

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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HOUSE BILL 1094  
Committee Substitute Favorable 5/20/26  
PROPOSED SENATE COMMITTEE SUBSTITUTE H1094-CSSUf-20 [v.7]  
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Short Title: Ferry Div. Audit/DOT Omnibus.

(Public)

Sponsors:

Referred to:

April 30, 2026

1 A BILL TO BE ENTITLED  
2 AN ACT TO DIRECT THE OFFICE OF THE STATE AUDITOR TO CONDUCT A  
3 PERFORMANCE AUDIT OF THE FERRY DIVISION OF THE DEPARTMENT OF  
4 TRANSPORTATION, AS RECOMMENDED BY THE JOINT LEGISLATIVE  
5 TRANSPORTATION OVERSIGHT COMMITTEE, AND TO MAKE OTHER CHANGES  
6 TO LAWS RELATED TO MOTOR VEHICLES AND TRANSPORTATION.

7 The General Assembly of North Carolina enacts:

8  
9 **FERRY DIVISION PERFORMANCE AUDIT**

10 **SECTION 1.(a)** The Office of the State Auditor shall conduct a performance audit  
11 of the Ferry Division of the Department of Transportation, which shall include all of the  
12 following:

- 13 (1) A financial audit of the Division's operations and maintenance spending and  
14 budget practices.  
15 (2) An evaluation of the Division's operations, capital project, and maintenance  
16 activities, and suggestions for long-term strategies to maximize revenue and  
17 reduce costs.  
18 (3) An evaluation of the current route system and potential route and schedule  
19 adjustments to maximize revenue and reduce costs.  
20 (4) An evaluation of potential options to diversify revenue to support ferry capital  
21 project needs and recoup operating costs.  
22 (5) Other items the State Auditor deems relevant to evaluate.

23 **SECTION 1.(b)** No later than January 15, 2027, the State Auditor shall provide a  
24 report of the performance audit required by this section to the Joint Legislative Transportation  
25 Oversight Committee and the Fiscal Research Division.  
26

27 **DIVISION OF MOTOR VEHICLES PERCENTAGE-BASED FUNDING MODEL**  
28 **STUDY**

29 **SECTION 2.(a)** The Department of Transportation, Division of Motor Vehicles  
30 (Division), shall study the feasibility of transitioning Division funding to a  
31 percentage-of-revenue-based model. The study shall include an evaluation of:

- 32 (1) The advantages and disadvantages of the current fixed-budget appropriation  
33 model, including its limitations in responding to fluctuations in Division  
34 services demand.



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- 1 (2) The feasibility of implementing a percentage-of-revenue-based model: (i)  
2 under which the Division's budget authority is tied to revenue sources  
3 collected by the Division; and (ii) under which the Division would have  
4 authority to adjust operational and staffing expenditures to adjust with demand  
5 for services and collection of revenue.
- 6 (3) Funding models used by motor vehicle agencies in other states, including  
7 models that incorporate:  
8 a. Percentage-of-revenue-based appropriations or models.  
9 b. Fee retention or enterprise-style funding structures.  
10 c. Demand-driven or workload-based budgeting.
- 11 (4) Legal or budgetary constraints related to a change in funding models. In  
12 evaluating this, the Division shall consult with the Office of State Budget and  
13 Management (OSBM) to determine the impact of a new funding model on:  
14 a. Budget adjustment practices set forth in the State Budget Act, Chapter  
15 143C of the General Statutes.  
16 b. The fiscal impact on the Department of Transportation and the  
17 Division of having a percentage-of-revenue-based funding model  
18 rather than a fixed-budget appropriation.
- 19 (5) The fiscal impact of the quadrennial adjustment to fees and rates pursuant to  
20 G.S. 20-4.02, on the Division's budget, assuming a  
21 percentage-of-revenue-based funding model.
- 22 (6) Potential impacts of a percentage-of-revenue-based model on the Division's:  
23 a. Customer service levels and wait times.  
24 b. Staffing and operational capacity.  
25 c. Technology modernization efforts.  
26 d. Accountability and legislative oversight.
- 27 (7) Potential fiscal impacts of a percentage-of-revenue-based model for the  
28 Division on the Department of Transportation's budgeting and funding of  
29 other Department operations.
- 30 (8) Performance based pay structure for drivers license examiners.
- 31 (9) Any other information relevant to this study.

32 **SECTION 2.(b)** The Division shall submit a report of its findings and  
33 recommendations, including legislative recommendations necessary to implement a  
34 percentage-of-revenue-based funding model, to the Joint Legislative Transportation Oversight  
35 Committee, the House of Representatives Appropriations Committee on Transportation, the  
36 Senate Appropriations Committee on the Department of Transportation, the Fiscal Research  
37 Division, and OSBM no later than January 1, 2027.

## 38 **ALLOW EARLY RENEWALS OF DRIVERS LICENSES**

39 **SECTION 3.(a)** G.S. 20-7(f)(3a) reads as rewritten:

40 "(3a) When to renew. – A person may apply to the Division to renew a license  
41 during the 180-day period at any time before the license expires. The Division  
42 may not accept an application for renewal made before the 180-day period  
43 begins. The fee for a regular drivers license renewed during the 180-day period  
44 before the license expires is the fee set out in subsection (i) of this section.  
45 The fee for a regular drivers license renewed more than 180 days before the  
46 license expires is the fee for a duplicate license set out in G.S. 20-14, plus the  
47 fee for a regular drivers license set out in subsection (i) of this section, minus  
48 the per year fee set out in subsection (i) of this section for each full year of  
49 validity remaining in the period for which the license was issued."

50 **SECTION 3.(b)** This section becomes effective October 1, 2026.  
51

1  
2 **AUTHORIZE DIVISION TO PROVIDE ELECTRONIC UNREDACTED CRASH**  
3 **REPORTS TO PERSONS DIRECTLY INVOLVED IN A CRASH**

4 **SECTION 4.** G.S. 20-43.1 reads as rewritten:

5 **"§ 20-43.1. Disclosure of personal information in motor vehicle records.**

6 ...

7 (e2) As authorized in 18 U.S.C. § 2721, the Division may provide, by secure electronic  
8 means, an unredacted crash report, collected pursuant to G.S. 20-166.1, to a person directly  
9 involved in the crash.

10 ...."

11  
12 **PROVIDE ADDITIONAL TIME TO RESPOND TO INSURANCE LAPSE NOTICES**

13 **SECTION 5.(a)** G.S. 20-311(a) reads as rewritten:

14 "(a) Action. – When the Division receives evidence, by a notice of termination of a motor  
15 vehicle liability policy or otherwise, that the owner of a motor vehicle registered or required to  
16 be registered in this State does not have financial responsibility for the operation of the vehicle,  
17 the Division shall notify the owner electronically or by mail. The notice shall inform the owner  
18 of the evidence demonstrating lapse and that the owner must respond to the notice within ~~40~~30  
19 days of the date the notice was sent. The owner's response must explain how the owner has met  
20 the duty to have continuous financial responsibility for the vehicle. Based on the owner's  
21 response, the Division shall take the appropriate action listed:

22 ...."

23 **SECTION 5.(b)** This section becomes effective October 1, 2026, and applies to  
24 notices issued on or after that date.

25  
26 **ELIMINATE MANDATORY DEALER LICENSE PLATE REPLACEMENT**

27 **SECTION 6.** G.S. 20-79(c1) is repealed.

28  
29 **FEE ADJUSTMENT AND COMMISSION CONTRACTOR CLARIFICATIONS**

30 **SECTION 7.(a)** It is the intent of this section to clarify the existing law as it pertains  
31 to (i) the fee established pursuant to G.S. 20-85(a)(12) and the quadrennial adjustment for  
32 inflation established pursuant to G.S. 20-4.02, (ii) the offer of commission contracts to  
33 individuals pursuant to G.S. 20-63(h), and (iii) the sale of a commission contract business  
34 pursuant to G.S. 20-63(h).

35 **SECTION 7.(b)** The General Assembly makes the following findings of fact:

- 36 (1) Section 20(b) of Session Law 2024-30 repealed the application fee for a  
37 certificate of title prepared and delivered using a one-day title service pursuant  
38 to G.S. 20-85.1.
- 39 (2) Section 20(a) of Session Law 2024-30 recodified the application fee for a  
40 certificate of title prepared and delivered using a one-day title service as G.S.  
41 20-85(a)(12).
- 42 (3) Section 20(f) of Session Law 2024-30 listed without discontinuation the  
43 application fee for a certificate of title prepared and delivered using a one-day  
44 title service created pursuant to G.S. 20-85.1 and recodified as  
45 G.S. 20-85(a)(12) among the fees subject to quadrennial adjustment for  
46 inflation by amending G.S. 20-4.02(10).
- 47 (4) Subsections (a), (b), and (f) of Section 20 of Session Law 2024-30 all became  
48 effective July 1, 2024.
- 49 (5) The intent of the General Assembly in Section 20 of Session Law 2024-30  
50 was to recodify the application fee created by G.S. 20-85.1 as G.S. 20-  
51 85(a)(12) without any discontinuation of that fee and to make that fee subject

1 to the July 1, 2024, quadrennial adjustment for inflation and all subsequent  
2 quadrennial adjustments for inflation.

