



June 23, 2025

Old North State Report – June 23, 2025

UPCOMING EVENTS

June 30, 2025

[Thinkers Lunch: Political Reporters Roundtable](#)

July 16-July 18, 2025

[North Carolina Healthcare Association Summer Meeting](#)

July 20-22, 2025

[Association of Executives of North Carolina \(AENC\) Annual Meeting](#)

October 9-10, 2025

[Association of Executives of North Carolina \(AENC\) Fall Conference](#)

November 13, 2025

[Women Lead NC](#)

LEGISLATIVE NEWS

BUDGET TALKS STALLED

Hopes for passing a North Carolina state budget by the end of June have faded, meaning that raises for state employees and teachers will be delayed. House Speaker Destin Hall (R-Caldwell) and Senate President Pro Tem Phil Berger (R-Rockingham) both acknowledged that a budget agreement is unlikely before lawmakers take a break at the end of June. The House and Senate remain divided over key issues such as tax cuts, employee raises, and major projects like a proposed children's hospital.

Although staff from both chambers have met, Hall and Berger have not yet personally negotiated. Hall stated that the House is on track to complete policy legislation by the end of June and may return later to finalize the budget. Without a new budget in place by July 1, current salary levels for state employees and teachers will remain unchanged. The House budget includes a 2.5% raise for state employees, which is higher than what the Senate and Governor Josh Stein have proposed.

Hall emphasized the importance of delivering raises quickly due to inflation and expressed hope that any eventual raises would be retroactive to July 1. He also noted that while there are sincere disagreements between the chambers, delaying the budget means delaying those raises. In past years, similar budget impasses have led to lawmakers returning sporadically over the summer without making significant progress. Berger echoed this sentiment, saying it is clear that no agreement is imminent and that continuing to suggest otherwise would be misleading.

North Carolina Budget Proposals Comparison - June 2025

Category	House Proposal	Senate Proposal
Total Budget	\$32.6 billion (Year 1), \$33.3 billion (Year 2)	\$32.6 billion
Income Tax Policy	Maintains 3.99% personal income tax rate, raises thresholds to prevent automatic cuts	Aggressive cuts, aiming for as low as 1.99%
Job Cuts	Cuts 3,000 mostly vacant state jobs	No job cuts mentioned
Employee Raises	Funded through job cuts	1.25% raise for most state employees
Emergency Savings and Relief	Not specified	\$700 million for Hurricane Helene relief, \$1.1 billion in savings
Political Dynamics	Both chambers are Republican-controlled but differ in fiscal strategy. Governor Josh Stein (Democrat) warns against Senate's tax cuts. Conservative groups push for deeper	Both chambers are Republican-controlled but differ in fiscal strategy. Governor Josh Stein (Democrat) warns against Senate's tax cuts. Conservative groups push for deeper

	cuts; House defends fiscal caution	cuts; House defends fiscal caution
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[Read more by The News & Observer](#)

HOUSE BILL 1012 TO ADVANCE DESPITE BUDGET IMPASSE

As North Carolina lawmakers remain locked in a budget stalemate, efforts to provide relief to communities devastated by Hurricane Helene have taken center stage. [House Bill 1012](#), which proposes reallocating \$500 million from NCInnovation to the state’s Helene recovery fund, passed the House unanimously but stalled in the Senate. Senate Republicans initially preferred to tie the relief funding to the broader state budget, delaying its progress. In response, Senate Democratic Leader Sydney Batch attempted to initiate a discharge petition to force the bill to the floor, arguing that Western North Carolina could not afford to wait any longer. However, Senate Rules Chairman Bill Rabon (R-Brunswick) moved the bill to the Senate Appropriations Committee, effectively resetting the timeline required for such a petition and blocking the effort.

Despite these procedural maneuvers, Senate President Pro Tem Phil Berger announced that \$450 million in Helene relief would move forward independently of the budget. This decision marked a shift in strategy, acknowledging the urgency of the situation and the need to decouple disaster aid from the broader political impasse. The move ensures that critical recovery efforts — such as rebuilding infrastructure and supporting small businesses — can proceed even as budget negotiations remain unresolved

[Read more by WUNC](#)
[Read more by WRAL News](#)

LAWMAKERS REVISE CLIMATE LAW, SEND ENERGY PLAN TO GOVERNOR

On Thursday, the North Carolina legislature approved the Power Bill Reduction Act, which removes the state's goal of reducing carbon emissions by 70% by 2030. [Senate Bill 266](#) passed with a 29-11 vote in the Senate and now moves to the governor for approval. Proponents argue that this change could save residents up to \$15 billion in future utility costs while addressing increasing energy demand.

Despite eliminating the 2030 target, the bill maintains a long-term goal of reducing carbon emissions by 100% by 2050. It allows utilities to focus on long-term strategies for reaching net-zero emissions without being bound by interim deadlines. The new law provides more flexibility for energy sources, allowing natural gas, nuclear, and new technologies alongside renewable energy.

