



2025 Climate Strategy Report

North Carolina Department of Revenue

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Introduction

About the North Carolina Department of Revenue

The North Carolina Department of Revenue (DOR) is a cabinet-level executive agency charged with administering tax laws and collecting taxes on behalf of the people of the State. The Department's mission is to fund public services benefiting the people of North Carolina by administering the tax laws and collecting the taxes due in an impartial, consistent, secure, and efficient manner. The Department collects taxes for over 20 different tax types, including individual income, corporate income, sales and use, motor fuel, alcoholic beverage, and tobacco taxes. The DOR collected over \$44 billion in revenue during the Fiscal Year 2022-2023. The Agency has over 1,400 positions and 13 offices across North Carolina which includes the main Revenue Building in Raleigh and 12 remote locations.

North Carolina Department of Revenue's Vulnerabilities to Climate Change

The primary climate stressors and hazards that impact general business operations, offices across the state, human resources and services provided to constituents include events such as hurricanes, floods, high winds, winter storms and power loss. Heat waves are anticipated to become more common, which may also cause power outages and infrastructure impacts, as well as health concerns for employees and residents. Agency assets that are most important and most at risk are employees, due to their location and ability to travel to an office, and the confidential information and equipment located in offices. While agency offices in the eastern part of the state typically are impacted by hurricanes and offices in the western part of the state are impacted by winter storms, we have found any weather event has the potential to affect any DOR office and staff. As such, each weather event is evaluated on an event-by-event basis to determine potential impacts. Similarly, the effect of these weather events on state tax revenue collections can only be evaluated retrospectively. For example, impacts to businesses and analysis of sales tax collections during a specific period would occur after a weather event.

North Carolina Department of Revenue's Approach to Fulfilling the Strategies in the Climate Risk Assessment and Resilience Plan

Although the Department of Revenue does not have any specific strategies assigned to it in the 2020 Climate Risk Assessment and Resilience Plan, DOR is reviewing the strategies assigned to all agencies and is considering and acting on measures that will improve the Department's and the state's ability to withstand the increasing frequency and intensity of heat waves, wildfires, droughts, hurricanes, and other extreme precipitation events.

The agency understands the hardships experienced by taxpayers during extreme events. As a result, the agency adjusts processes such as examination and forced collection activities in certain negatively impacted areas while maintaining focus on the agency's mission. Based on severity of the event, DOR can launch a Hurricane Assistance option on its Interactive Voice Response (IVR) system so taxpayers impacted

can quickly connect to an agent for assistance. In addition, the agency may include informational inserts with tax and collection notices, and in special circumstances, reset payment plans to avoid default. One area to potentially be explored is analyzing the impact on state tax collections resulting from events associated with climate change.

North Carolina Department of Revenue's Progress Toward Reducing Emissions

The agency has designated an individual to serve as the Utility Manager. The main DOR facility is state-owned and maintained by the Department of Administration (DOA). This individual plan, coordinates and oversees initiatives supporting the goals in executive orders. To date, several projects have been completed to replace older equipment and systems with newer, more energy efficient solutions. The improvements include replacement of several large air conditioning units in the data center, installation of some LED lighting, replacement of several power distribution units, and HVAC improvements. The Utility Manager continues to work with DOA to expand use of LED lighting and replace additional air conditioning and power distribution units.

In addition, the agency continues to focus on reducing the physical office footprint across the state as leases expire. The Raleigh Service Center office was relocated and space was reduced by approximately 25% in the late 2025.

Goals, Strategies, and Actions

1.0. Reduce greenhouse gas emissions

1.1 Reduce energy consumption per square foot in state-owned buildings by at least 40% from fiscal year 2002-2003 levels

1.1.1 Coordinate replacement of LED lighting in the main Revenue Building

Status: Complete

Expected Completion Date: December 2024

Replacement of lighting in the loading dock area, restrooms, main lobby, exterior evacuation stairwells, and elevator corridors has been completed. Since Fall of 2024, the lighting in the Revenue Building warehouse and Service Level hallways have been upgraded to LED lighting.

As an ongoing process, lighting is being converted to LED lighting as the ballasts go bad in our ceiling lights throughout the Revenue Building.

1.1.2 Replace large air conditioning units in the 3rd floor Scan room

Status: Planned

Expected Completion Date: Winter 2026

Our plan has changed on this project. We have secured a designer for the replacement of two computer room air conditioning (CRAC) units inside our 3rd floor Scan room. We are approximately 70% complete with the design process currently.

Over the next 12 months, we plan to complete the design process by January 2026. Also, we will meet with DOR leadership to discuss funding to move forward with the installation phase of the project.

1.1.3 Install new fans for the primary air handling units to improve air flow

Status: Complete

Expected Completion Date: Fall 2024

DOA allocated funding to implement HVAC improvements that will result in a more energy-efficient system and make it easier to regulate temperature throughout the facility. The fans for air handling units located on the 6th floor have been replaced, and DOA has now received additional funding to replace the remaining fans on the Service Level in the main Revenue building.