3 **SECTION 7.(c)** Therefore, the General Assembly finds that the Division of Motor  
4 Vehicle's interpretation that the fee established by G.S. 20-85(a)(12) is not subject to the July 1,  
5 2024 quadrennial adjustment for inflation, and all subsequent quadrennial adjustments for  
6 inflation, is inconsistent with the legislature's intentions. The Division is directed to comply with  
7 the intent of Section 20 of Session Law 2024-30 and apply the July 1, 2024 quadrennial  
8 adjustment for inflation and all subsequent quadrennial adjustments for inflation mandated by  
9 G.S. 20-4.02(10) to the fee recodified as G.S. 20-85(a)(12).

10 **SECTION 7.(d)** G.S. 20-63 reads as rewritten:

11 **"§ 20-63. Registration plates furnished by Division; requirements; replacement of regular**  
12 **plates with First in Flight plates, First in Freedom plates, or National/State**  
13 **Mottos plates; surrender and reissuance; displaying; preservation and cleaning;**  
14 **alteration or concealment of numbers; commission contracts for issuance.**

15 ...

16 (h) Commission Contracts for Issuance of Plates and Certificates. – All registration  
17 plates, registration certificates, and certificates of title issued by the Division, outside of those  
18 issued from the office of the Division located in Wake, Cumberland, or Mecklenburg Counties  
19 and those issued and handled through the United States mail, shall be issued insofar as practicable  
20 and possible through commission contracts entered into by the Division for the issuance of the  
21 plates and certificates in localities throughout North Carolina, including military installations  
22 within this State, with persons, firms, corporations or governmental subdivisions of the State of  
23 North Carolina. The Division shall not require a business entity to contract with the Division as  
24 an individual as a prerequisite for a commission contract offer but instead the Division shall  
25 accept applications for new commission contracts or renewal of existing contracts and enter into  
26 contracts with commission contractors in the commission contractor's business entity name,  
27 unless the commission contractor chooses to enter into a contract as an individual. If a  
28 commission contractor has been required by the Division to apply for or renew a commission  
29 contract in the commission contractor's individual name, the Division shall notify the contractor  
30 within 30 days of that application or renewal and provide an opportunity within 30 days of the  
31 notification to either: (i) amend the application to reflect the contractor's business name or (ii)  
32 amend and reenter the commission contract in the contractor's business name.

33 The Division shall make a reasonable effort in every locality, except as noted above,  
34 to enter into a commission contract for the issuance of the plates and certificates and a record of  
35 these efforts shall be maintained in the Division. In the event the Division is unsuccessful in  
36 making commission contracts, it shall issue the plates and certificates through the regular  
37 employees of the Division. Whenever registration plates, registration certificates, and certificates  
38 of title are issued by the Division through commission contract arrangements, the Division shall  
39 provide proper supervision of the distribution. Nothing contained in this subsection allows or  
40 permits the operation of fewer outlets in any county in this State than are now being operated.

41 The terms of a commission contract entered under this subsection shall specify the duration  
42 of the contract and either include or incorporate by reference standards by which the Division  
43 may supervise and evaluate the performance of the commission contractor. The duration of an  
44 initial commission contract may not exceed eight years and the duration of a renewal commission  
45 contract may not exceed two years. The Division may award monetary performance bonuses, not  
46 to exceed an aggregate total of ninety thousand dollars (\$90,000) annually, to commission  
47 contractors based on their performance.

48 The terms of a commission contract entered under this subsection shall allow the commission  
49 contractor to sell the contractor's ~~business~~, entire business operation, as applicable, and assign  
50 contractual rights to another qualified contractor prior to expiration of the contract. A qualified  
51 contractor is a person, firm, corporation, or governmental subdivision of the State of North

1 Carolina, with demonstrated experience as a commission contractor in North Carolina or  
 2 equivalent experience in another state, as determined by the Division. ~~All Upon sale, the prior~~  
 3 ~~commission contractor's business including (i) all of the prior commission contractor's~~  
 4 ~~contractual rights and (ii) any Division equipment and software controlled by the prior~~  
 5 ~~commission contractor shall be transferred to the new commission contractor upon sale, in~~  
 6 ~~accordance with guidelines established by the Division contractor, and the new commission~~  
 7 ~~contractor shall continue operating the business. The Division may establish guidelines with~~  
 8 ~~respect to the transfer of the Division's equipment and software to the new commission~~  
 9 ~~contractor.~~

10 The amount of compensation payable to a commission contractor is determined on a per  
 11 transaction basis. The collection of the highway use tax and the removal of an inspection stop are  
 12 each considered a separate transaction for which one dollar and sixty-eight cents (\$1.68)  
 13 compensation shall be paid. The issuance of a limited registration "T" sticker and the collection  
 14 of property tax are each considered a separate transaction for which compensation at the rate of  
 15 one dollar and forty cents (\$1.40) and one dollar and sixteen cents (\$1.16) respectively, shall be  
 16 paid by counties and municipalities as a cost of the combined motor vehicle registration renewal  
 17 and property tax collection system. The performance at the same time of one or more of the  
 18 transactions below is considered a single transaction for which one dollar and eighty-nine cents  
 19 (\$1.89) compensation shall be paid:

- 20 (1) Issuance of a registration plate, a registration card, a registration sticker, or a  
 21 certificate of title.
- 22 (2) Issuance of a handicapped placard or handicapped identification card.
- 23 (3) Acceptance of an application for a personalized registration plate.
- 24 (4) Acceptance of a surrendered registration plate, registration card, or  
 25 registration renewal sticker, or acceptance of an affidavit stating why a person  
 26 cannot surrender a registration plate, registration card, or registration renewal  
 27 sticker.
- 28 (5) Cancellation of a title because the vehicle has been junked.
- 29 (6) Acceptance of an application for, or issuance of, a refund for a fee or a tax,  
 30 other than the highway use tax.
- 31 (7) Receipt of the civil penalty imposed by G.S. 20-311 for a lapse in financial  
 32 responsibility or receipt of the restoration fee imposed by that statute.
- 33 (8) Acceptance of a notice of failure to maintain financial responsibility for a  
 34 motor vehicle.
- 35 (8a) Collection of civil penalties imposed for violations of G.S. 20-183.8A.
- 36 (8b), (9) Repealed by Session Laws 2013-372, s. 2(a), effective July 1, 2013.
- 37 (10) Acceptance of a temporary lien filing.
- 38 (11) Conversion of an existing paper title to an electronic lien upon request of a  
 39 primary lienholder.

40 ...."

41  
 42 **AMEND ELIGIBILITY REQUIREMENT FOR INTERNATIONAL ASSOCIATION OF**  
 43 **FIRE FIGHTERS SPECIAL REGISTRATION PLATE**

44 **SECTION 8.** G.S. 20-79.4(b)(106) reads as rewritten:

45 "(106) International Association of Fire Fighters. – The plate authorized by this  
 46 subdivision shall bear the logo of the International Association of Fire  
 47 Fighters. The Division may not issue the plate unless it receives at least 300  
 48 applications for the plate. The plate is issuable to one of the following in  
 49 accordance with G.S. 20-81.12:

- 1 a. ~~A person who presents proof of active membership in An active~~  
 2 ~~member of the International Association of Fire Fighters for the year~~  
 3 ~~in which the license plate is sought.~~Fighters.
- 4 b. The surviving spouse of a person who was a member of the  
 5 International Association of Fire Fighters, so long as the surviving  
 6 spouse continues to renew the plate and does not remarry."

