **SECTION 4.(a)** There is appropriated from the General Fund to the Department of
26 Public Safety the sum of one hundred fifty thousand dollars (\$150,000) in nonrecurring funds for
27 the 2026-2027 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) in
28 nonrecurring funds for the 2027-2028 fiscal year to allocate to the Cleveland County Sheriff's
29 Office to be used to support the establishment of a counter trafficking task force by the Sheriff's
30 Office to combat the growing number of incidents involving human trafficking, child sexual
31 assault, and child sexual exploitation.

32 **SECTION 4.(b)** This section becomes effective July 1, 2026.

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34 **EFFECTIVE DATE**

35 **SECTION 5.** Except as otherwise provided in this act, this act is effective when it
36 becomes law.