

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2025**

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**SENATE BILL 1037**

Short Title: DIGITAL NC Act. (Public)

Sponsors: Senators Lee, Hise, and Overcash (Primary Sponsors).

Referred to: Rules and Operations of the Senate

May 4, 2026

A BILL TO BE ENTITLED

1 AN ACT TO ENACT THE DATA INFRASTRUCTURE, GOVERNANCE, INNOVATION,  
2 TECHNOLOGY, ACCOUNTABILITY, AND LEADERSHIP FOR NORTH CAROLINA  
3 ACT (THE DIGITAL NC ACT) BY ESTABLISHING THE BOARD OF GOVERNORS  
4 OF THE NORTH CAROLINA DIGITAL SOVEREIGNTY AUTHORITY AND  
5 DIRECTING THE BOARD TO DEVELOP AND PRESENT TO THE GENERAL  
6 ASSEMBLY A COMPREHENSIVE PLAN FOR THE MODERNIZATION,  
7 CONSOLIDATION, AND CYBER DEFENSE OF THE STATE'S INFORMATION  
8 TECHNOLOGY ENTERPRISE.  
9

10 The General Assembly of North Carolina enacts:

11 **SECTION 1.** Legislative Findings and Purpose. – The General Assembly finds that  
12 the continued technological competitiveness, operational efficiency, and cybersecurity posture  
13 of the State of North Carolina require a coordinated, long-range strategy for information  
14 technology that transcends individual administrations and agency silos. To that end, the General  
15 Assembly further finds that a qualified, independent Board of Governors, composed of  
16 individuals with demonstrated expertise in technology leadership, cybersecurity, and large-scale  
17 digital transformation, should be established to develop a comprehensive plan for the  
18 modernization and unification of the State's information technology enterprise and to present that  
19 plan to the General Assembly for its consideration and enactment.

20 **SECTION 2.** Establishment of the Board of Governors of the North Carolina Digital  
21 Sovereignty Authority. – There is hereby established the Board of Governors of the North  
22 Carolina Digital Sovereignty Authority (the Board). The Board shall be administratively housed  
23 within the Department of Information Technology for budgeting and logistical support but shall  
24 exercise the powers granted under this act independently.

25 **SECTION 3.** Composition and Qualifications. – The Board shall consist of nine  
26 members, appointed to staggered four-year terms, as follows:

- 27 (1) Gubernatorial appointees. – Three members appointed by the Governor, each  
28 of whom must be a current or former chief executive officer of a technology  
29 company with a market capitalization exceeding one billion dollars  
30 (\$1,000,000,000).  
31 (2) House appointees. – Three members appointed by the Speaker of the House  
32 of Representatives, each of whom must be a recognized expert in  
33 cybersecurity, artificial intelligence, or quantum computing.  
34 (3) Senate appointees. – Three members appointed by the President Pro Tempore  
35 of the Senate, each of whom must have extensive experience in large-scale  
36 digital transformation or infrastructure management.



- 1 (4) Initial terms. – Of the initial appointments, three shall serve two-year terms,  
2 three shall serve three-year terms, and three shall serve four-year terms, as  
3 designated by the respective appointing authority, so as to establish staggered  
4 terms. Thereafter, all terms shall be for four years.
- 5 (5) Vacancies. – An appointed member whose term has expired but whose  
6 qualified successor has not been appointed shall continue to serve on the  
7 Board until a qualified successor is duly appointed. Any vacancy in a position  
8 held by an appointive member shall be filled by a new appointment made by  
9 the applicable appointing authority for the vacant seat.
- 10 (6) Removal. – A duly appointed member may be removed by the applicable  
11 appointing authority for misfeasance, malfeasance, or nonfeasance.
- 12 (7) Reappointment. – Any member of the Board is eligible for reappointment,  
13 except that no appointed member may serve for more than two consecutive,  
14 full, four-year terms without at least a one-year break in membership on the  
15 Board.
- 16 (8) Chair; meetings; quorum. – The Board shall elect a chair from among its  
17 members. The Board shall meet at least quarterly and at such other times as  
18 called by the chair. Five members shall constitute a quorum.
- 19 (9) Compensation. – Members of the Board shall serve without compensation but  
20 shall be reimbursed for necessary travel and subsistence expenses in  
21 accordance with G.S. 138-5 or G.S. 138-6, as appropriate.
- 22 (10) Disqualifications. – An individual is not eligible to serve on the Board if that  
23 individual has been indicted or charged with, been convicted of, pleaded guilty  
24 or nolo contendere to, or forfeited bail concerning a felony, or a misdemeanor  
25 involving fraud, theft, or dishonesty under the laws of any jurisdiction in the  
26 United States.