7  
 8 **ELIMINATE DRIVING ELIGIBILITY CERTIFICATE REQUIREMENT FOR THE**  
 9 **ISSUANCE OF LEARNER'S PERMITS AND PROVISIONAL DRIVERS LICENSES**

10 **SECTION 9.(a)** G.S. 20-11 reads as rewritten:

11 **"§ 20-11. Issuance of limited learner's permit and provisional drivers license to person who**  
 12 **is less than 18 years old.**

13 ...  
 14 (b) Level 1. – A person who is at least 15 years old but less than 18 years old may obtain  
 15 a limited learner's permit if the person meets all of the following requirements:

- 16 ...
- 17 ~~(3) Has a driving eligibility certificate or a high school diploma or its equivalent.~~

18 ...  
 19 (d) Level 2. – A person who is at least 16 years old but less than 18 years old may obtain  
 20 a limited provisional license if the person meets all of the following requirements:

- 21 ...
- 22 ~~(4) Has a driving eligibility certificate or a high school diploma or its equivalent.~~

23 ...  
 24 (f) Level 3. – A person who is at least 16 years old but less than 18 years old may obtain  
 25 a full provisional license if the person meets all of the following requirements:

- 26 ...
- 27 ~~(3) Has a driving eligibility certificate or a high school diploma or its equivalent.~~

28 ...  
 29 (h) ~~Exception for Persons 16 to 18 Who Have an Unrestricted Out-of-State License. – A~~  
 30 ~~person who is at least 16 years old but less than 18 years old, who was a resident of another state~~  
 31 ~~and has an unrestricted drivers license issued by that state, and who becomes a resident of this~~  
 32 ~~State may obtain one of the following upon the submission of a driving eligibility certificate or~~  
 33 ~~a high school diploma or its equivalent:~~following:

34 ...  
 35 ~~(n) Driving Eligibility Certificate.—A person who desires to obtain a permit or license~~  
 36 ~~issued under this section must have a high school diploma or its equivalent or must have a driving~~  
 37 ~~eligibility certificate. A driving eligibility certificate must meet the following conditions:~~

- 38 ~~(1) The person who is required to sign the certificate under subdivision (4) of this~~  
 39 ~~subsection must show that he or she has determined that one of the following~~  
 40 ~~requirements is met:~~

- 41 ~~a. The person is currently enrolled in school and is making progress~~  
 42 ~~toward obtaining a high school diploma or its equivalent.~~
- 43 ~~b. A substantial hardship would be placed on the person or the person's~~  
 44 ~~family if the person does not receive a certificate.~~
- 45 ~~c. The person cannot make progress toward obtaining a high school~~  
 46 ~~diploma or its equivalent.~~

47 ~~(1a) The person who is required to sign the certificate under subdivision (4) of this~~  
 48 ~~subsection also must show that one of the following requirements is met:~~

- 49 ~~a. The person who seeks a permit or license issued under this section is~~  
 50 ~~not subject to subsection (n1) of this section.~~

- 1                   b.       The person who seeks a permit or license issued under this section is  
2                   subject to ~~subsection (n1) of this section and is eligible for the~~  
3                   ~~certificate under that subsection.~~
- 4                   (2)       It must be on a form approved by the Division.
- 5                   (3)       It must be dated within 30 days of the date the person applies for a permit or  
6                   license issuable under this section.
- 7                   (4)       It must be signed by the applicable person named below:
- 8                   a.       The principal, or the principal's designee, of the public school in which  
9                   the person is enrolled.
- 10                  b.       The administrator, or the administrator's designee, of the nonpublic  
11                  school in which the person is enrolled.
- 12                  e.       The person who provides the academic instruction in the home school  
13                  in which the person is enrolled.
- 14                  e1.       The person who provides the academic instruction in the home in  
15                  accordance with an educational program found by a court, prior to July  
16                  1, 1998, to comply with the compulsory attendance law.
- 17                  d.       The designee of the board of directors of the charter school in which  
18                  the person is enrolled.
- 19                  e.       The president, or the president's designee, of the community college  
20                  in which the person is enrolled.

21       Notwithstanding any other law, the decision concerning whether a driving eligibility  
22       certificate was properly issued or improperly denied shall be appealed only as provided under  
23       the rules adopted in accordance with G.S. 115C-12(28), 115D-10.70, or 115C-566, whichever is  
24       applicable, and may not be appealed under this Chapter.

25       (n1)   Lose Control; Lose License.

- 26                  (1)       The following definitions apply in this subsection:
- 27                  a.       Applicable State entity. — The State Board of Education for public  
28                  schools and charter schools, the State Board of Community Colleges  
29                  for community colleges, or the Secretary of Administration for  
30                  nonpublic schools and home schools.
- 31                  b.       Certificate. — A driving eligibility certificate that meets the conditions  
32                  of subsection (n) of this section.
- 33                  e.       Disciplinary action. — An expulsion, a suspension for more than 10  
34                  consecutive days, or an assignment to an alternative educational  
35                  setting for more than 10 consecutive days.
- 36                  d.       Enumerated student conduct. — One of the following behaviors that  
37                  results in disciplinary action:
- 38                          1.       The possession or sale of an alcoholic beverage or an illegal  
39                          controlled substance on school property.
- 40                          2.       The bringing, possession, or use on school property of a  
41                          weapon or firearm that resulted in disciplinary action under  
42                          G.S. 115C-390.10 or that could have resulted in that  
43                          disciplinary action if the conduct had occurred in a public  
44                          school.
- 45                          3.       The physical assault on a teacher or other school personnel on  
46                          school property.
- 47                  e.       School. — A public school, charter school, community college,  
48                  nonpublic school, or home school.
- 49                  f.       School administrator. — The person who is required to sign certificates  
50                  under subdivision (4) of subsection (n) of this section.

g. ~~School property.—The physical premises of the school, school buses or other vehicles under the school's control or contract and that are used to transport students, and school-sponsored curricular or extracurricular activities that occur on or off the physical premises of the school.~~

h. ~~Student.—A person who desires to obtain a permit or license issued under this section.~~

(2) ~~Any student who was subject to disciplinary action for enumerated student conduct that occurred either after the first day of July before the school year in which the student enrolled in the eighth grade or after the student's fourteenth birthday, whichever event occurred first, is subject to this subsection.~~

(3) ~~A student who is subject to this subsection is eligible for a certificate when the school administrator determines that the student has exhausted all administrative appeals connected to the disciplinary action and that one of the following conditions is met:~~

a. ~~The enumerated student conduct occurred before the student reached the age of 15, and the student is now at least 16 years old.~~

b. ~~The enumerated student conduct occurred after the student reached the age of 15, and it is at least one year after the date the student exhausted all administrative appeals connected to the disciplinary action.~~

e. ~~The student needs the certificate in order to drive to and from school, a drug or alcohol treatment counseling program, as appropriate, or a mental health treatment program, and no other transportation is available.~~

(4) ~~A student whose permit or license is denied or revoked due to ineligibility for a certificate under this subsection may otherwise be eligible for a certificate if, after six months from the date of the ineligibility, the school administrator determines that one of the following conditions is met:~~

a. ~~The student has returned to school or has been placed in an alternative educational setting, and has displayed exemplary student behavior, as defined by the applicable State entity.~~

b. ~~The disciplinary action was for the possession or sale of an alcoholic beverage or an illegal controlled substance on school property, and the student subsequently attended and successfully completed, as defined by the applicable State entity, a drug or alcohol treatment counseling program, as appropriate."~~

**SECTION 9.(b)** The following statutes are repealed:

(1) G.S. 20-9(b1).

(2) G.S. 20-13.2(c1).

(3) G.S. 115C-12(28).

(4) G.S. 115C-218.70.

(5) G.S. 115C-238.66(8).

(6) G.S. 115C-288(k).

(7) G.S. 115C-566.

(8) G.S. 115D-10.70.

**SECTION 9.(c)** G.S. 115C-150.12C reads as rewritten:

**"§ 115C-150.12C. Powers and duties.**

A board of trustees shall adopt rules necessary for the administration of the school to implement the requirements of this Article. Each board of trustees shall have the following powers and duties:

1 ...  
 2 (19) ~~Driving eligibility certificates and drivers~~ Drivers education. – ~~The board of~~  
 3 ~~trustees shall apply the rules and policies established by the State Board of~~  
 4 ~~Education for issuance of driving eligibility certificates.~~ The board of trustees  
 5 shall provide drivers education in accordance with Article 14 of this Chapter.

6 ...."

7 **SECTION 9.(d)** The Division of Motor Vehicles shall restore the permit or license  
 8 of any person whose permit or license was revoked by the Division under G.S. 20-13.2(c1) due  
 9 to ineligibility for a driving eligibility certificate but who meets all other requirements for the  
 10 permit or license.

11 **SECTION 9.(e)** This section becomes effective October 1, 2026.

12  
 13 **AMEND COMMERCIAL DRIVERS LICENSE LAWS TO CONFORM WITH**  
 14 **FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION REGULATIONS**

15 **SECTION 10.(a)** G.S. 20-37.17 reads as rewritten:

16 **"§ 20-37.17. Record check and notification of license issuance.**

17 Before issuing a commercial driver license, the Division shall obtain driving record  
 18 information from the Commercial Driver License Information System (CDLIS), the National  
 19 Driver Register, the Federal Motor Carrier Safety Administration's Commercial Driver's License  
 20 Drug and Alcohol Clearinghouse, and from each state in which the person has been licensed.

21 Within 10 days after issuing a commercial driver license, the Division shall notify CDLIS of  
 22 the issuance of the commercial driver license, providing all information necessary to ensure  
 23 identification of the person."

24 **SECTION 10.(b)** G.S. 20-37.19 reads as rewritten:

25 **"§ 20-37.19. Employer responsibilities.**

26 (a) Each employer shall require the applicant to provide the information specified in  
 27 G.S. 20-37.18(c).