1.2 Support the use and expansion of energy efficient and clean energy resources

This section is not applicable.

1.3 Increase the number of registered Zero Emission Vehicles to at least 1,250,000 by 2030 so that 50% of in-state sales of new vehicles are zero-emission by 2030

This section is not applicable.

1.4 Prioritize Zero Emission Vehicles (ZEVs) in the purchase or lease of new vehicles and for agency business travel

1.4.1 Prioritize leasing and renting of hybrid vehicles

Status: Ongoing

Expected Completion Date: Ongoing

The Agency has adopted a policy for staff to prioritize the leasing and renting of hybrid vehicles when needed for business use. Employees are required to rent hybrid vehicles when available.

1.5 Initiate other initiatives to decarbonize the transportation sector

1.5.1 Maintain a strong teleworking position

Status: Ongoing

Expected Completion Date: Ongoing

[Continuously look for opportunities to offer electronic submission of forms and requests and use application workflow functionality to allow more employees to work remotely. For example, address change requests and out of business notifications can now be submitted electronically, which allows remote employees to process these requests.

Over the next year, DOR plans to offer addition forms, which have already been identified, for electronic submission.

1.6 Initiate other projects aimed at reducing statewide greenhouse gas emissions

This section is not applicable.

2.0. *Increase statewide resilience to the impacts of climate change*

2.1 Evaluate the impacts of climate change on the North Carolina Department of Revenue's programs and operations

2.1.1 Continue focus on business continuity strategies

Status: Ongoing

Expected Completion Date: Ongoing

[Resiliency planning continues to be a focus for the Agency and our ability to continue operations during significant weather events, primarily hurricanes and snowstorms. The Agency has transitioned to 90% plus teleworking workforce which positions the Agency to continue operations with limited impacts.

2.2 Integrate climate change adaptation practices and resiliency planning into North Carolina Department of Revenue's policies and operations

2.2.1 Continue review of Agency policies and procedures to support business continuity and continuation of operations

Status: Ongoing

Expected Completion Date: Ongoing

The Agency has an overall Business Continuity Plan with supporting plans and documents that focus on continuing operations based on different types of events and are used as part of resiliency planning and ongoing process improvement review. Such plans include but are not limited to the Continuity of Operations plan, the Disaster Response plan, the Crisis Management Protocols, the Crisis Communication plan, and the Major Incident Management Process for Weather Events.

All plans are reviewed annually and updated as needed.

2.2.2 Reduce Climate Exposure by Minimizing Leased Office Space

Status: Ongoing

Expected Completion Date: Ongoing

Based on the Agency's commitment to maintain a significant teleworking workforce, remote office space needs are evaluated as leases expire. The Raleigh Service Center office space was reduced by over 25% in November 2025.

Continue to evaluate office space needs as additional leases expire.

2.2.3 Maintain data center architectural plans to support redundancy

Status: Ongoing

Expected Completion Date: Ongoing

Technical diagrams are continuously reviewed and revised as changes are planned and implemented to support redundancy in providing services internally to DOR staff and externally to taxpayers.

Redundancy requirements are included earlier in projects to support agency resilience and reduce the risk of service interruptions.

2.2.4 Virtually connect remote staff for meetings and training

Status: Complete

Expected Completion Date: Fall 2024

Focus will be placed on equipment and solutions to support virtual training, presentations, and meetings. Once supply-chain issues have been resolved, training rooms and meeting spaces will be equipped with cameras and the infrastructure to provide a better virtual experience. Our Headquarters building, along with many of our remote office locations, have been upgraded with audio/visual equipment in conference rooms to improve our all-around virtual experience.

2.3 Assist the communities served by North Carolina Department of Revenue to implement climate change adaptation practices and resiliency planning

This section is not applicable.

2.4 Help complete initiatives in the Natural and Working Lands Action Plan and Executive Order 305, An Order to Protect and Restore North Carolina's Critical Natural and Working Lands

This section is not applicable.

2.5 Initiate other projects aimed at increasing statewide resilience to the impacts of climate change

This section is not applicable.

3.0. Address the public health impacts of climate change

- 3.1 Increase understanding and awareness of the health impacts of climate change

This section is not applicable.

- 3.2 Initiate other projects aimed at addressing the public health impacts of climate change

This section is not applicable.

4.0. Invest in communities to achieve climate and resilience goals

- 4.1 Increase energy affordability

This section is not applicable.

- 4.2 Create clean energy and resilience related jobs and economic growth

This section is not applicable.

- 4.3 Alert residents and businesses of state and federal grant opportunities that advance climate and resilience goals

This section is not applicable.

- 4.4 Initiate other projects aimed at investing in communities to achieve climate and resilience goals

This section is not applicable.

Additional Information

Opportunities to enhance electronic services offered to taxpayers will continue to be a primary focus as well as expanded use of the Document Management System, which allows work to be routed through workflow and queues for processing regardless of employee location. Maintaining a strong teleworking workforce supports reducing greenhouse gas emissions and improves the Agency's resilience position.