Legislators emphasize the importance of reliable and affordable energy for the state’s competitiveness. The bill also includes regulatory changes regarding cost recovery for facilities and introduces a financing mechanism aimed at lowering construction costs by around 5%. Supporters believe this bipartisan legislation will improve the energy mix in North Carolina, making power affordable for residents and businesses. The governor has not yet decided whether to sign the bill.

[Read more by The Carolina Journal](#)

GOVERNOR STEIN SIGNS MAJOR PENSION REFORM BILL

On June 13, Governor Josh Stein signed six bills into law, including a significant overhaul of how the state manages its \$127 billion pension fund. The most notable legislation, [House Bill 506](#), replaces the sole fiduciary model — previously under the exclusive control of the state treasurer — with a five-member board of appointees. This change was supported by both Stein and the new Republican Treasurer Brad Briner, who argued that broader oversight would improve investment performance and transparency. Briner criticized the previous treasurer for holding too much of the fund in cash, which he said hurt retirees.

The new board will include appointees from the governor, the treasurer, and legislative leaders, all of whom must have at least ten years of relevant investment experience. Members will serve staggered six-year terms.

In addition to House Bill 506, Stein signed five other bills that would alter separation pay for law enforcement, streamline social worker license transfers, update death benefits, provide adopted individuals with birth certificates, and revise environmental policies.

Although Stein has not yet issued any vetoes, several controversial Republican-backed bills — such as those targeting immigration enforcement and allowing permit-less handgun carry — are awaiting his decision. He has ten days to act on them before they take effect automatically.

[Read more by NC Newsline](#)

HOUSE BILL 402 COULD RESHAPE NORTH CAROLINA RULEMAKING

North Carolina lawmakers have approved [House Bill 402](#), a controversial measure that would significantly shift regulatory authority from the governor and executive agencies to the Republican-led legislature. The bill, which passed the House by a 70-44 vote after Senate amendments, would require most new rules or regulations proposed by executive-branch agencies to first receive legislative approval. It now heads to Democratic Governor Josh Stein, who is expected to veto it, given his past opposition to efforts that reduce executive power.

This legislation is part of a broader national push by pro-business groups, particularly those aligned with the Koch-backed Americans for Prosperity, to pass versions of the “REINS Act” (Regulations from the Executive in Need of Scrutiny). The goal of such legislation is to limit what supporters describe as overreach by unelected bureaucrats, arguing that excessive regulation drives up costs and delays progress. Critics, however, warn that the bill could paralyze the state’s regulatory process, leading to increased pollution and unchecked corporate behavior.

The bill would not only affect Governor Stein but also the broader Council of State, which includes ten elected officials, currently evenly split between Republicans and Democrats. However, the governor’s office oversees key regulatory agencies, including those responsible for environmental and transportation oversight, making it the most directly impacted.

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FOSTER CARE OVERHAUL LEGISLATION HEADS TO GOVERNOR

North Carolina lawmakers have passed [House Bill 612](#), known as the “Fostering Care in NC Act,” which introduces major reforms to the state’s foster care system and now awaits action from Governor Josh Stein. The bill is a bipartisan effort aimed at addressing systemic issues in the foster care system, which is currently managed independently by each of the state’s 100 counties with limited state oversight. Prompted in part by a WRAL News documentary that exposed serious failures in child welfare services, the legislation gives the state Department of Health and Human Services greater authority to review records and enforce rules within local social services departments.

The bill seeks to improve accountability and consistency by tightening procedures and deadlines for investigating abuse and neglect, clarifying how children are placed in nonsecure custody, and requiring supervised visits before children are returned to their parents or guardians. It also introduces measures to reduce conflicts of interest involving social services staff and their relatives. The legislation reflects a unified political response to long-standing concerns about the safety and well-being of children in foster care, and it marks a significant shift toward more centralized oversight in a historically decentralized system.

[Read more by WRAL News](#)

WHAT WE’RE LISTENING TO

- [Under the Dome Podcast](#)
- [Do Politics Better Podcast](#)

- [WUNC Politics Podcast](#)
- [Carolina Newsmakers Podcast](#)
- [NC Capitol Wrap Podcast](#)

WHAT WE'RE READING

- [Asheville Citizen Times](#)
- [Carolina Journal](#)
- [Charlotte Observer](#)
- [Fayetteville Observer](#)
- [Greensboro News & Record](#)
- [NC Insider](#)
- [New Bern Sun Journal](#)
- [News & Observer](#)
- [North State Journal](#)
- [Our State Magazine](#)
- [Triangle Business Journal](#)
- [Under the Dome](#)
- [Wilmington Star News](#)
- [Winston-Salem Journal](#)
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