28 (b) No employer shall knowingly allow, permit, or authorize a driver to drive a  
 29 commercial motor vehicle during any period:

- 30 (1) In which the driver has had his commercial driver license suspended, revoked,  
 31 or cancelled by any state, is currently disqualified from driving a commercial  
 32 vehicle, or is subject to an out-of-service order in any ~~state; or~~ state.  
 33 (2) In which the driver has more than one driver ~~license; [or] license~~.  
 34 (3) In which the driver, the commercial motor vehicle being operated, or the  
 35 motor carrier operation, is subject to an out-of-service order.  
 36 (4) In which the driver is listed in the Federal Motor Carrier Safety  
 37 Administration's Commercial Driver's License Drug and Alcohol  
 38 Clearinghouse as prohibited from operating a commercial motor vehicle.

39 (c) The employer of any employee or applicant who tests positive or of any employee  
 40 who refuses to participate in a drug or alcohol test required under 49 C.F.R. Part 382 and 49  
 41 C.F.R. Part 655 must notify the Division ~~in writing within five business days~~ and the Federal  
 42 Motor Carrier Safety Administration's Commercial Driver's License Drug and Alcohol  
 43 Clearinghouse following the employer's receipt of confirmation of a positive drug or alcohol test  
 44 or of the employee's refusal to participate in the test. A report that the driver has a negative  
 45 return-to-duty test must also be reported to the Division and the Federal Motor Carrier Safety  
 46 Administration's Commercial Driver's License Drug and Alcohol Clearinghouse, as required  
 47 under 49 C.F.R. Part 382. ~~The notification must include the driver's name, address, drivers license~~  
 48 ~~number, social security number, and results of the drug or alcohol test or documentation from the~~  
 49 ~~employer of the refusal by the employee to take the test."~~

50 **SECTION 10.(c)** G.S. 20-37.20A reads as rewritten:

51 **"§ 20-37.20A. Driving record notation for testing positive in a drug or alcohol test.**

1 Upon receipt of notice pursuant to ~~G.S. 20-37.19(c)~~ of positive result in an alcohol or drug  
2 test of a prohibited status in the Federal Motor Carrier Safety Administration's Commercial  
3 Driver's License Drug and Alcohol Clearinghouse for a person holding a commercial drivers  
4 license, license or commercial drivers permit, and subject to any appeal of the disqualification  
5 pursuant to ~~G.S. 20-37.20B~~, the Division shall place a notation on the driving record of the  
6 driver person. The disqualification of the driver to operate a commercial motor vehicle is  
7 effective on the date of the notation. A notation of a disqualification pursuant to G.S. 20-17.4(l)  
8 shall be retained on the record of a person for a period of three years following the end of any  
9 disqualification of that person."

10 **SECTION 10.(d)** G.S. 20-37.20B is repealed.

11 **SECTION 10.(e)** This section becomes effective July 1, 2026, and applies to  
12 commercial drivers license and commercial driver permit disqualifications initiated on or after  
13 that date.

## 14 **ADJUST ADMINISTRATIVE HEARING REPORT DEADLINE**

15 **SECTION 11.** G.S. 20-4.03 reads as rewritten:

### 16 **"§ 20-4.03. Administrative hearing fees.**

17 (a) Authorization. – The Division is authorized to charge a fee to any person who requests  
18 an administrative hearing before the Division in accordance with this Chapter.

19 (b) Requirements for Requesting a Hearing. – Any request for an administrative hearing  
20 before the Division must be in writing and accompanied by the total applicable administrative  
21 hearing fee charged by the Division. An administrative hearing shall not be granted by the  
22 Division unless the administrative hearing request complies with the requirements of this  
23 subsection. Notwithstanding any provision of this Chapter to the contrary, any pending  
24 revocation, suspension, civil penalty assessment, or other adverse action shall not be stayed upon  
25 receipt of an administrative hearing request unless the request complies with the requirements of  
26 this subsection.

27 (c) Quarterly Report. – ~~Beginning October 1, 2018, and quarterly thereafter, the~~The  
28 Division shall submit a quarterly report to the Fiscal Research Division of the General Assembly  
29 Assembly, within 30 days of the end of an applicable quarter, detailing all of the following for  
30 each month of the applicable quarter and for each type of administrative hearing:

- 31 (1) The total number of administrative hearings.
- 32 (2) The total amount of revenue collected.
- 33 (3) The total number of fee waivers granted.
- 34 (4) The counties where the administrative hearings were held.
- 35 (5) The average amount of time required to conduct an administrative hearing,  
36 with the time required of hearing officers and the time required of  
37 administrative personnel listed separately."  
38

## 39 **REPEAL REPORTING REQUIREMENT ON INFORMATION TECHNOLOGY 40 MODERNIZATION PROJECTS FUNDED IN 2014-2015**

41 **SECTION 12.** Section 7.14(d) of S.L. 2014-100 is repealed.

## 42 **EXPAND PREPAID TOLL DISCOUNT TO INCLUDE NEW PAYMENT 43 TECHNOLOGIES**

44 **SECTION 13.** G.S. 136-89.211 reads as rewritten:

### 45 **"§ 136-89.211. Tolls for use of Turnpike project.**

46 In exercising its authority under G.S. 136-89.183 to set tolls for the use of a Turnpike project,  
47 the Authority may not do any of the following:

- 48 (1) Set open road tolls that vary for the same class of motor vehicle depending on  
49 the method by which the Authority identifies a motor vehicle that drives on  
50  
51

1 the Turnpike project. This does not preclude the Authority from allowing a  
2 discount for a motor vehicle equipped with an electronic toll collection  
3 transponder or a motor vehicle ~~that has~~ associated with a prepaid toll account  
4 or account.

- 5 (2) Exempt a motor vehicle that is not a law enforcement vehicle, an emergency  
6 fire or rescue vehicle, or an emergency medical services vehicle from the  
7 requirement of paying a toll for the use of a Turnpike project."  
8

## 9 TURNPIKE AUTHORITY EXECUTIVE DIRECTOR TITLE

10 **SECTION 14.(a)** G.S. 136-89.182(k) reads as rewritten:

11 "(k) Executive Director and Chief Executive Officer and Administrative Employees. –  
12 The Authority Board shall appoint an Executive Director and Chief Executive Officer, whose  
13 salary shall be fixed by the Authority, to serve at its pleasure. The Executive Director and Chief  
14 Executive Officer shall be the Authority's chief administrative officer and shall be responsible  
15 for the daily administration of the toll roads and bridges constructed, maintained, or operated  
16 pursuant to this Article. The Executive Director and Chief Executive Officer or his designee shall  
17 appoint, employ, dismiss, and, within the limits approved by the Authority Board, fix the  
18 compensation of administrative employees as the Executive Director and Chief Executive Officer  
19 deems necessary to carry out this Article."

20 **SECTION 14.(b)** G.S. 136-89.183(b) reads as rewritten:

21 "(b) To execute the powers provided in subsection (a) of this section, the Authority shall  
22 determine its policies by majority vote of the members of the Authority Board present and voting,  
23 a quorum having been established. Once a policy is established, the Authority Board shall  
24 communicate it to the Executive Director and Chief Executive Officer, or the Executive  
25 ~~Director's~~ Director and Chief Executive Officer's designee, who shall have the sole and exclusive  
26 authority to execute the policy of the Authority. No member of the Authority Board shall have  
27 the responsibility or authority to give operational directives to any employee of the Authority  
28 other than the Executive Director and Chief Executive Officer or the ~~Director's~~ Executive  
29 Director and Chief Executive Officer's designee."  
30

## 31 DEPOSIT LOGO PROGRAM REVENUE INTO THE RESERVE FOR GENERAL 32 MAINTENANCE

33 **SECTION 15.** G.S. 136-89.56 reads as rewritten:

34 "**§ 136-89.56. Commercial ~~enterprises~~ enterprises within controlled-access facilities.**

35 (a) No commercial enterprises or activities shall be authorized or conducted by the  
36 Department of Transportation, or the governing body of any city or town, within or on the  
37 property acquired for or designated as a controlled-access facility, as defined in this Article,  
38 except for:

- 39 (1) Materials displayed at welcome centers which shall be directly related to  
40 travel, accommodations, tourist-related activities, tourist-related services, and  
41 attractions. The Department of Transportation shall issue rules regulating the  
42 display of these materials. These materials may contain advertisements for  
43 real estate; and  
44 (2) Vending machines permitted by the Department of Transportation and placed  
45 by the Division of Services for the Blind, Department of Health and Human  
46 Services, as the State licensing agency designated pursuant to Section 2(a)(5)  
47 of the Randolph-Sheppard Act (20 USC 107a(a)(5)). The Department of  
48 Transportation shall regulate the placing of the vending machines in highway  
49 rest areas and shall regulate the articles to be dispensed. In order to permit the  
50 establishment of adequate fuel and other service facilities by private owners  
51 or their lessees for the users of a controlled-access facility, the Department of

1           Transportation shall permit access to service or frontage roads within the  
2 publicly owned right-of-way of any controlled-access facility established or  
3 designated as provided in this Article, at points which, in the opinion of the  
4 Department of Transportation, will best serve the public interest. The location  
5 of such fuel and other service facilities may be indicated to the users of the  
6 controlled-access facilities by appropriate signs, the size, style, and  
7 specifications of which shall be determined by the Department of  
8 Transportation.