27 **SECTION 4.** Duty to Develop Comprehensive Plan. – The Board is hereby  
28 authorized and directed to develop a comprehensive plan (the Plan) for the modernization,  
29 consolidation, and cyber defense of the State's information technology enterprise. The Plan shall,  
30 at a minimum, address and make specific legislative and administrative recommendations on  
31 each of the following:

- 32 (1) Twenty-year vision. – A twenty-year strategic vision for State information  
33 technology covering the period 2026 through 2046, including objectives for  
34 digital sovereignty of citizen-facing services, transition of the State from a  
35 hardware-owner to a service-consumer posture, and modernization of the  
36 information technology workforce classification system.
- 37 (2) Infrastructure modernization and asset liquidation. – A plan for the orderly  
38 divestment of State-owned data center properties, migration of remaining  
39 physical State servers to Tier III or Tier IV co-location facilities or secure  
40 cloud environments, and the establishment of a "cloud-first" procurement  
41 posture, together with a recommended structure for a nonreverting  
42 Technology Modernization Fund to capture proceeds.
- 43 (3) Workforce consolidation. – A plan for the consolidation of information  
44 technology positions currently residing within Cabinet-level agencies under a  
45 unified information technology enterprise, including recommendations  
46 regarding career pathways, standardized pay scales, and a shared  
47 organizational culture.
- 48 (4) Innovation Center of Excellence. – A plan for the establishment of a  
49 centralized Innovation Center of Excellence to serve Cabinet agencies,  
50 including a secure environment for prototyping emerging technologies,

- 1 Master Service Agreements to expedite procurement of pre-vetted  
2 technologies, and an internal strategy-consulting function.
- 3 (5) Cybersecurity and the Digital Guard. – A plan for aligning the operational  
4 defense of the State's network with the North Carolina National Guard's Cyber  
5 Protection Teams, establishing a volunteer cyber reserve of private-sector  
6 experts, providing continuous vulnerability assessments and incident response  
7 to local governments and school systems, and housing the State Chief  
8 Information Security Officer and supporting staff within the National Guard  
9 pursuant to a unified, multiyear statewide cyber plan.
- 10 (6) Reorganization as a principal department. – Recommendations regarding the  
11 reconstitution of the Department of Information Technology as the North  
12 Carolina Digital Sovereignty Authority, including the Authority's status,  
13 powers, duties, and relationship to other principal departments, the Governor's  
14 Cabinet, and the General Assembly.
- 15 (7) Self-funding and rate setting. – Recommendations regarding a fee-for-service  
16 rate structure for executive, legislative, and judicial agencies; the treatment of  
17 service-fee and asset-liquidation proceeds as nonreverting funds continuously  
18 appropriated to the Authority; and performance benchmarks against which the  
19 State Chief Information Officer shall be held accountable.
- 20 (8) Primacy of technical standards. – Recommendations regarding the resolution  
21 of conflicts between the technical standards of the Authority and the policies  
22 of Cabinet-level agencies and regarding dollar thresholds at which the State  
23 Chief Information Officer's signature should be required for the release of  
24 technology-project funds.
- 25 (9) Executive leadership. – Recommendations regarding the Board's authority to  
26 conduct a national search for, and to appoint, supervise, compensate, and  
27 remove, the State Chief Information Officer, including supermajority voting  
28 thresholds, performance-based compensation tied to verifiable key  
29 performance indicators, and the extent to which the Chief Information Officer  
30 shall serve at the pleasure of the Board.
- 31 (10) Strategic oversight. – Recommendations regarding the Board's fiduciary  
32 responsibilities for State digital assets, a periodic "State of the Silicon" report  
33 to the General Assembly, and the dollar threshold above which major  
34 architectural shifts or multiyear contracts shall require a formal vote of the  
35 Board.

36 **SECTION 5.** Consultation. – In developing the Plan, the Board shall consult with  
37 the State Chief Information Officer, the Department of Information Technology, the Office of  
38 the State Auditor, the North Carolina National Guard, the Office of State Human Resources, the  
39 Office of State Budget and Management, affected Cabinet-level agencies, local governments,  
40 public school units, institutions of higher education, and such private-sector subject-matter  
41 experts as the Board deems appropriate. State agencies shall cooperate with the Board and shall  
42 provide information reasonably requested by the Board in furtherance of this act.

43 **SECTION 6.** Staff and Resources. – The Department of Information Technology  
44 shall provide the Board with such professional, clerical, and technical staff support as is  
45 reasonably necessary to carry out the Board's duties under this act. The Board may, subject to the  
46 availability of funds, contract for outside legal, technical, and consulting services.

47 **SECTION 7.** Report to the General Assembly. – The Board shall submit the Plan,  
48 together with proposed legislation to implement the Plan, to the President Pro Tempore of the  
49 Senate, the Speaker of the House of Representatives, the chairs of the Joint Legislative Oversight  
50 Committee on Information Technology, and the Fiscal Research Division no later than March 1,

1 2027. The Board may submit interim reports at any time and shall appear before the Joint  
2 Legislative Oversight Committee on Information Technology upon request.

3 **SECTION 8.** No Substantive Reorganization Without Further Enactment. – Nothing  
4 in this act shall be construed to reorganize the Department of Information Technology, transfer  
5 personnel or property, establish a fee-for-service structure, realign cybersecurity functions, or  
6 otherwise effect any of the substantive changes addressed by the Plan. Such changes shall take  
7 effect only upon subsequent enactment by the General Assembly.

8 **SECTION 9.** There is appropriated from the General Fund to the Department of  
9 Information Technology the sum of one hundred thousand dollars (\$100,000) in nonrecurring  
10 funds for the 2026-2027 fiscal year to be used to support the Board of Governors of the North  
11 Carolina Digital Sovereignty Authority described in this act.

12 **SECTION 10.(a)** Initial Appointments. – Initial appointments to the Board shall be  
13 made not later than 90 days after the effective date of this act. The Board shall hold its first  
14 meeting not later than 30 days after a quorum of members has been appointed.

15 **SECTION 10.(b)** Effective Date. – This act becomes effective July 1, 2026.