9           (b) The location of fuel, gas, food, lodging, camping, and attraction facilities may be  
10 indicated to the users of the controlled-access facilities by appropriate logos placed on signs  
11 owned, controlled, and erected within the right-of-way of fully and partially controlled-access  
12 highways by, or pursuant to contract with, the Department of Transportation. The Department  
13 shall contract with a private entity to administer the erection of signs and placement of logos, as  
14 authorized by this subsection. The responsibilities of the private entity shall include the  
15 following: acquisition and erection of signs; design, manufacture, and placement of logos on  
16 signs; maintenance of signs and logos; receipt and response to information requests concerning  
17 the program; and management of the financial transactions related to the program. The owners,  
18 operators or lessees of fuel, gas, food, lodging, camping, and attraction facilities who wish to  
19 place a logo identifying their business or service on a sign shall furnish a logo meeting the size,  
20 style and specifications determined by the Department of Transportation and shall pay a fee set  
21 by the vendor and approved by the Board of Transportation. The fee set by the vendor shall be  
22 determined based on market rates for the number of vehicles that pass by the sign, reflecting the  
23 value of the visibility and access provided to the participating businesses and to cover the initial  
24 costs of signs, sign installation, and maintenance, and the costs of administering the logo sign  
25 program. Nothing in this subsection shall be construed to authorize any Department contractor  
26 to conduct any commercial activity upon signs erected and maintained within the right-of-way  
27 of fully and partially controlled-access highways pursuant to this subsection. Funds generated  
28 from fees established by the Department pursuant to this subsection and returned to the  
29 Department shall be deposited into the Reserve for General Maintenance in the Highway Fund."  
30

### 31 AMEND TRUCK LANE RESTRICTION

32           **SECTION 16.(a)** G.S. 20-146(f) reads as rewritten:

33           "(f) Except when entering or exiting the highway or avoiding a ~~hazard or to pass hazard,~~  
34 a motor vehicle having a gross vehicle weight rating (GVWR) of 26,001 pounds or more shall  
35 not operate in the left most lane of a controlled-access highway with six or more ~~lanes.~~lanes,  
36 unless the Department has passed an ordinance and installed signage with different restrictions."

37           **SECTION 16.(b)** This section becomes effective December 1, 2026, and applies to  
38 offenses committed on or after that date.

### 39 SPEED LIMIT IN RESIDENTIAL AREAS

40           **SECTION 17.(a)** G.S. 20-141 reads as rewritten:

41           "**§ 20-141. Speed restrictions.**

42           ...

43           (b) Except as otherwise provided in this Chapter, it shall be unlawful to operate a vehicle  
44 in excess of the following speeds:

45           (1) Thirty-five miles per hour inside municipal corporate ~~limits~~limits, except as  
46 provided in subdivision (3) of this subsection, for all vehicles.

47           (2) Fifty-five miles per hour outside municipal corporate ~~limits~~limits, except as  
48 provided in subdivision (3) of this subsection, for all vehicles except for  
49 school buses and school activity buses.  
50

1           (3) Twenty-five miles per hour on any roadway that is unpaved or not marked  
2           with a centerline.

3           ...."

4           **SECTION 17.(b)** This section becomes effective December 1, 2026, and applies to  
5 offenses committed on or after that date.

6  
7 **INCREASE PROJECT LIMIT FOR PROJECT DELIVERY METHOD PILOT**  
8 **PROGRAM**

9           **SECTION 18.** Section 34.13(b) of S.L. 2018-5, as amended by Section 21 of S.L.  
10 2022-68 and Section 3 of S.L. 2024-15, reads as rewritten:

11           "**SECTION 34.13.(b)** Pilot Project. – Notwithstanding any provision of Chapter 136 of the  
12 General Statutes to the contrary, the Department of Transportation may establish and implement  
13 a pilot project to award contracts for up to ~~10 projects~~ 15 projects for the construction of  
14 transportation projects on a construction manager-general contractor basis. The Department may  
15 only award a contract under this section if (i) the cost of the project is determined by the  
16 Department to be less than seven hundred fifty million dollars (\$750,000,000), (ii) the  
17 Department determines that it is in the public interest to use the construction manager-general  
18 contractor basis for the project, (iii) the Department prequalifies the contractor that will be  
19 awarded the contract, (iv) the Department complies with the pre-award reporting requirement set  
20 forth in subsection (c) of this section, and (v) the Department has established and implemented  
21 guidelines as required under subsection (d) of this section."  
22

23 **CLARIFY THE DEFINITION OF ELECTRIC ASSISTED BICYCLE AND**  
24 **AUTHORIZE LOCAL GOVERNMENT REGULATION**

25           **SECTION 19.(a)** G.S. 20-4.01(7a) reads as rewritten:

26           "(7a) Electric Assisted Bicycle. – A bicycle with two or three wheels that is  
27 equipped with a seat or saddle for use by the rider, fully operable pedals for  
28 human propulsion, and an electric motor of no more than 750 ~~watts, whose~~  
29 ~~maximum speed on a level surface when powered solely by such a motor is~~  
30 ~~no greater than 20 miles per hour.~~ watts that meets the requirements of one of  
31 the following three classes:

- 32           a. Class 1 electric assisted bicycle. – A bicycle equipped with a motor  
33 that provides assistance only when the rider is pedaling and ceases to  
34 assist once the bicycle reaches a speed of 20 miles per hour.  
35           b. Class 2 electric assisted bicycle. – A bicycle equipped with a motor  
36 that may propel the bicycle without pedaling but ceases to assist once  
37 the bicycle reaches a speed of 20 miles per hour.  
38           c. Class 3 electric assisted bicycle. – A bicycle equipped with a motor  
39 that provides assistance only when the rider is pedaling and ceases to  
40 assist once the bicycle reaches a speed of 28 miles per hour."

41           **SECTION 19.(b)** Article 3 of Chapter 20 of the General Statutes is amended by  
42 adding a new section to read:

43 **"§ 20-171.3. Electric assisted bicycles.**

44           (a) Except as otherwise provided in G.S. 160A-300.2 and G.S. 153A-245.1, the operation  
45 of an electric assisted bicycle, as defined in G.S. 20-4.01, is permitted on all roadways, bicycle  
46 lanes, and multiuse paths.

47           (b) A person under the age of 18 operating or riding as a passenger on a Class 3 electric  
48 assisted bicycle shall wear a helmet that meets federal safety standards."

49           **SECTION 19.(c)** Article 15 of Chapter 160A of the General Statutes is amended by  
50 adding a new section to read:

51 **"§ 160A-300.2. Regulation of electric assisted bicycles.**

1       (a) A city may regulate the use of electric assisted bicycles, as defined in G.S. 20-4.01,  
2 on any multiuse path or sidewalk within municipal limits. This authority includes the following:

3           (1) Restricting the use of a class or classes of electric assisted bicycles.

4           (2) Establishing speed limits.

5       (b) A city may require the use of a helmet by a person under the age of 18 operating or  
6 riding as a passenger on a Class 1 or Class 2 electric assisted bicycle."

7       **SECTION 19.(d)** Article 12 of Chapter 153A of the General Statutes is amended by  
8 adding a new section to read:

9 **"§ 153A-245.1. Regulation of electric assisted bicycles.**

10 A county may regulate the use of an electric assisted bicycle in accordance with  
11 G.S. 160A-300.2. Nothing in this section shall be deemed to restrict or repeal the authority of a  
12 city to regulate the use of an electric assisted bicycle."

13       **SECTION 19.(e)** The Department of Transportation shall develop educational  
14 materials on the proper use and safety considerations of electric assisted bicycles.

15       **SECTION 19.(f)** This section becomes effective December 1, 2026, and applies to  
16 offenses committed on or after that date.

## 17 18 **PERSONAL DELIVERY DEVICE AMENDMENTS**

19       **SECTION 20.(a)** G.S. 20-4.01(28a) reads as rewritten:

20       "(28a) Personal delivery device. – An electrically powered device intended for  
21 transporting cargo that is equipped with automated driving technology that  
22 enables device operation with or without the remote support and supervision  
23 of a human and that does not exceed (i) a weight of 500 pounds, excluding  
24 cargo, (ii) a length of 40-55 inches, and (iii) a width of 30-36 inches."

25       **SECTION 20.(b)** G.S. 20-175.16 reads as rewritten:

26 **"§ 20-175.16. Personal delivery devices authorized; operation; equipment.**

27       (a) A business entity may operate a personal delivery device in a pedestrian area or on a  
28 highway, ~~with the rights and duties applicable to a pedestrian under this Chapter, subject to the~~  
29 ~~requirements and restrictions of this Part.~~ bicycle lane, shoulder, parking lot, or any similar area.  
30 Except as authorized in this Part, no person may operate a personal delivery device in a pedestrian  
31 area or on a highway in this State.

32       (b) Operation of a personal delivery device shall comply with all of the following:

33           (1) ~~The personal delivery device shall be monitored by an~~ A human operator who  
34 ~~is shall be able to monitor and exercise remote control over the navigation and~~  
35 ~~operation of the personal delivery device.~~

36           (2) The personal delivery device may not be operated in a pedestrian area at a  
37 speed greater than 10 miles per ~~hour~~ hour or at a speed greater than 20 miles  
38 per hour in other areas.

39           (3) ~~The personal delivery device may not be operated on a highway except as~~  
40 ~~necessary to cross a highway or along a highway if a sidewalk is not provided~~  
41 ~~or accessible.~~ When operating along a highway under this subdivision, the  
42 following additional restrictions apply:

43           a. The personal delivery device shall be operated on the shoulder or as  
44 close as practicable to the extreme right of the highway in the direction  
45 of authorized traffic movement and shall yield the right-of-way to all  
46 vehicles.

47           b. ~~The personal delivery device may not be operated on a highway at a~~  
48 ~~speed greater than 20 miles per hour.~~

49           c. The personal delivery device may not be operated on a highway with  
50 a speed limit greater than 35-55 miles per hour.

- 1 (4) The personal delivery device shall obey all applicable traffic and pedestrian  
2 control devices and signs.
- 3 (5) The personal delivery device shall yield the right-of-way to all human  
4 pedestrians.
- 5 (6) The personal delivery device shall not unreasonably interfere with any vehicle  
6 or pedestrian.
- 7 (7) The personal delivery device shall not transport materials regulated under the  
8 Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 – 5128) that  
9 require placarding pursuant to Subpart F of 49 C.F.R. Part 172 (49 C.F.R. §§  
10 172.500 – 172.560).
- 11 (c) A personal delivery device shall be equipped with all of the following:
- 12 (1) A marker that clearly states the name and contact information of the owner  
13 and a unique identification number.
- 14 (2) A braking system that enables the device to come to a controlled stop.
- 15 (3) When operated at night, lights on the front and rear of the personal delivery  
16 device that are visible and recognizable under normal atmospheric conditions  
17 from at least 500 feet on all sides of the personal delivery device.
- 18 (d) A personal delivery device has all the rights and duties applicable to a pedestrian in a  
19 pedestrian area and to an operator of a bicycle in other areas, except for those that by their nature  
20 cannot apply to a personal delivery device or that place an unreasonable burden on the operation  
21 of a personal delivery device.
- 22 ~~(d)~~(e) A violation of this section is an infraction."

23 **SECTION 20.(c)** This section becomes effective December 1, 2026, and applies to  
24 offenses committed on or after that date.

25  
26 **AUTHORIZE COUNTIES TO LEVY SPECIAL ASSESSMENTS FOR THE**  
27 **FINANCING OF IMPROVEMENTS TO COMMERCIAL STREETS**

28 **SECTION 21.(a)** G.S. 153A-205 reads as rewritten:

29 **"§ 153A-205. Improvements to ~~subdivision and residential streets~~subdivision, residential,**  
30 **and commercial streets.**

31 (a) A county may finance the local share of the cost of improvements made under the  
32 supervision of the Department of Transportation to ~~subdivision and residential~~subdivision,  
33 residential, and commercial streets that are a part of the State maintained system located in the  
34 county and outside of a city and shall levy and collect pursuant to the procedures of Article 9 of  
35 Chapter 153A of the General Statutes special assessments against benefited property to recoup  
36 that portion of the costs financed by the county. The local share is that share required by policies  
37 of the Department of Transportation and may be paid by the county from funds not otherwise  
38 limited as to use by law. Land owned, leased, or controlled by a railroad company is exempt from  
39 such assessments to the same extent that it would be exempt from street assessments of a city  
40 under G.S. 160A-222. No project may be commenced under this section unless it has been  
41 approved by the Department of Transportation.

42 (b) A county may finance the local share of the cost of improvements made under the  
43 supervision of the Department of Transportation to ~~subdivision and residential~~subdivision,  
44 residential, and commercial streets located in the county and outside of a city in order to bring  
45 those streets up to the standards of the Department of Transportation so that they may become a  
46 part of the State-maintained system and shall levy and collect pursuant to the procedures of  
47 Article 9 of Chapter 153A of the General Statutes special assessments against benefited property  
48 to recoup that portion of the costs financed by the county. The local share is that share required  
49 by policies of the Department of Transportation and may be paid by the county from funds not  
50 otherwise limited as to use by law. Land owned, leased, or controlled by a railroad company is  
51 exempt from such assessments to the same extent that it would be exempt from street assessments

1 of a city under G.S. 160A-222. No project may be commenced under this section unless it has  
2 been approved by the Department of Transportation.

3 (c) Before a county may finance all or a portion of the cost of improvements to a  
4 ~~subdivision or residential~~ subdivision, residential, or commercial street, it must receive a petition  
5 for the improvements signed by at least seventy-five percent (75%) of the owners of property to  
6 be assessed, including commercial property on a commercial street, who must represent at least  
7 seventy-five percent (75%) of all the lineal feet of frontage of the lands abutting on the street or  
8 portion thereof to be improved. The petition shall state that portion of the cost of the improvement  
9 to be assessed, which shall be the local share required by policies of the Department of  
10 Transportation. A county may treat as a unit and consider as one street two or more connecting  
11 State-maintained ~~subdivision or residential~~ subdivision, residential, or commercial streets in a  
12 petition filed under this subsection calling for the improvement of ~~subdivision or residential~~  
13 subdivision, residential, or commercial streets subject to property owner sharing in the cost of  
14 improvement under policies of the Department of Transportation.

15 Property owned by the United States shall not be included in determining the lineal feet of  
16 frontage on the improvement, nor shall the United States be included in determining the number  
17 of owners of property abutting the improvement. Property owned by the State of North Carolina  
18 shall be included in determining frontage and the number of owners only if the State has  
19 consented to assessment as provided in G.S. 153A-189. Property owned, leased, or controlled by  
20 railroad companies shall be included in determining frontage and the number of owners to the  
21 extent the property is subject to assessment under G.S. 160A-222. Property owned, leased, or  
22 controlled by railroad companies that is not subject to assessment shall not be included in  
23 determining frontage or the number of owners.

24 No right of action or defense asserting the invalidity of street assessments on grounds that the  
25 county did not comply with this subsection in securing a valid petition may be asserted except in  
26 an action or proceeding begun within 90 days after the day of publication of the notice of adoption  
27 of the preliminary assessment resolution.

28 (d) This section is intended to provide a means of assisting in financing improvements to  
29 ~~subdivision and residential~~ subdivision, residential, or commercial streets that are on the State  
30 highway system or that will, as a result of the improvements, become a part of the system. By  
31 financing improvements under this section, a county does not thereby acquire or assume any  
32 responsibility for the street or streets involved, and a county has no liability arising from the  
33 construction of such an improvement or the maintenance of such a street. Nothing in this section  
34 shall be construed to alter the conditions and procedures under which State system streets or other  
35 public streets are transferred to municipal street systems pursuant to G.S. 136-66.1 and 136-66.2  
36 upon annexation by, or incorporation of, a municipality."

37 **SECTION 21.(b)** G.S. 159-48 reads as rewritten:

38 **"§ 159-48. For what purposes bonds may be issued.**

39 ...

40 (c) Each county may borrow money and issue its bonds under this Article in evidence of  
41 the debt for the purpose of, in the case of subdivisions (1) through (4b) of this subsection, paying  
42 any capital costs of any one or more of the purposes and, in the case of subdivisions (5) and (6)  
43 of this subsection, to finance the cost of the purpose:

44 ...

45 (4a) Providing improvements to ~~subdivision and residential~~ subdivision,  
46 residential, and commercial streets pursuant to G.S. 153A-205.

47 ...."

48  
49 **REQUIRE PRIVATE ENTITY TO ADMINISTER TOURIST-ORIENTED**  
50 **DIRECTIONAL SIGN PROGRAM**

51 **SECTION 22.(a)** G.S. 136-140.15 reads as rewritten:

**"§ 136-140.15. Scope of operations.**

(a) Program. – The Department of Transportation shall contract with a private entity to administer a tourist-oriented directional signs (TODS) program. The responsibilities of the vendor contracted by the Department include the following: design, manufacture, and erection of signs; maintenance of signs; receipt and response to information requests concerning the program; and management of the financial transactions related to the program. A business or facility participating in the TODS program shall pay a fee set by the vendor and approved by the Board of Transportation. The fee set by the vendor shall be determined based on market rates for the number of vehicles that pass by the sign, reflecting the value of the visibility and access provided to the participating businesses and to cover the initial costs of the signs, the sign installation and maintenance, and the costs of administering the TODS program.

(b) Definitions. – The following definitions apply in this Article:

- (1) TODS. – Tourist-oriented directional signs (TODS) are guide signs that display the business identification of and directional information for tourist-oriented businesses and tourist-oriented facilities or for classes of businesses or facilities that are tourist-oriented.
- (2) Tourist-oriented business. – A business, the substantial portion of whose products or services is of significant interest to tourists. The term may include a business involved with seasonal agricultural products. When used in this Article, the term "business" means a tourist-oriented business.
- (3) Tourist-oriented facility. – A business, service, or activity facility that derives a major portion of income or visitors during the normal business season from road users not residing in the immediate area of the facility. When used in this Article, the term "facility" means a tourist-oriented facility.

(c) Limitation. – ~~The Department vendor~~ shall not install TODS for a business or facility if the signs would be required at intersections where, due to the number of conflicting locations of other highway signs or traffic control devices or other physical or topographical features of the roadside, their presence would be impractical or unfeasible or result in an unsafe or hazardous condition.

(d) Duplication. – If a business or facility is currently shown on another official highway guide sign, such as a logo sign or supplemental guide sign, on the same approach to an intersection where a TODS panel for that business or facility would be located, the business or facility may elect to keep the existing highway guide sign or have it removed and participate in the TODS program. If the business or facility elects to retain the existing highway guide sign, the business or facility is ineligible for the TODS program at that intersection."

**SECTION 22.(b)** G.S. 136-140.18 reads as rewritten:

**"§ 136-140.18. Temporary modification of TODS panels.**

(a) The ~~Department vendor~~ shall allow a participating business or facility to close for remodeling or to repair damage from fire or other natural disaster if its TODS panels are covered or removed while the business or facility is closed. No refund of fees or extension of the time remaining in the contract for participation will be provided for the period of closure.

(b) The ~~Department vendor~~ may, at its discretion, remove or cover TODS panels for roadway construction or maintenance, for routine maintenance of the TODS assembly, for traffic research study, or for any other reason it considers appropriate. Businesses or facilities are not entitled to any refunds of fee amounts for the period that the TODS panels are covered or removed under this subsection unless the period exceeds seven days.

(c) The TODS panels for seasonal businesses or facilities shall have an appropriate message added during the period in which the businesses or facilities are open to the public as part of their normal seasonal operation."

**SECTION 22.(c)** G.S. 136-140.19 reads as rewritten:

**"§ 136-140.19. Board of Transportation to adopt rules to implement the TODS program.**

1 The Board of Transportation shall adopt rules to implement the TODS program created by  
2 this Article. The rules shall include all of the following:

- 3 (1) ~~The Board shall set fees to cover the initial costs of signs, sign installation,~~  
4 ~~and maintenance, and the costs of administering the program.~~ Fees set by the  
5 vendor in accordance with G.S. 136-140.15(a) must be approved by the  
6 Board.
- 7 (2) The Board shall establish a standard for the size, color, and letter height of the  
8 TODS as specified in the National Manual of Uniform Traffic Control  
9 Devices for Streets and Highways.
- 10 (3) TODS shall not be placed more than five miles from the business or facility.
- 11 (4) TODS shall not be placed where prohibited by local ordinance.
- 12 (5) The number of TODS panels shall not exceed six per intersection with only  
13 one business or facility on each panel.
- 14 (6) If a business or facility is not directly on a State highway, it is eligible for  
15 TODS panels only if both of the following requirements are met:  
16 a. It is located on a street that directly connects with a State road.  
17 b. It is located so that only one directional sign, placed on a State road,  
18 will lead the tourist to the business or facility.
- 19 (7) A TODS shall not be placed immediately in advance of the business or facility  
20 if the business or facility and its on-premise advertising signs are readily  
21 visible from the roadway.
- 22 (8) The Board shall limit the placement of TODS to highways other than fully  
23 controlled access highways and to rural areas in and around towns or cities  
24 with a population of less than 40,000."

25 **SECTION 22.(d)** No later than 120 days after the effective date of this section, the  
26 Department shall contract with a vendor in accordance with this section. The Department may  
27 contract with the same vendor that administers the Logo Sign Program pursuant to  
28 G.S. 136-89.56(b).

29  
30 **RAISE INSURANCE MINIMUMS FOR TAXICABS OPERATING AT**  
31 **INTERNATIONAL AIRPORTS AND REQUIRE DESIGNATION AS INSURANCE**  
32 **CERTIFICATE HOLDERS**

33 **SECTION 23.(a)** G.S. 20-280 reads as rewritten:

34 **"§ 20-280. Filing proof of financial responsibility with governing board of municipality or**  
35 **county.**

36 (a) Proof of Financial Responsibility Filing. ~~– Within 30 days after March 27, 1951,~~  
37 ~~every~~ Every person, firm or corporation engaging in the business of operating a taxicab or  
38 taxicabs within a municipality shall file with the governing board of the municipality in which  
39 such business is operated proof of financial responsibility as hereinafter defined.

40 No governing board of a municipality shall hereafter issue any certificate of convenience and  
41 necessity, franchise, license, permit or other privilege or authority to any person, firm or  
42 corporation authorizing such person, firm or corporation to engage in the business of operating a  
43 taxicab or taxicabs within the municipality unless such person, firm or corporation first files with  
44 said governing board proof of financial responsibility as hereinafter defined.

45 ~~Within 30 days after the ratification of this section, every~~ Every person, firm or corporation  
46 engaging in the business of operating a taxicab or taxicabs without the corporate limits of a  
47 municipality or municipalities, shall file with the board of county commissioners of the county  
48 in which such business is operated proof of financial responsibility as hereinafter defined.

49 No person, firm or corporation shall hereafter engage in the business of operating a taxicab  
50 or taxicabs without the corporate limits of a municipality or municipalities in any county unless

1 such person, firm or corporation first files with the board of county commissioners of the county  
2 in which such business is operated proof of financial responsibility as hereinafter defined.

3 (b) Proof of Financial Responsibility Definition and Limits. – As used in this section  
4 "proof of financial responsibility" shall mean a certificate of any insurance carrier duly  
5 authorized to do business in the State of North Carolina certifying that there is in effect a policy  
6 of liability insurance insuring the owner and operator of the taxicab business, his agents and  
7 employees while in the performance of their duties against loss from any liability imposed by  
8 law for damages including damages for care and loss of services because of bodily injury to or  
9 death of any person and injury to or destruction of property caused by accident and arising out  
10 of the ownership, use or operation of such taxicab or taxicabs, subject to limits (exclusive of  
11 interests and costs) with respect to each such motor vehicle as follows: one hundred thousand  
12 dollars (\$100,000) because of bodily injury to or death of one person in any one accident and,  
13 subject to said limit for one person, three hundred thousand dollars (\$300,000) because of bodily  
14 injury to or death of two or more persons in any one accident, and fifty thousand dollars (\$50,000)  
15 because of injury to or destruction of property of others in any one accident.

16 (b1) Additional Requirements for Taxicabs Operating at International Airports. – Every  
17 person, firm, or corporation engaging in the business of operating a taxicab or taxicabs providing  
18 service to an international airport pursuant to a permit issued by the airport operator, as defined  
19 in G.S. 20-280.1, within this State shall maintain a policy of liability insurance insuring the owner  
20 and operator of the taxicab business, their agents, and employees, while in the performance of  
21 their duties, against loss from liability caused by accident and arising out of the ownership, use  
22 or operation of such taxicab or taxicabs, subject to limits (exclusive of interests and costs) with  
23 respect to each such motor vehicle, in the minimum amount of one million dollars (\$1,000,000)  
24 per occurrence. Every person, firm or corporation engaging in the business of operating a taxicab  
25 or taxicabs subject to this subsection, in addition to filing proof of financial responsibility  
26 pursuant to subsection (a) of this section, shall provide proof of financial responsibility pursuant  
27 to this subsection to the airport operator issuing a permit to the business operating a taxicab and  
28 shall designate the airport operator as a holder of a certificate of insurance for the purposes of  
29 receiving notices concerning the policy of insurance in accordance with G.S. 58-3-149(e). For  
30 the purposes of this subsection, international airport means an airport designated as an  
31 international airport pursuant to 19 C.F.R. § 122.11.

32 (c) Repealed by Session Laws 2017-137, s. 2.5, effective January 1, 2018."

33 **SECTION 23.(b)** This section becomes effective July 1, 2027.

### 34 35 **TRAFFIC IMPACT ANALYSIS CRITERIA**

36 **SECTION 24.(a)** G.S. 136-93.1A(f) reads as rewritten:

37 "(f) Criteria. – The Department shall develop and use criteria for determining (i) the scope  
38 of a traffic impact analysis, (ii) the completeness of a traffic impact analysis, and (iii) whether to  
39 approve or reject a traffic impact analysis. Criteria for the scope of a traffic impact analysis must  
40 include use of a population growth factor equal to or greater than the average of the highest three  
41 years of growth over the previous five years in the county in which a development is located. If  
42 a development is located in more than one county, a population growth factor equal to or greater  
43 than the highest average of the counties in which the development is located must be used. The  
44 Department shall post the criteria on its website. Prior to amending the criteria, the Department  
45 shall consult with a working group that consists of engineers, local government representatives,  
46 local transportation planning organization representatives, and other interested stakeholders  
47 identified by the Department. The Department shall provide at least 90 days' notice prior to the  
48 effective date of any amendments to the criteria. The notice required under this subsection may  
49 be satisfied by publishing the proposed amendments on the Department's website."

50 **SECTION 24.(b)** This section becomes effective October 1, 2026.

**ELECTRIC MEMBERSHIP CORPORATION UTILITY RELOCATION COSTS**

**SECTION 25.** G.S. 136-18(10) reads as rewritten:

"(10) To make proper and reasonable rules, regulations, and ordinances for the placing or erection of telephone, telegraph, electric, and other lines, above or below ground, wireless facilities, signboards, fences, gas, water, sewerage, oil, or other pipelines, and other similar obstructions that may, in the opinion of the Department of Transportation, contribute to the hazard upon any of the highways or in any way interfere with the highways, and to make reasonable rules and regulations for the proper control thereof. And whenever the order of the Department of Transportation shall require the removal of, or changes in, the location of telephone, telegraph, electric, or other lines, wireless facilities, signboards, fences, gas, water, sewerage, oil, or other pipelines, or other similar obstructions, the owners thereof shall at their own expense, except as provided in G.S. 136-19.5(c), move or change them to conform to the order of the Department of Transportation. Any violation of these rules and regulations or noncompliance with these orders constitutes a Class 1 misdemeanor. For purposes of this subdivision, "wireless facilities" has the definition set forth in G.S. 160D-931. Whenever the Department of Transportation requires the relocation of equipment or facilities for the provision of public utility service owned or operated by an electric membership corporation formed under Article 2 of Chapter 117 of the General Statutes, located outside of an existing Department of Transportation right-of-way, the Department of Transportation shall reimburse the electric membership corporation for the cost of moving those utilities and shall not require the electric membership corporation to provide documentation of a recorded easement or property right to the Department of Transportation as a condition for reimbursement."

**DEVELOPER FLEXIBILITY FOR PERFORMANCE GUARANTEES**

**SECTION 26.(a)** G.S. 136-93 reads as rewritten:

**"§ 136-93. Openings, structures, pipes, trees, and issuance of permits.**

(a) No opening or other interference whatsoever shall be made in any State road or highway other than streets not maintained by the Department of Transportation in cities and towns, nor shall any structure be placed thereon, nor shall any structure which has been placed thereon be changed or removed except in accordance with a written permit from the Department of Transportation or its duly authorized officers, who shall exercise complete and permanent control over such roads and highways. No State road or State highway, other than streets not maintained by the Department of Transportation in cities and towns, shall be dug up for laying or placing pipes, conduits, sewers, wires, railways, or other objects, and no obstruction placed thereon, without a written permit as hereinbefore provided for, and then only in accordance with the regulations of said Department of Transportation or its duly authorized officers or employees; and the work shall be under the supervision and to the satisfaction of the Department of Transportation or its officers or employees, and the entire expense of replacing the highway in as good condition as before shall be paid by the persons, firms, or corporations to whom the permit is given, or by whom the work is done. The Department of Transportation, or its duly authorized officers, may, in its discretion, before granting a permit under the provisions of this section, require the applicant to file a satisfactory ~~bond, payable to~~ performance guarantee in favor of the State of North Carolina, in such an amount as may be deemed sufficient by the Department of Transportation or its duly authorized officers, conditioned upon the proper compliance with the requirements of this section by the person, firm, or corporation granted such permit. The form of the performance guarantee may consist of a bond, irrevocable letter of credit,

1 or other instrument that provides equivalent security to a surety bond or irrevocable letter of  
2 credit at the election of the applicant. Any person making any opening in a State road or State  
3 highway, or placing any structure thereon, or changing or removing any structure thereon without  
4 obtaining a written permit as herein provided, or not in compliance with the terms of such permit,  
5 or otherwise violating the provisions of this section, shall be guilty of a Class 1 misdemeanor:  
6 Provided, this section shall not apply to railroad crossings. The railroads shall keep up said  
7 crossings as now provided by law.

8 ...."

9 **SECTION 26.(b)** This section is effective when it becomes law and applies to permit  
10 applications filed on or after that date.

## 11 **PROHIBIT PLANTING OF INVASIVE SPECIES IN HIGHWAY RIGHT-OF-WAY** 12 **AND STATE PARKS**

13 **SECTION 27.(a)** G.S. 136-18(9) reads as rewritten:

14 "(9) In consultation with university system and community college horticulture  
15 programs and the North Carolina Forestry Association, the Department shall  
16 use seeds and plants the U.S. Department of Agriculture has classified as  
17 native to a state or county in the Southeastern United States, including  
18 cultivars and varieties thereof that were not bred to have reduced reproductive  
19 structures, with a strong preference for plants the U.S. Department of  
20 Agriculture has classified as native to North Carolina, in the highway  
21 right-of-way in the promotion of erosion control, landscaping, and general  
22 protection of the highways, except that the Department may use (i) nonnative  
23 grasses, plants, and seeds for the purpose of soil and slope stabilization for  
24 erosion control and (ii) nonnative turf grasses. For purposes of this  
25 subdivision, the Southeastern United States means the states of Alabama,  
26 Georgia, North Carolina, South Carolina, Tennessee, Virginia, and the  
27 following counties in Florida: Bay, Calhoun, Escambia, Gulf, Holmes,  
28 Jackson, Okaloosa, Santa Rosa, Walton, and Washington. The Department  
29 shall not plant an invasive species, as determined by the North Carolina Forest  
30 Service, in the highway right-of-way. The Department shall also have the  
31 power to acquire by gift or otherwise land for and to construct, operate, and  
32 maintain roadside parks, picnic areas, picnic tables, scenic overlooks, and  
33 other appropriate turnouts for the safety and convenience of highway users;  
34 and to cooperate with municipal or county authorities, federal agencies, civic  
35 bodies, and individuals in the furtherance of those objectives. None of the  
36 roadside parks, picnic areas, picnic tables, scenic overlooks, or other turnouts,  
37 or any part of the highway right-of-way shall be used for commercial purposes  
38 except for any of the following:

- 39 a. Materials displayed in welcome centers in accordance with  
40 G.S. 136-89.56.
- 41 b. Vending machines permitted by the Department of Transportation and  
42 placed by the Division of Services for the Blind of the Department of  
43 Health and Human Services, as the State licensing agency designated  
44 pursuant to Section 2(a)(5) of the Randolph-Sheppard Act (20 U.S.C.  
45 107a(a)(5)). The Department of Transportation shall regulate the  
46 placing of the vending machines in highway rest areas and shall  
47 regulate the articles to be dispensed.
- 48 c. Activities permitted by a local government pursuant to an ordinance  
49 meeting the requirements of G.S. 136-27.4.
- 50

1 Every other use or attempted use of any of these areas for commercial  
2 purposes constitutes a Class 1 misdemeanor, and each day's use constitutes a  
3 separate offense."

4 **SECTION 27.(b)** G.S. 143B-135.59 reads as rewritten:

5 **"§ 143B-135.59. State Parks System native plant requirement and preference.**

6 In consultation with university system and community college horticulture programs and the  
7 North Carolina Forestry Association, the Department of Natural and Cultural Resources shall  
8 require the use of seeds and plants the U.S. Department of Agriculture has classified as native to  
9 a state or county in the Southeastern United States, including cultivars and varieties thereof that  
10 were not bred to have reduced reproductive structures, with a strong preference for plants the  
11 U.S. Department of Agriculture has classified as native to North Carolina, on all lands that are  
12 part of the State Parks System as defined in G.S. 143B-135.44. Exempt from this requirement  
13 are (i) nonnative seeds and plants used in landscaping for locations where the primary purpose is  
14 crop cultivation, crop and horticulture research, science, botanical gardens, plantings for wildlife  
15 by the Wildlife Resources Commission, and zoos and (ii) nonnative turf grass. For purposes of  
16 this section, the Southeastern United States means the states of Alabama, Georgia, North  
17 Carolina, South Carolina, Tennessee, Virginia, and the following counties in Florida: Bay,  
18 Calhoun, Escambia, Gulf, Holmes, Jackson, Okaloosa, Santa Rosa, Walton, and Washington. No  
19 invasive species, as determined by the North Carolina Forest Service, may be planted on lands  
20 that are part of the State Parks System."

21 **SECTION 27.(c)** This section becomes effective October 1, 2026.

22  
23 **EFFECTIVE DATE**

24 **SECTION 28.** Except as otherwise provided, this act is effective when it becomes  
25 law.